



Monday, October 11, 2021
REGULAR MEETING Agenda | Electronic Meeting VIA Zoom; see "IMPORTANT MESSAGE(S) REGARDING THIS MEETING"

YCS Board of Education Meeting | Meeting will be held electronically via Zoom in accordance with DHHS Emergency Order and PA 254 of 2020 (COVID-19)
1885 Packard Road | Ypsilanti, MI 48197 | 734.221.1230 | 6:30 p.m.

1. CALL TO ORDER & ROLL CALL OF BOARD MEMBERS PRESENT: Dr. Celeste Hawkins, Board President

A. Roll Call of Board of Education Members

2. IMPORTANT MESSAGE(S) REGARDING THIS ELECTRONIC MEETING

A. Electronic Meeting (via Zoom) In Accordance with DHHS Emergency Order and PA 254 of 2020; COVID-19

B. Electronic Meeting Guidelines

3. PLEDGE OF ALLEGIANCE: Dr. Celeste Hawkins, Board President

A. Pledge of Allegiance

4. ACHIEVEMENT, AWARDS & RECOGNITION

A. October is Recognized as National Principal's Month

5. ACCEPTANCE OF AGENDA

A. Acceptance of Agenda

6. PRESENTATION

A. Presentation of 2020-21 Financial Audit Report: Yeo and Yeo

B. Grant Presentation on Recently Received Grants

7. PUBLIC COMMENTS #1: Electronic Participation

A. Guidelines for Public Comment

8. CONSENT AGENDA

A. Consent Agenda

9. CLOSED SESSION

A. Closed Session- Pursuant to Sections 8(f) of the Open Meetings Act to review and consider the content of an application for employment

10. OPEN SESSION

A. Approval to return to Open Session

11. ACTION ITEM: Human Resources

A. Employment Request

12. ACTION ITEM: Business and Finance

A. 2020-21 Annual Financial Audit Report: Priya Nayak, Director of Business and Finance

13. PUBLIC COMMENTS #2: Electronic Participation

A. Guidelines for Public Comment

14. BOARD/SUPERINTENDENT COMMENTS

A. Board/Superintendent Comments

15. ADJOURNMENT OF MEETING

A. Adjournment of Meeting



RESOLUTION TO CELEBRATE OUR BUILDING LEADERS

National Principals Month: October, 2021

Ypsilanti Community Schools (MI)

A meeting of the Board of Education of the District was held **virtually/electronically due to COVID-19** for the **Ypsilanti Community Schools** located in **Ypsilanti, MI 48197**, on the **11th day of October, 2021** at **6:30 p.m.**

The meeting was called to order by **Sharon Lee, Vice President**.

The following Resolution was offered by Member _____ and supported by Member _____ .

WHEREAS,

1. National Principals Month is a month-long event that occurs each October, where school leaders are in the spotlight for their endless commitment to being a principal. National Principals Month devotes the month of October to thank principals for all they do; and
2. We celebrate these heroes of education and honor our school principals for their significant impact on the success and well-being of our students; and
3. Principals are visionaries who lead us in providing the best possible education to future generations, and we thank these school leaders for all they do; and
4. An important part to ensuring that the students of Ypsilanti Community Schools can fulfill the potential of a bright future is providing students with a rigorous and well-rounded education; and
5. Principals set the academic tone for their schools, and it is their vision, dedication, and determination that provide the mobilizing force for student achievement success. The effort of our school leaders is tireless in the pursuit of excellence in education; and
6. Principals are a vital part of our students' education as they set the academic tone for their schools by working collaboratively with teachers and staff to build high academic standards, set performance goals, and utilize best practices for achieving those goals; and,
7. A secret to student success is a well-run school, and the key to that is a great principal. From leadership to teacher evaluation to student discipline and more, school leaders have an important role; and,
8. Principals are leaders who works tirelessly to ensure the success and well-being of each student in our learning community; and,
9. Great schools have great school leaders.

BE IT RESOLVED that the Board of Education of Ypsilanti Community Schools encourages parents, guardians, and our community to learn more about the contribution of our school principals and the roles they play in ensuring every child has access to a high quality education in a safe, supportive environment.

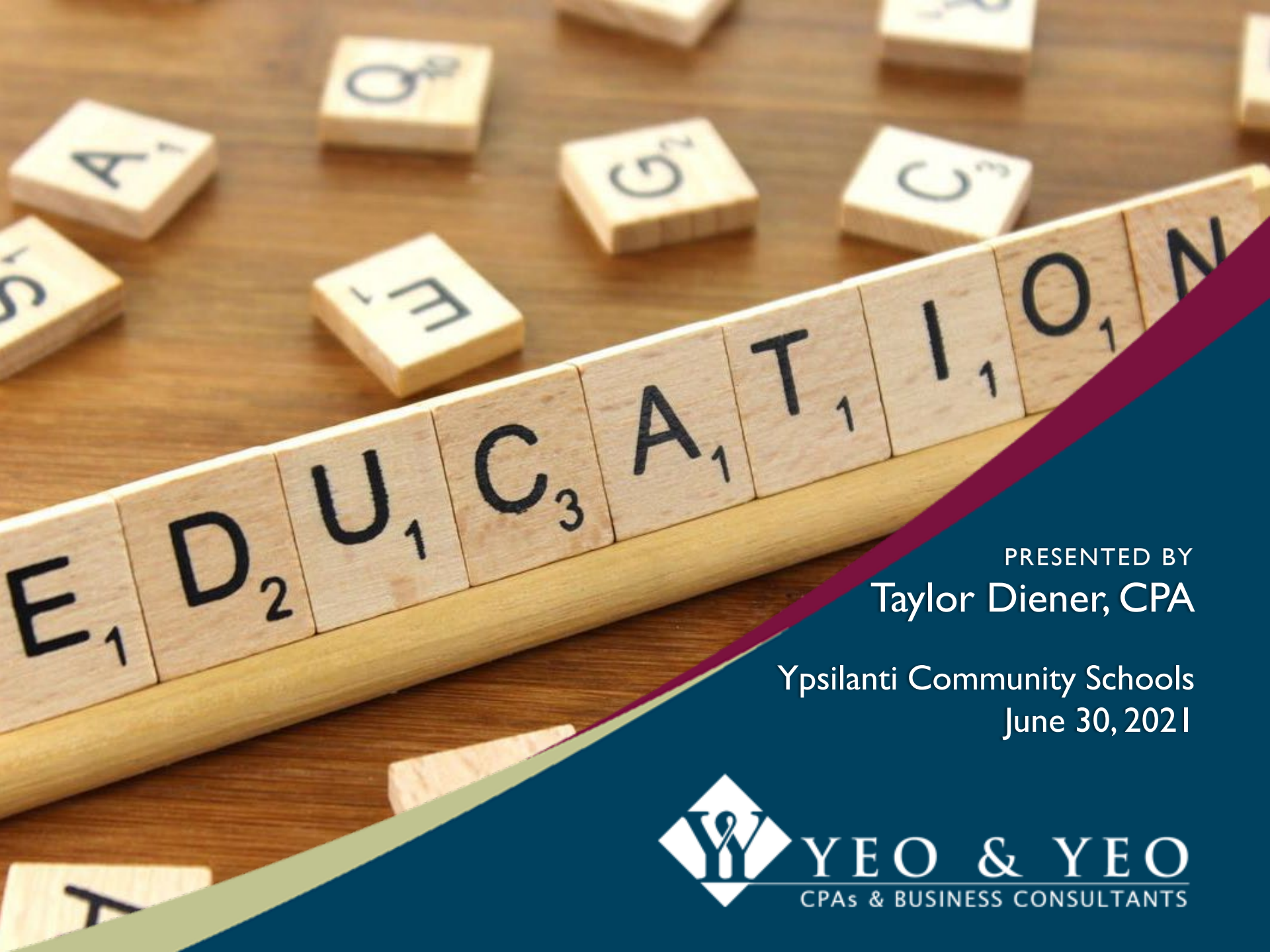
AYE: _____

NAY: _____

Resolution Declared: Adopted (/ , Yes)

Dr. Celeste Hawkins, President
Board of Education
Ypsilanti Community Schools

Alena Zachery-Ross
Superintendent
Ypsilanti Community Schools



PRESENTED BY
Taylor Diener, CPA

Ypsilanti Community Schools
June 30, 2021





Audit Process

- Financial Statements
- Internal Controls
- Compliance





■ Financial Statements

– Unmodified Opinion

- Highest level of assurance
- School's financial records and statements are fairly and appropriately presented, and in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



Balance Sheet - Governmental funds



| | General Fund | Debt Service Fund Willow Run | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Assets | <u>\$ 19,734,906</u> | <u>\$ 578,533</u> | <u>\$ 4,076,025</u> | <u>\$ 24,389,464</u> |
| Liabilities | \$ 12,879,791 | \$ 500 | \$ 941,698 | \$ 13,821,989 |
| Fund balances | <u>6,855,115</u> | <u>578,033</u> | <u>3,134,327</u> | <u>10,567,475</u> |
| Total liabilities and fund balances | <u>\$ 19,734,906</u> | <u>\$ 578,533</u> | <u>\$ 4,076,025</u> | <u>\$ 24,389,464</u> |



Statement of Revenues, Expenditures and Changes in Fund Balance



| | General Fund | Debt Service Fund Willow Run | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------|---------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Revenues and other sources | \$ 73,405,962 | \$ 10,046,737 | \$ 14,254,238 | \$ 97,706,937 |
| Expenditures and other sources | <u>71,158,471</u> | <u>9,928,892</u> | <u>13,265,609</u> | <u>94,352,972</u> |
| Change in fund balances | 2,247,491 | 117,845 | 988,629 | 3,353,965 |
| Fund balances - beginning | <u>4,607,624</u> | <u>460,188</u> | <u>2,145,698</u> | <u>7,213,510</u> |
| Fund balances - ending | <u>\$ 6,855,115</u> | <u>\$ 578,033</u> | <u>\$ 3,134,327</u> | <u>\$ 10,567,475</u> |



General Fund Comparison to Budget Year Ended June 30, 2021



| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Percent Accurate</u> |
|--------------------------------|----------------------------|-------------------------|---------------------|-----------------------------|
| Revenues and other sources | \$ 56,442,065 | \$ 66,153,808 | \$ 73,405,962 | 90.12% |
| Expenditures and other sources | <u>56,442,065</u> | <u>64,474,228</u> | <u>71,158,471</u> | 90.61% |
| Change in fund balance | <u>\$ -</u> | <u>\$ 1,679,580</u> | <u>\$ 2,247,491</u> | |



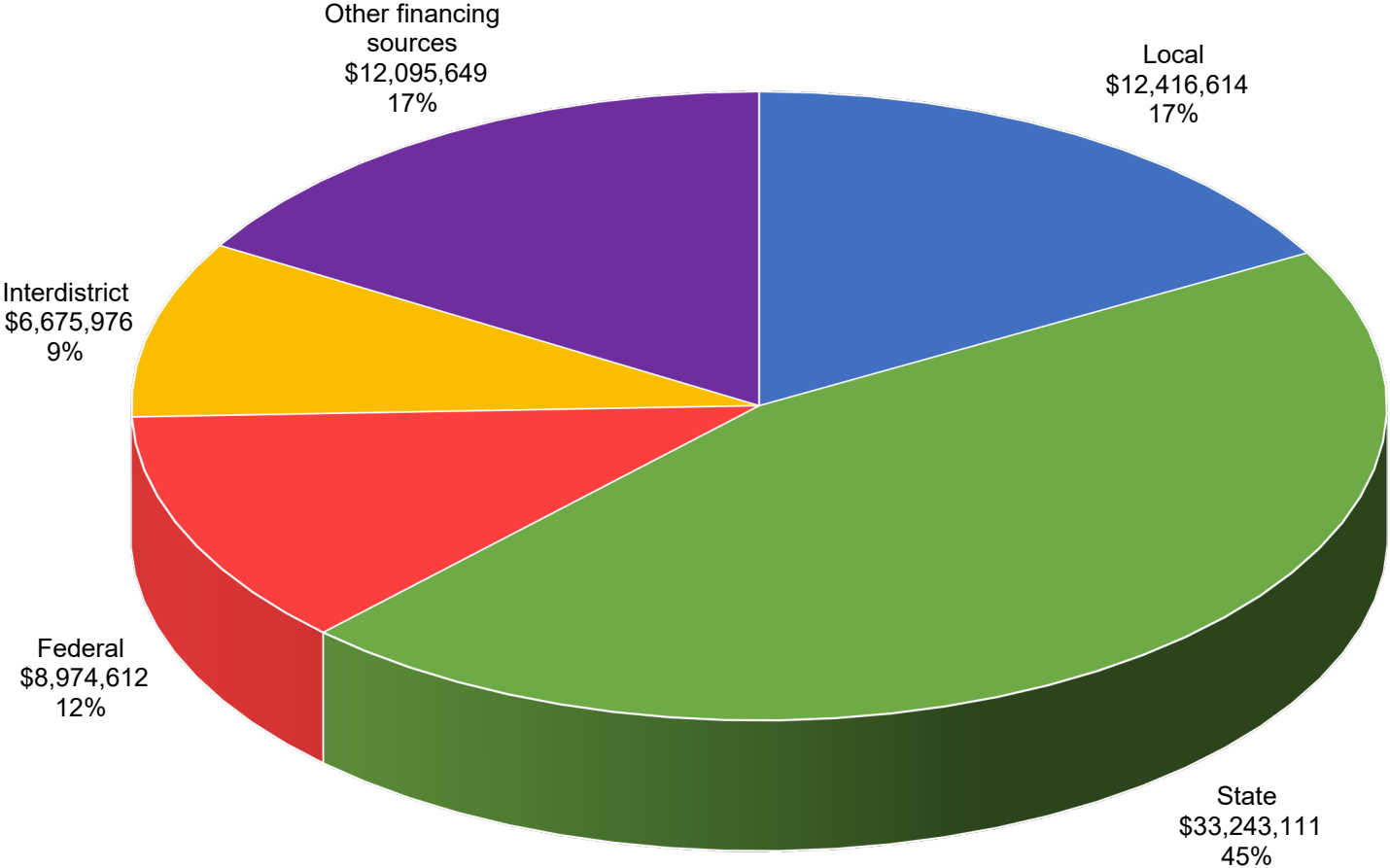
General Fund Comparison to Prior Year for Year Ended June 30, 2021



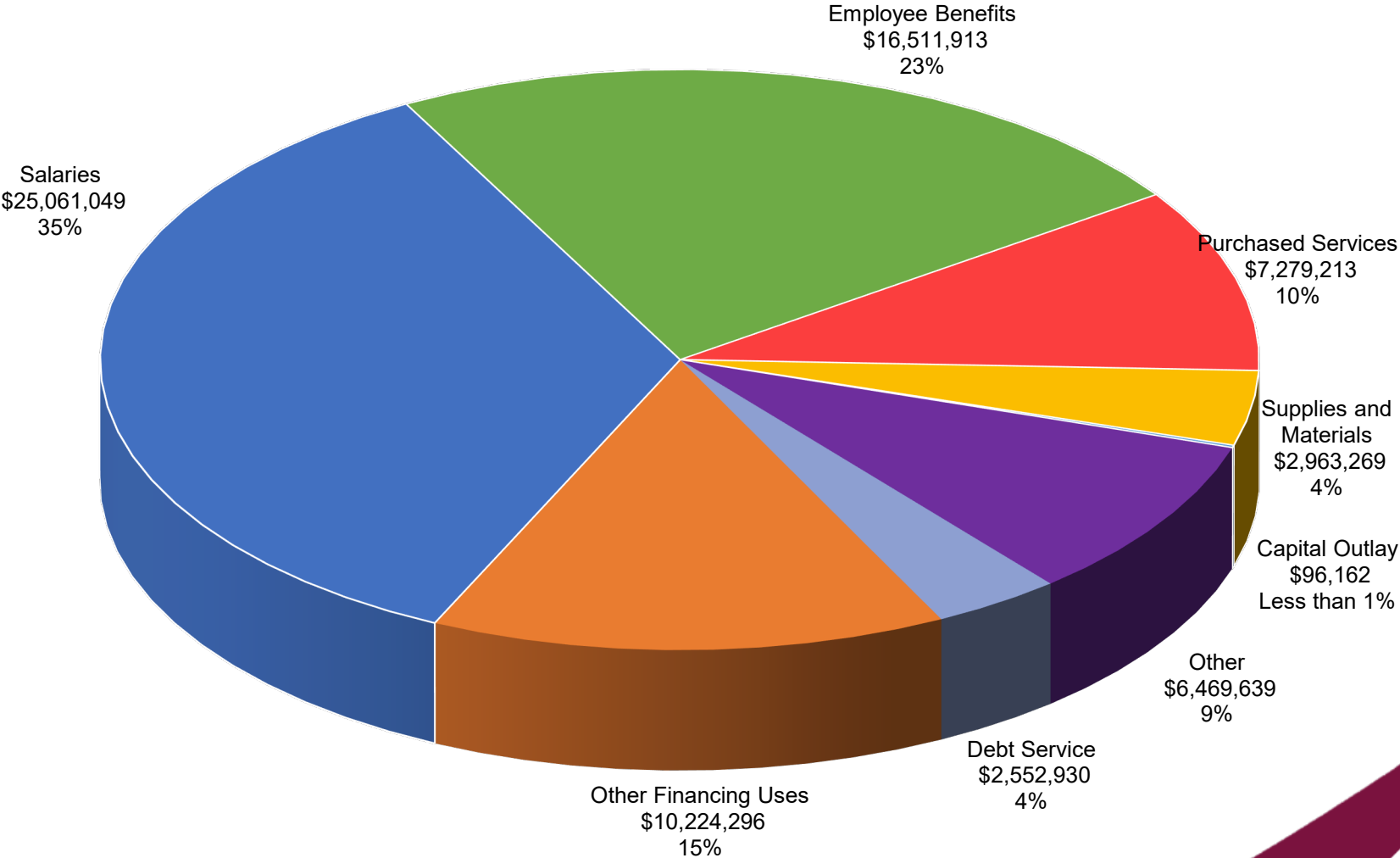
| | <u>Actual 19 - 20</u> | <u>Actual 19 - 20</u> | <u>% Change</u> |
|--------------------------------|-----------------------|-----------------------|-----------------|
| Revenues and other sources | \$ 73,405,962 | \$ 58,422,419 | 25.65% |
| Expenditures and other sources | <u>71,158,471</u> | <u>59,809,035</u> | 18.98% |
| Change in fund balance | <u>\$ 2,247,491</u> | <u>\$ (1,386,616)</u> | |



General Fund Revenue (including Other Financing Sources) Year Ended June 30, 2021



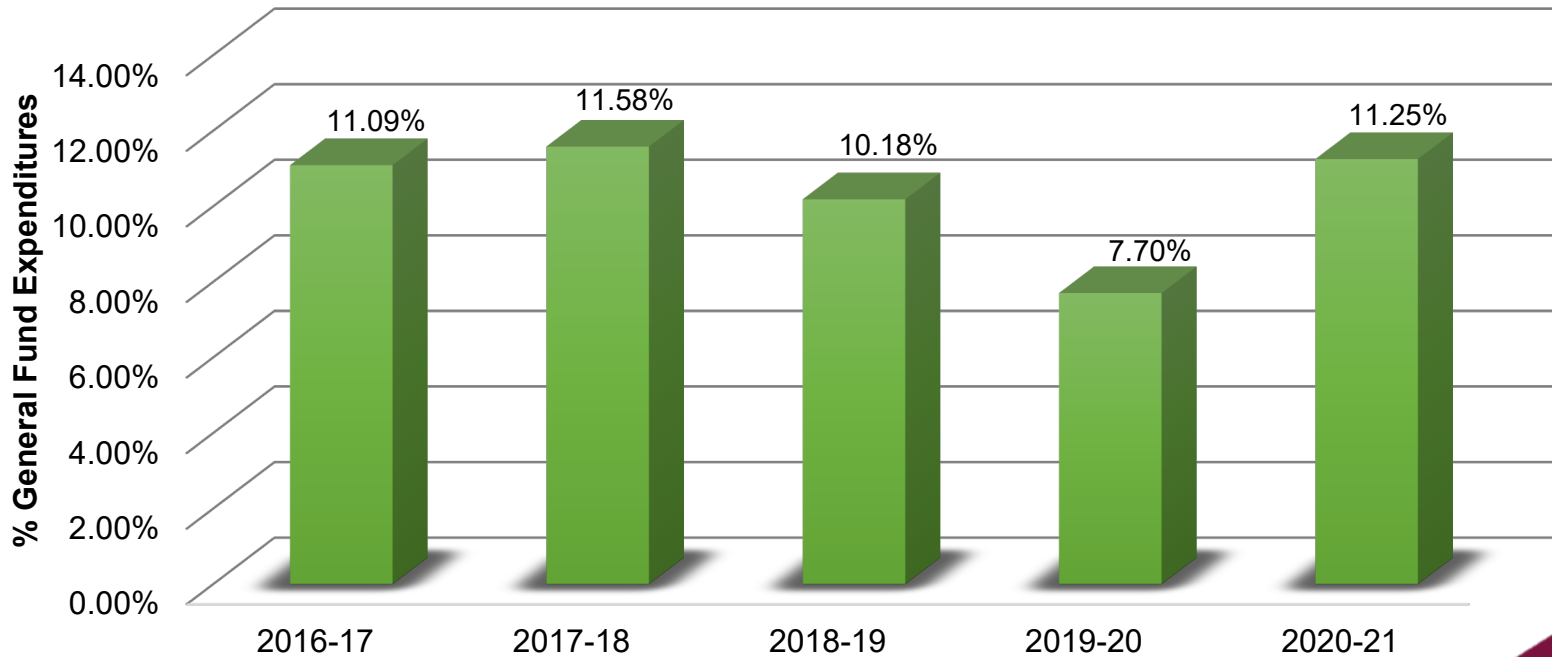
General Fund Expenditures (including Other Financing Uses) Year Ended June 30, 2021



General Fund Balance as a Percentage of Expenditures



| | 2019-20 |
|------------------------|---------|
| Peers (3,500 to 3,999) | 13.75% |
| State | 15.89% |





Financial Statements:

- Material Weaknesses Identified
 - Material Audit Adjustments
 - ORS Contributions
 - Material Noncompliance - Budget Violations
- No Significant Deficiencies Identified





Federal Awards:

- Major Programs - Unmodified Opinion
 - Education Stabilization Fund
 - Child and Adult Care Food Program
 - Head Start Cluster
 - Coronavirus Relief Fund
- No Material Weaknesses Identified
- No Significant Deficiencies Identified
- No Material Noncompliance Identified





Required Communication

Management Comments

- Outstanding Checks
- Timely Year-end Closing and Workpaper Preparation
- Sinking Fund
- Budget and Salary Compensation Transparency Reporting
- Federal Policies and Procedures Manual
- Payroll Deficiencies



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yeoandyeo.com



Thank you!

Taylor Diener, CPA
taydie@yeoandyeo.com



Grants Update School Board Presentation



October 11, 2021

Agenda



- Literacy Excellence Accelerates Performance (LEAP)
- Supporting Educator Excellence and Knowledge (SEEK)



Literacy Excellence Accelerates Performance (LEAP)

Innovative Approaches to Literacy (IAL)

Purpose:

The IAL program supports high-quality programs designed to develop and improve literacy skills for children and students from birth through 12th grade in high-need local educational agencies (high-need LEAs) and schools.

79 applicants and 40 awards



Literacy Excellence Accelerates Performance (LEAP)

Innovative Approaches to Literacy (IAL)

\$475,000 a year for five years (\$2,375,000 total)

Federal Grant: United States Department of Education



LEAP

- Develop and enhance effective school library programs, which may include providing professional development for school librarians, books, and up-to-date materials for high-need schools;
- Provide professional development for educators in the area of literacy, especially in grades PreK - 3
- Provide high-quality books on a regular basis to children and adolescents from low-income communities to increase reading motivation, performance, and frequency.



Highlights

- Distribute Diverse and Age Appropriate Books to Students
- Enhance Media Centers with Diverse and Age Appropriate Media Materials
- Funds for After School Clubs and Grizzly Learning Camp
- Read 180, System 44, and Discovery Education
- Classroom Based Coaching Support



Highlights (cont.)

- Professional Learning - Literacy Essentials
- Badging
- Michigan Virtual Professional Learning
- Learning Excursions
- Grand Valley State University High Dose Tutoring



Supporting Educator Excellence and Knowledge (SEEK)

Teacher and School Leader Incentive Program (TSL)

Purpose:

The TSL program supports entities in implementing, improving, or expanding their overall Human Capital Management System, which must include a Performance-Based Compensation System. The TSL programs primarily serves educators in high-need schools who raise student academic achievement and close the achievement gap.

74 applicants and 22 awards



Supporting Educator Excellence and Knowledge (SEEK)

Teacher and School Leader Incentive Program (TSL)

\$5,100,000 per year for three years (\$15,300,000 total)

Opportunity for 2 additional years

Federal Grant: United States Department of Education



Highlights

~ Programs ~

- Performance Based Compensation (teachers and administrators)
- Rising Leader Interns
- Teacher Residency - EMU interns



Highlights

~ Professional Learning ~

- Danielson Framework
- School ADvance
- Instructional Coaching
- National Board Certification
- University of Washington Center for Education Leadership



Highlights

~ Professional Learning ~

- Harvard University Data Project
- University of Michigan Leadership Institute
- National SAMS project
- Self-Selected PD with Badging and Micro-Credentials



Highlights

~ Human Resources ~

- Human Resources (HR) Coordinator
- HR support with Learning Forward
- iObservation
- Enhance Recruiting, Hiring, Retaining, and New Teacher Mentoring





What questions might you have?



REGULAR MEETING Agenda | Electronic Meeting VIA Zoom; see "IMPORTANT MESSAGE(S) REGARDING THIS MEETING" (Monday, September 27, 2021)

Generated by Julie Haines on Monday, October 4, 2021

Members present

Dr Celeste Hawkins, Gillian Ream Gainsley, Sharon Lee, Meredith Schindler, Yvonne Fields, Maria Goodrich

Members absent

Ellen Champagne

Meeting called to order at 6:31 PM

1. CALL TO ORDER & ROLL CALL OF BOARD MEMBERS PRESENT: Dr. Celeste Hawkins, Board President

Action: A. Roll Call of Board of Education Members

2. IMPORTANT MESSAGE(S) REGARDING THIS ELECTRONIC MEETING

Information: A. Electronic Meeting (via Zoom) In Accordance with DHHS Emergency Order and PA 254 of 2020; COVID-19

IMPORTANT MESSAGE: This meeting of the Ypsilanti Community Schools Board of Education will proceed electronically in accordance with DHHS Emergency Order and PA 254 of 2020.

If participants do not have technology access, please contact our Director of Technology Nik Jackson for accommodation: techdirector@ycschools.us.

Public viewers please use the following link to watch the live stream: <https://www.facebook.com/ypsilanticommunityschools>

-or join directly on Zoom-

<https://us02web.zoom.us/j/83401100127>

The public can register their attendance at the following link. If they would like to ask a question or make a public comment to the Board, there is a place for that, as well:

- Live form: http://bit.ly/YCS_BOE_Comments
- Call in to speak during public comments time: **734-221-1204**

As public comments come in, they will be collected in the order received in the following spreadsheet. Board and Cabinet are the only ones with access:

- Formatted Public Comments: https://bit.ly/YCS_BOE_FormattedComments
- Sheet Collecting Attendance and Comments: http://bit.ly/YCS_BOE_PublicCommentsCollected

Information: B. Electronic Meeting Guidelines

ELECTRONIC MEETING GUIDELINES: Because electronic meetings are new to the Ypsilanti Community Schools Board of Education, it is appropriate to outline those procedures which may vary from typical meeting procedures.

#1: Board members will be asked to state their name when making motions and seconds for the benefit of the audience.

#2: All votes are urged to be taken by roll call for clarity.

#3: The Chair will strive to recognize Board members by name before they speak. In the event this does not happen, trustees are encouraged to announce their own name or may be reminded to do so.

#4: Audience members will be muted until recognized by the Chair during public comment(s).

#5: People who speak during public comment time will be asked to state their name and topic before speaking.

#6: If there is a closed session in a meeting, it will take place in a separate Zoom session. The regular meeting will remain open until the Board returns from closed session.

#7: Board members must avoid using email, texting, instant messaging and other electronic forms to communicate with each other or with members of the public during the meeting.

3. PLEDGE OF ALLEGIANCE: Dr. Celeste Hawkins, Board President

4. ACCEPTANCE OF AGENDA

Action: A. Acceptance of Agenda

... MOVE THAT the Board of Education accept the agenda, as amended as presented.

Motion by Sharon Lee, second by Maria Goodrich.

Final Resolution: Motion Carries

Aye: Dr Celeste Hawkins, Gillian Ream Gainsley, Sharon Lee, Meredith Schindler, Yvonne Fields, Maria Goodrich

5. PRESENTATION

Presentation: A. Grizzly Learning Camp Presentation

Director of State and Federal Programs, Dr. Mark Coscarella, and staff will provide the school board a summary overview of the 202-21 summer Grizzly Learning Camp.

Click [here](#) to see the presentation.

6. PUBLIC COMMENTS #1: Electronic Participation

Information: A. Guidelines for Public Comment

Public Comment Protocol*Pursuant to Board of Education Policy 0167.3*

*The Board recognizes the value of public comment on educational issues and the importance of allowing members of the public to express their view.

*Please limit statements to three (3) minutes duration.

*Participants shall direct all comments to the Board and not to staff or other participants; no person may address or question Board members individually.

*Remarks shall be made in a respectful and professional manner.

Virtual Public Comment Information:

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Dr. Hawkins read the public comment.

Katherine Fisk - I was a first time Coordinator for Perry-GLC. I learned a lot and enjoyed leading staff, helping with transportation, organizing field trips and everything else. Students loved their experiences and activities. Teachers loved the freedom to provide engaging learning opportunities. I heard from several teachers who said they LOVED GLC. It was teaching like it should be, they miss the experience and the campers. Thank you for the opportunity to serve and learn.

7. CONSENT AGENDA

Action (Consent), Minutes, Report: A. Consent Agenda

Resolution: ... MOVE THAT the Board of Education approve the: 1) September 13, 2021, Regular Meeting Minutes 2) Personnel matters as per the presented list dated 9/21/21; New Hires and Resignations.

... MOVE THAT the Board of Education approve the:

- 1) September 13, 2021, [Regular Meeting Minutes](#)
- 2) [Personnel matters](#) as per the presented list dated 9/21/21; New Hires and Resignations.

Motion by Sharon Lee, second by Maria Goodrich.

Final Resolution: Motion Carries

Aye: Dr Celeste Hawkins, Gillian Ream Gainsley, Sharon Lee, Meredith Schindler, Yvonne Fields, Maria Goodrich

8. ACTION ITEM: Human Resources

Action: A. Marketing and Communications Employee Contract: Sue McCarty, Director of Human Resources

Due to the vacancy left by the previous Marketing and Communications Coordinator, we are presenting Ms. Alexandra Cash to the board for approval. It is recommended that the Board approve the employment contract of Ms. Alexandra Cash.

Click [here](#) to view Alexandra Cash's resume.

... MOVE THAT the Board of Education approve the Marketing and Communications Contract of Alexandra Cash with the commencement date of September 28, 2021

Motion by Sharon Lee, second by Yvonne Fields.

Final Resolution: Motion Carries

Aye: Dr Celeste Hawkins, Gillian Ream Gainsley, Sharon Lee, Meredith Schindler, Yvonne Fields, Maria Goodrich

9. ACTION ITEM: Other

Action: A. MASB Delegate Election

The Board of Education will vote on it's delegate and alternate to MASB's 2021 Delegate Assembly which will begin Thursday, Nov. 11 at 6 p.m. at the Amway Grand Plaza Hotel in Grand Rapids. Delegates selected by boards of education across the state will decide MASB's positions on a wide variety of issues affecting education. Trustee Fields was named delegate and Trustee Gainsley was named alternate.

... MOVE THAT the Board of Education approve the MASB Delegate Election.

Motion by Meredith Schindler, second by Maria Goodrich.

Final Resolution: Motion Carries

Aye: Dr Celeste Hawkins, Gillian Ream Gainsley, Sharon Lee, Meredith Schindler, Yvonne Fields, Maria Goodrich

10. ACTION ITEM: Business and Finance

Action, Recognition: A. Donation - \$1000 Donation from Jill Cohen for Backpacks

Jill Cohen donated \$1000 to Ypsilanti Community Schools for backpacks for the 2021-2022 school year. Thank you so much, Ms. Cohen! Your donation impacts the students of Ypsilanti.

.... MOVE THAT the Board of Education accept a donation of \$1000 made by Jill Cohen for backpacks.

Motion by Maria Goodrich, second by Yvonne Fields.

Final Resolution: Motion Carries

Aye: Dr Celeste Hawkins, Gillian Ream Gainsley, Sharon Lee, Meredith Schindler, Yvonne Fields, Maria Goodrich

Action, Recognition: B. Donation - \$400 Donation from Bad Credit is Childish for Backpacks

Lynwood Powell, an Ypsilanti social worker and graduate and Willie Johnson, owners of Bad Credit is Childish graciously donated \$400 to Ypsilanti Community Schools for backpacks for the 2021-2022 school year. Thank you so much, Mr. Powell and Mr. Johnson! Your donation impacts the students of Ypsilanti.

.... MOVE THAT the Board of Education accept a donation of \$400 made by Back Credit is Childish for backpacks.

Motion by Gillian Ream Gainsley, second by Maria Goodrich.

Final Resolution: Motion Carries

Aye: Dr Celeste Hawkins, Gillian Ream Gainsley, Sharon Lee, Meredith Schindler, Yvonne Fields, Maria Goodrich

11. PUBLIC COMMENTS #2: Electronic Participation

Information: A. Guidelines for Public Comment

Public Comment Protocol

Pursuant to Board of Education Policy 0167.3

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No public comments.

12. DISCUSSION

Discussion: A. Subcommittee Reports, Events, Other Items

The Ypsilanti Board of Education will discuss subcommittee reports, events, and other items.

Trustee Gainsley: We did have a meeting of the finance and operations committee and received an overview from Ms. Nayak of the audit which is in progress and appears to be going quite smoothly, which is always a positive thing. And then also, the ESSR one two and three allocations. We did successfully fully utilize the title grants as well as I believe the ESSR one grant and the ESSR three grant which is the biggest one of the bunch has just opened applications and so that has come down through MDE and is now available for the district to start to make allocations and decisions. All the guidance is in place in terms of how exactly we can spend their money. Dr. Hawkins, Trustee Champagne, and I all attended that meeting and we appreciated the information from Ms. Nayak.

Trustee Goodrich: This morning Vice President Lee, Trustee Fields, and I attended the WAC legislative coffee. There was a lot of great stuff covered this morning and I want to highlight just the things that seemed most relevant to our district as briefly as I can. One item of interest was state Bill 644, which is seeking to give us more flexibility for virtual instruction, and there was a lot of discussion around this. Senator Irwin thought that it might be useful if members of the educational community reached out to Senator Theis to express support for this bill. This bill was introduced by Republicans in the legislature. This kind of flexibility we've needed in the wake of the pandemic and there's a lot of support for continuing to have flexibility in terms of seat time and instructional modalities. There was a lot of talk about the critical shortages that all of the districts in our area and nationally are facing regarding especially transportation and staff and teachers in all different roles throughout our districts. There are a lot of creative solutions proposed among the educators in the room around ways to increase the pipeline and get us to a point where we're not all fighting over the same pool of amazing individuals who are stretching too thin. Regarding pandemic and health department requirements, Senate Bill 82 includes boilerplate that would prevent regulation of masks and it was made very clear today that that is unenforceable so even though that language is there, we still retain the ability to have local control over that. There was concern that there'll be the possibility of latching onto that language but it was made very clear today and other legislative updates that that boilerplate language is unenforceable. OMA flexibility, which is allowing us to meet virtually and many other districts, but not all. Senator Irwin indicated he doesn't anticipate this will be extended beyond possibly December, so that's just something that might be on the horizon for us. Also Senator Irwin talked a little bit about his dyslexia bills which he is reintroducing and that they're making sure that this does not add another assessment on top of the burden the district's already faced and also they are working on putting in some financial support for the professional development that would be necessary to actually support the content of these bills.

13. OTHER

Dr Hawkins: One of our board members, Trustee Champagne, has decided to resign from the Board of Education, and I want to read a letter that she requested be read.

The letter from trust the champagne is as follows:

Dear President Hawkins, Superintendent Zachery-Ross, and Board of Education, I regret to one form you I am unable to finish the remainder of my term, which is in 2024. Due to the pandemic and other life circumstances, I will be moving from the district in the near future, and will therefore be ineligible to serve. It has been my honor to serve this district over the last 11 years. I am proud of all that we have achieved in that time. I believe with the highly effective board and excellent superintendent, the district is in the best position, it has been in for many years, and our students are already benefitting. I am grateful to all the staff of the district for all their hard work and to my fellow trustees for their guidance. I appreciate being given the opportunity to serve this community that I love and hope that my efforts have contributed to the improvement of our district. I look forward to hearing great things about all of our students' accomplishment in the future. At this time, please accept my resignation effective immediately. Best wishes to you all. Sincerely, Ellen Champagne.

Dr. Zachery-Ross and I will share a process and timeline in order to fill the vacancy that now exists on the board of education. Once a board member resigned and her resignation is effective immediately that means we have 30 days from today's date to fill that vacancy. Dr. Zachery-Ross and I will walk the board through the timeline and process to fill that vacancy. Because of the resignation of Ellen Champagne, we've outlined a timeline that we've adopted from MASB and other entities. It's not typical that we have resignations in the middle of terms but it happens often enough where there is a formal process in place for us to follow in order to fill that vacancy. We will announce publicly that there is a vacancy existing for the YCS Board of Education. We will get that out tomorrow. We will have a deadline to submit letters of interest and resumes, which will be on October eighth. And those letters will be reviewed at a public meeting on October 11th. So we wanted to make sure we got the board's input and had a discussion around this timeline that was put together. And we can kind of go from there. We'll hold the interviews on October 18th after that meeting, we will send emails to all the candidates with a decision. And then on October the 25th we will invite the selected candidates to the meeting, and the board will vote on the approval of the candidate. After that time, we will send a letter to the Michigan Department of Education and the Michigan Association of School Boards announcing who the new board member is and on the 26, the YCS Board will announce who the new board member is through a press release. We'll have an oath of office that will be given at the YCS administration building on October 27th and then on that same day, we will send that off to the Washtenaw County Board of electors.

Dr. Zachery-Ross: We had a lot of dialogue about the possibility ensuring we went and looked at her term to see if this was within that timeline or did it need to be posted for longer through the Washtenaw County Board of Electors. They gave us the green light to move forward as is written. We know that tomorrow, Julie will send a notice to the MASB and MDE. The MASB doesn't require that we send something to them immediately but MDE does. There's nothing that we need to do, even with the board of electors. Yet we do have to send a letter tomorrow. That will happen, as well as we will send out this announcement and description of board responsibilities through all of our social outlets and Julie will work on the date for the newspaper. The newspaper isn't every day that the posting goes out, but it will go out within that timeline. The eighth was written as the submission day, so that the board would have an opportunity to gather those. In your MASB package, it did state that they recommended the selection of the top three candidates to interview. I just wanted to note that. So depending on how many applicants are received at that meeting on the 11th. That would be an added special board meeting, if through this dialogue you all come to consensus that you'd like to add that meeting on the 11th at 5:30 p.m., to look at the letters of interest, and then to narrow the selection down to three. At that point that's when Miss Haines would send the information to prep for the 18th.

Trustee Schindler: At that October 18 meeting, where we talk about the candidates and narrow it down to three. Does that happen in closed session and then is it like rank choice?

Dr. Hawkins: The short answer is everything has to be done at a public meeting. So we will deliberate, we'll discuss in public, and then to your other specific questions we'll send emails out to the board just detailing some of the things that you are asking about. We have it, we just haven't sent it out yet. We wanted to get the timeline out first and to get the board's feedback about the dates, the timeline, the process in general, and then we'll send more specific information out to the board definitely quickly. We'll send it out this week.

Dr. Zachery-Ross: The information about how to apply, where to send the letter of interest to the board to President Hawkins and it will come to the administration building and go to the board secretary no later than 5pm on the eighth, and it says if they have questions they could contact myself for additional questions, if they needed some clarity.

Dr. Hawkins: I look forward to the letters of interest that we'll receive and the candidates that we will subsequently interview and then we'll make a decision. We'll stay really really close to this timeline because we are obligated to make sure we have the vacancy filled within 30 days. If we don't have that vacancy filled within 30 days then the Washtenaw Intermediate School District is required to appoint a board member to the Board of Education where a vacancy exists.

14. BOARD/SUPERINTENDENT COMMENTS

Dr. Zachery-Ross: I would like to ask Dr. Lopez, if he could give a brief sharing of the experience he had at "Love is the Answer Day." The Ypsilanti Council of Elders had a presentation last Friday and Dr. Lopez went in our stead and presented and spoke on behalf of YCS and the partnership that we have with the Ypsilanti Council of Elders and Mayor Richardson.

Dr. Lopez: On September 17, our mayor had a charge of call, and it was about Love is the Answer Movement Day. And so Sue McCarty and myself had the privilege of attending this event. And of course I had to share some comments on behalf of our district and our superintendent. Mayor Lois Richardson spoke. This was very important. Filmmaker, AJ Lee, his "Love is the Answer" call to action was as a form of action and relationship of bringing people together in four common areas. Number one was learning together and getting to know each other well is critical. Opening our hearts to new ideas and opportunities is non negotiable. Volunteering and becoming part of the change of the solution in our community is more needed today than ever before coming out of a pandemic. And also, the importance of empowering self and others to do the same so that we could collaborate. And what I love is that the city has committed to the four core areas that is wraps the arms around our children and our community to create safe communities for us. This work was brought forth by the Ypsilanti Council of Elders, along with our mayor, Dr. Lois Richardson. The focus and the thrust of this vision was to roll out a real commitment from the city council in relationship of police community relations, including an anti bias training, corporate diversity and inclusion and also community reconciliation as a priority. I really love the vision, because today, there's a lot of challenges for a young people. And so in essence we got to do everything and step up and be able to support and when you have a mayor of this magnitude that's really putting herself out there and helping people

saving lives of our children matters significantly. Our art department participated. Our team was able to paint this beautiful mural, and be part of the Love is the answer mural. And it was very highly appreciated. The mayor, and everyone else was there was very excited. We had the opportunity to thank our staff, our art department, and work together to really put a focus on our children and being able to be responsive.

Dr. Zachery-Ross: That day was really successful and we just really appreciate being partners with Mayor Richardson. She has a few other initiatives that we've had persons participate. There is a Violence Intervention Team, that has been meeting at Park Ridge. There's also a team that is looking at how we are implementing an equity across our city and principal Greg Anglin is attending that. I also wanted to thank the board for allowing me to participate in the Education Policy Fellowship Program. We are already working on ways to write policy to support our local districts. Michigan Department of Education has quite a few fellows there. So I'm just excited that this is the time while there's funds in the state of Michigan. Our advocacy is to reduce our debt, any way we can. I was able to actually talk to Peter Spatafor for last week while we presented at the MASA conference and he asked us to put a request in writing. So I want you to know that the request is already moving in that direction. And even if we don't get everything right away, we're there, we're giving that message about the importance of supporting Ypsilanti Community Schools at a legislative level. And last but not least, I want to thank board members, community partners, families, especially staff for participating in our Boots on the Ground campaign. I wanted to just share that the Boots on the Ground campaign has been nominated for the Washtenaw Health Initiatives Collaborative Health Impact Award. And so the winners will be announced at the 10th anniversary celebration virtual event on October 18. However, I know that this is just an example of our community appreciating the work that each and every one of you, our community members, our staff members are doing. I just want to encourage it and to say your labor is not in vain. People are appreciating the work. And so, we will keep you posted on this nomination. I'd like to talk about homecoming. It's just the fact that we're in person and students are celebrating the things that they're normally participate in. We know that we're still dealing with contact tracing and this pandemic. Yet there's still some normalcy. And I want to lift that up and thank the staff who pulled that off, the students who acted responsibly, and were able to have to have that opportunity and the families for their support. We certainly didn't think we'd still be dealing with the pandemic. Yet, when we see positive events, when we see students demonstrating the responsibility, the staff stepping in it gives me hope that we can make it through this year in person. We can have a prom and a graduation and all of those other things that are so important for our students lives and experiences. And so I just wanted to give kudos to the whole high school administration, and those students and I just wanted to say thank you to our amazing scholars and their families and the high school administration.

Dr. Hawkins: We did nominate Dr. Zachery-Ross for the honor of superintendent of the year award. I wanted to make sure we made that public and share that with everyone that we nominated her as a board of education and Trustee Goodrich was instrumental in taking the lead on crafting that nomination so I want to make sure I give her all the credit. We did it as a collaborative effort but it was from the Board of Education. We couldn't be more pleased and more honored to nominate you for the Michigan superintendent of the Year award. I'll just read some of that letter for everyone. Dr. Zachery-Ross' strengths have never been more evident than in the work of her and her team in guiding our district through the challenges posed by the COVID-19 pandemic with an unwavering focus on equity, excellence, and safety.

Under Dr. Zachery-Ross' leadership our district adopted an innovative three-tiered educational model to help meet the needs of our students, families, and teachers during the 2020-21 school year. We were able to prioritize a return to the classroom immediately in September for those students who most needed and benefitted from in-person engagement, and the district was able to do so with careful layers of protection to maximize COVID safety. Other students were educated in a synchronous, remote format until COVID transmission and the scaling-up of our in-person protections allowed for their safe return in the spring. For those families with the greatest health vulnerabilities and concerns a fully online option was available for the entire year. All of this was accomplished with small class sizes and a stable classroom composition that allowed students and teachers to work together consistently throughout the school year without having to split into a hybrid format.

Much of our district's COVID response was made possible by technology and ventilation upgrades funded through a sinking fund that Dr. Zachery-Ross successfully passed early in her tenure with our district. Through the efforts of the superintendent and her team we were rapidly able to pivot to become a 1:1 technology district early in the pandemic and together with high-speed internet support partnerships we were able to resume instruction in the spring of 2020. We continue to reap the benefits of that mobile technology investment even as more of our students have returned to the classroom, as they now have access to these tools for exploration and differentiated instruction. Thanks to the building upgrades already in progress or completed by the start of the pandemic, as our students returned to classrooms that were already equipped to meet the ventilation requirements and recommendations needed to reduce the risk of COVID transmission.

As our district faced the academic challenges of the pandemic, Dr. Zachery-Ross and the district also stepped up to fill the other non-academic gaps created by the reduction in access to in-person instruction. Teachers and staff came out to help with food distribution and our district has remained committed to meeting the nutritional needs of not just our own students, but also those in neighboring districts, during periods of reduced in-person instruction. Transportation and custodial staff were kept on payroll and engaged in meaningful work that helped to meet needs throughout the district while ensuring that we had the critical staffing to return to in-person instruction when ready.

In all of the tumult of the pandemic Dr. Zachery-Ross and her team have continued to support the growth of our teachers and administrators as culturally-proficient educators and leaders through dynamic and sustained professional development opportunities with leading thinkers like Dr. Ghodly Mohammed, Dr. Yolanda Sealy-Ruiz, and Dr. Muhammad Khalifa. It is in no small part due to Dr. Zachery-Ross' leadership that the diverse stakeholders engaged in our strategic planning work identify our district as one that celebrates the strengths and contributions of our students, families, and community. We reaped many benefits from this work as Dr. Zachery-Ross led our district in an approach to summer learning that was not myopically focused on "learning loss," but instead celebrated the interests and passion of our students and teachers through a series of free "Grizzly Learning Camps." These were freely available to all students residing in our district, not just those with identified challenges. The focus on fun and exploration in these project-based in-person camps helped destigmatize summer camp participation and meet the needs of a broader swath of our families.

While meeting all the challenges of our district's pandemic response, Dr. Zachery-Ross and her team also successfully led the amicable negotiation of a three-year contract with our teachers and support staff. The benefits of respect this showed to our staff,

and the stability this signals to our families and employees – especially in this incredibly tumultuous time – cannot be overstated.

In all of this work Dr. Zachery-Ross has been not just a visionary leader, but a powerful advocate and spokesperson for our district throughout our community, our county, and at the state level. She has been proactive in engaging with community leaders, legislators, and (especially with respect to our COVID response) our country and state health officials. This engagement goes from the broadest to the most granular level, encompassing even walking the neighborhoods during bus drop-off to help identify issues and talk with parents and guardians. Her work on behalf of not just our district but all Michigan students is a source of pride for our district, but more importantly she has been a voice for the kinds of equitable policies that will improve learning opportunities for all students in our state. Beyond that work, Dr. Zachery-Ross is an educational scholar who completed her dissertation during the pandemic, and throughout her time with our district she has served as the pastor for her faith community.

For all of these reasons and countless others, we believe that Dr. Zachery-Ross is an exemplary candidate for this honor, and we are pleased to nominate her as the Michigan Superintendent of the Year.

Respectfully,
The Board of Education for Ypsilanti Community Schools

15. ADJOURNMENT OF MEETING
Meeting adjourned at 8:22

Board of Education

| Name | Location | Position |
|--------------------------|-------------------|--------------------------------------|
| New Hire | | |
| | | |
| Arnolds, Stephanie | YIES | Building Secretary |
| Baidani, Sarah | YIES | 5th Grade |
| Chambers, Chelsea | YIES | Instructional Coach & IB Coordinator |
| Franklin, Lisa | District | Food Service |
| Hence, Alyssia | Middle School | Spec Ed - Social Worker |
| Hesterly, Veda | District | Food Service |
| James, Debra | District | Food Service |
| Madden, Kaley | YCMS, WIMA & WIHI | Psychologist |
| Smith, Joshua | Middle School | Paraprofessional |
| Stewart, Markitta | Estabrook | Lunchroom Supervisor |
| | | |
| | | |
| | | |
| | | |
| Resignations | | |
| | | |
| Alexander, Gretta | Transportation | Bus Monitor |
| Allred, Jennifer | Ford | Associate Teacher |
| Brandon, Derris | Middle School | Building Assistant |
| Brandon, Sandra | Transportation | Bus Monitor |
| Burrell, LaTonya | High School | Paraprofessional |
| Caranagh, Aaron | District | Custodian |
| Doyle, Anna | High School | Drama/Speech |
| Edwards, Diamond | YIES | Paraprofessional |
| Fryske, Katie | Middle School | ELA Teacher |
| Jacob, Carol | Estabrook | Spec Ed - CI |
| Jones, Carla | Perry | Paraprofessional |
| Koczara, Lani | YC2S | 2/3 Grade Teacher |
| Kuebler, Kolleen | ACCE | Building Secretary |
| Lonick, Cindi | Middle School | Spec Ed - BCBA |
| McKinney-Carter, Karissa | Transportation | Bus Driver |
| McLaurin, Concheite | Transportation | Bus Monitor |
| Mynarcik, Nicholas | Middle School | Social Studies |
| Nuyda, Melissa | Middle School | 6th Grade |
| Robinson, Cierra | District | Food Service Worker |
| Roth, Sophia | Ford | Pre School |
| Tubbs, Natasha | Transportation | Bus Monitor |
| | | |
| | 10/8/2021 | |
| | | |
| | | |

Note this list is subject to change. If there are any changes, an updated version will be shared before the board meeting.



October 7, 2021

Management and the Board of Education
Ypsilanti Community Schools
Ypsilanti, MI

We have completed our audit of the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Ypsilanti Community Schools as of and for the year ended June 30, 2021, and have issued our report dated October 7, 2021. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit.

Our communication includes the following appendices:

- I. Auditors' Communication of Significant Matters with Those Charged with Governance
- II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the School District during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

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

Yeo & Yeo, P.C.

Ann Arbor, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 1, 2021. 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 are described in the footnotes of the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year.

We noted no transactions entered into by the School District during the year where there is 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 School District's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.
- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Net OPEB liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

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

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

Accounting Standards

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in Note 1 of the financial statements.

The School District is evaluating the impact the above pronouncements will have on its financial reporting.

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 that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

The following misstatements were detected as a result of our audit procedures and corrected by management:

| | <u>Net Income Effect</u> |
|---|------------------------------|
| To adjust fund balances to match prior year audit report | \$ 28,567 |
| To adjust activity for school and student activity account | 38,378 |
| To adjust due to/froms to pooled cash | (3,496) |
| To adjust accounts payable and various other balance sheet accounts | <u>(678,662)</u> |
| | <u>\$ (615,213)</u> |

Management has determined that the effects of the uncorrected misstatements below are immaterial both individually and, in the aggregate, qualitatively and quantitatively, to the financial statements taken as a whole.

- General Fund - A prepaid balance has been maintained for several years; however, it is unknown what it relates to. As a result, total assets are overstated by \$91,190 and beginning fund balances is overstated by the same amount.
- General Fund - In order to adjust fund balances to match the prior year audit report and to reconcile certain liability accounts, amounts were posted to miscellaneous expenditures. As a result, expenditures may not be reported in the correct functions on the financial statements.
- Both of these items are also reflected in the government-wide financial statements. Total assets are overstated by \$91,190 and beginning net position is overstated by the same amount. As noted above, expenses may not be reported in the correct functions on Statement of Activities.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report we had no such disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other 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's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Emphasis of Matters in Independent Auditors' Report

Our report will include the following emphasis of matter paragraph:

Prior Period Adjustment

As discussed in Note 15 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors' 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*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements 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.

Report on Other Supplementary Information

With respect to the other supplementary information accompanying the financial statements, 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.

Appendix II Matters for Management's Consideration

In planning and performing our audit of the financial statements of Ypsilanti Community Schools as of and for the year ended June 30, 2021, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

However, during our audit we became aware of several matters for management's consideration that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report dated October 7, 2021, on the financial statements of Ypsilanti Community Schools. Our comments and recommendations regarding those matters are:

Outstanding Checks

During our review of cash and related reconciliations, we noted several long outstanding checks included in the reconciliations. The State of Michigan requires organizations who have unclaimed property to remit and file unclaimed property reports annually with the State Treasurer. The period of abandonment for these items varies from one to three years and begins on the date of the last contact with the payee, which in most cases is the date the check was issued. The most common check types are payments for goods or services (vendor checks) and wages (payroll checks) in which the dormancy period is three and one years, respectively. We recommend that management develop a policy and procedure to ensure that these checks are properly followed up on and submitted to the State of Michigan, if necessary. This is a repeat matter from the prior year.

Timely Year-end Closing and Workpaper Preparation

Year-end reconciliations and closing entries were not complete at the start of the audit. Significant improvement was made compared to the prior year; however, procedures were not in place to ensure timely reconciliation of account balances during the year. Pooled cash accounts were not properly utilized during the year and transfers between the general depository and debt service fund bank accounts were outstanding at year end. This is a repeat matter from the prior year. We recommend that the School District develop and adhere to procedures to ensure the timely reconciliation of all balances during the year.

Sinking Fund

The Michigan School Accounting Manual (Bulletin 1022) recommend that districts use the "45X" series for recording activities associated with sinking funds. Function "261" is used for recording ongoing and routine custodial and janitorial services. Sinking funds may not be used for routine operations and maintenance. The School District accounted for all transactions under the "261" function code. Auditors performed testing on the transactions, and they were determined to be appropriate expenditures, however, the account classification was incorrect. This is a repeat matter from the prior year. Furthermore, 4 of the 40 transactions tested were missing the business management approval on the check request. This is a violation of the School District's purchasing policy. Lastly, we noted that 1 transaction included sales tax paid on the item.

We recommend that the School District establish policies and procedures to ensure the sinking fund is properly utilized. MCL 380.1212 indicates that "If the Department of Treasury determines from the audit report that the sinking fund has been used for a purpose other than those authorized for the sinking fund under this section, the school district shall repay the misused funds to the sinking fund from the school district's operating funds and shall not levy a sinking fund tax under this section after the date the Department of Treasury makes that determination."

Budget and Salary Compensation Transparency Reporting

MCL 388.1618 of the State School Aid Act requires all public schools to post certain financial information on their website. In our review of the School District's website, we noted the following elements were not included:

- Special Revenue Fund budgets - Neither the original and/or subsequent budget revisions
- Total salary and a description and cost of each fringe benefit included in the compensation package for the superintendent of the district and for each employee of the district whose salary exceeds \$100,000 - Most recent information provided is for 2018-2019 fiscal year
- Annual amount spent on lobbying or lobbying services - Most recent information provided is for 2017-2018 fiscal year

Federal Policies and Procedures Manual

In the prior year, we noted that the School District was developing a "State and Federal Grants Handbook". It was considered a "work in progress" during last year's audit, however, no changes were made during the year. 2 CFR § 200.331 requires that the School District has subrecipient monitoring procedures in place. We noted no such procedures included in the handbook. We recommend that the School District continue to develop this handbook to ensure that all relevant compliance requirements are covered.

Payroll Deficiencies

During our testing of payroll, we noted several deficiencies in processing and compliance with federal awards. Those deficiencies are as follows:

- Several timesheets selected did not have a supervisor signature. This was noted by the School District to be a result of COVID-19 and the remote learning environment.
- Two instances were noted where documentation was not retained to support the pay rate of hourly employees. The School District had documentation for the employees' current pay rate, however, nothing to support the rate during the pay period tested.
- Three instances were noted where employees' pay was not reflective of actual hours worked. The School District's punch time system does not upload into their payroll system; thus, hours must be manually entered. The employees' hours were mis-keyed for the pay periods tested.
- During our testing of payroll related to the Child and Adult Care Food Program, we noted that one employee was split funded, however, no documentation was retained to support that split (i.e., timesheets showing time worked in the federal program, semi-annual certification, etc.)
- During our testing of payroll related to the Head Start Cluster, we noted the following:
 - 34 out of 40 semi-annual certifications obtained by employees did not contain a percentage supporting the amount charged. The certifications were provided electronically, however, that field was erroneously left blank. Also, all certifications obtained referred to OMB Circular A-87, which is outdated. Certifications should refer to Uniform Guidance.
 - Semi-annual certifications were not available for two employees selected. These employees resigned a week before school ended with no notice. However, first semester certifications still should have been obtained.

While none of the deficiencies above were material, it is still indicative of poor internal controls governing payroll processing. In particular, federal payroll procedures should be reviewed by the School District to ensure compliance with all applicable requirements.

Ypsilanti Community Schools

Single Audit Report

June 30, 2021



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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*

Independent Auditors' Report

Members of the Board of Education
Ypsilanti Community Schools
Ypsilanti, Michigan

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 Ypsilanti Community Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Ypsilanti Community Schools' basic financial statements, and have issued our report thereon dated October 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ypsilanti Community Schools' 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 Ypsilanti Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Ypsilanti Community Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ypsilanti Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-003.

Ypsilanti Community Schools' Response to Findings and Corrective Action Plan

Ypsilanti Community Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Ypsilanti Community Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Yeo & Yeo, P.C.

Ann Arbor, MI
October 7, 2021



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Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Members of the Board of Education
Ypsilanti Community Schools
Ypsilanti, Michigan

Report on Compliance for Each Major Federal Program

We have audited the Ypsilanti Community Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ypsilanti Community Schools' major federal programs for the year ended June 30, 2021. Ypsilanti Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Ypsilanti Community Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence Ypsilanti Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Ypsilanti Community Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Ypsilanti Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Ypsilanti Community Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Ypsilanti Community Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ypsilanti Community Schools' 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ypsilanti Community Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Ypsilanti Community Schools' basic financial statements. We issued our report thereon dated October 7, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Ann Arbor, MI
October 7, 2021

Ypsilanti Community Schools
Schedule of Expenditures of Federal Awards
June 30, 2021

| Federal Agency Pass Through Grantor Program Title | Assistance Listing Number | Pass Through Grantor Number | Approved Award / Grant Amount | Accrued (Unearned) Revenue July 1, 2020 | (Memo Only) Prior Year Expenditures | Current Year Expenditures | Federal Funds / In-Kind Received | Accrued (Unearned) Revenue June 30, 2021 |
|---|---------------------------------|--------------------------------------|--|--|---|------------------------------|---|---|
| U.S. Department of Agriculture | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | |
| Non-cash assistance | | | | | | | | |
| National School Lunch Program - Entitlement Commodities | 10.555 | 2020 - 2021 | \$ 110,278 | \$ - | \$ - | \$ 110,278 | \$ 110,278 | \$ - |
| Cash assistance | | | | | | | | |
| COVID-19 Unanticipated School Closure Summer Food Service Program | 10.555 | 200902 | 1,382,027 | 333,749 | 1,382,027 | - | 333,749 | - |
| COVID-19 Summer Food Service Program for Children - Operating | 10.559 | 200900 | 144,089 | - | - | 144,089 | 144,089 | - |
| COVID-19 Summer Food Service Program for Children Extended | 10.559 | 210904 | 1,542,016 | - | - | 1,542,016 | 1,159,266 | 382,750 |
| Total Summer Food Service Program | | | | - | | 1,686,105 | 1,303,355 | 382,750 |
| Total Child Nutrition Cluster | | | | 333,749 | | 1,796,383 | 1,747,382 | 382,750 |
| Passed through Michigan Department of Education | | | | | | | | |
| Child and Adult Care Food Program - Meals | 10.558 | 201920 | 131,750 | - | 127,404 | 4,346 | 4,346 | - |
| Child and Adult Care Food Program - Cash in Lieu | 10.558 | 202010 | 6,979 | - | 6,805 | 174 | 174 | - |
| Child and Adult Care Food Program - Meals | 10.558 | 211920 | 919,356 | - | - | 919,356 | 731,333 | 188,023 |
| Child and Adult Care Food Program - Cash in Lieu | 10.558 | 212010 | 48,916 | - | - | 48,916 | 39,233 | 9,683 |
| Total Child and Adult Care Food Program | | | | - | | 972,792 | 775,086 | 197,706 |
| Passed through Michigan Department of Education | | | | | | | | |
| Fresh Fruit and Vegetable Program | 10.582 | 210950 | 76,450 | - | - | 76,450 | 76,450 | - |
| Total U.S. Department of Agriculture | | | | 333,749 | | 2,845,625 | 2,598,918 | 580,456 |
| U.S. Department of Treasury | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | |
| Coronavirus Relief Funds | | | | | | | | |
| COVID-19 11p Coronavirus Relief Funds | 21.019 | 2020 - 2021 | 1,339,496 | - | - | 1,339,496 | 1,339,496 | - |
| COVID-19 103(2) District Covid Costs | 21.019 | 2020 - 2021 | 47,150 | - | - | 47,150 | 47,150 | - |
| Passed through Copper County Intermediate School District | | | | | | | | |
| COVID-19 MAISA MiConnect Device Purchasing Rebate Program | 21.019 | 2020 - 2021 | 198,876 | - | - | - | 198,876 | (198,876) |
| Total U.S. Department of Treasury - Coronavirus Relief Funds | | | | - | | 1,386,646 | 1,585,522 | (198,876) |
| U.S. Department of Education | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 201530 | 2,559,733 | 967,147 | 1,874,298 | 304,701 | 1,271,848 | - |
| Title I Grants to Local Educational Agencies | 84.010 | 211530 | 3,103,043 | - | - | 1,852,024 | 1,183,685 | 668,339 |
| Total Title I Grants to Local Educational Agencies | | | | 967,147 | | 2,156,725 | 2,455,533 | 668,339 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Ypsilanti Community Schools
Schedule of Expenditures of Federal Awards
June 30, 2021

| Federal Agency Pass Through Grantor Program Title | Assistance Listing Number | Pass Through Grantor Number | Approved Award / Grant Amount | Accrued (Unearned) Revenue July 1, 2020 | (Memo Only) Prior Year Expenditures | Current Year Expenditures | Federal Funds / In-Kind Received | Accrued (Unearned) Revenue June 30, 2021 |
|---|---------------------------------|--------------------------------------|--|--|---|------------------------------|---|---|
| U.S. Department of Education (continued) | | | | | | | | |
| Passed through Washtenaw Intermediate School District | | | | | | | | |
| Career and Technical Education - Basic Grants to States | 84.048A | 203520 | \$ 59,862 | \$ 55,133 | \$ 55,133 | \$ - | \$ 55,133 | \$ - |
| Career and Technical Education - Basic Grants to States | 84.048A | 213520 | 52,011 | - | - | 52,011 | 30,238 | 21,773 |
| Total Career and Technical Education - Basic Grants to States | | | | 55,133 | | 52,011 | 85,371 | 21,773 |
| Passed through Washtenaw Intermediate School District | | | | | | | | |
| Special Education Cluster | | | | | | | | |
| Special Education Grants to States | 84.027A | 200450 | 1,196,123 | 398,158 | 398,158 | 791,657 | 956,285 | 233,530 |
| Special Education Grants to States | 84.027A | 210450 | 1,171,533 | - | - | 644,780 | 370,510 | 274,270 |
| Total Special Education Grants to States | | | | 398,158 | | 1,436,437 | 1,326,795 | 507,800 |
| Special Education Preschool Grants | 84.173 | 200460 | 44,489 | 44,489 | 44,489 | - | 44,489 | - |
| Special Education Preschool Grants | 84.173 | 210460 | 41,830 | - | - | 41,830 | - | 41,830 |
| Total Special Education Preschool Grants | | | | 44,489 | 44,489 | 41,830 | 44,489 | 41,830 |
| Total Special Education Cluster | | | | 442,647 | | 1,478,267 | 1,371,284 | 549,630 |
| Passed through Michigan Department of Education | | | | | | | | |
| English Language Acquisition State Grants - Immigrant | 84.365A | 200570 | 8,703 | 750 | 750 | - | 750 | - |
| English Language Acquisition State Grants - Immigrant | 84.365A | 210570 | 13,482 | - | - | 6,001 | 6,001 | - |
| Total English Language Acquisition State Grants - Immigrant | | | | 750 | | 6,001 | 6,751 | - |
| Passed through Washtenaw Intermediate School District | | | | | | | | |
| English Language Acquisition State Grants | 84.365A | 200570 | 48,339 | 30,678 | 30,678 | - | 30,678 | - |
| English Language Acquisition State Grants | 84.365A | 210570 | 47,398 | - | - | 47,398 | - | 47,398 |
| Total English Language Acquisition State Grants | | | | 30,678 | | 47,398 | 30,678 | 47,398 |
| Passed through Michigan Department of Education | | | | | | | | |
| Supporting Effective Instruction State Grants | 84.367 | 200520 | 663,169 | 65,913 | 386,341 | 5,346 | 71,259 | - |
| Supporting Effective Instruction State Grants | 84.367 | 210520 | 680,717 | - | - | 469,815 | 269,201 | 200,614 |
| Total Supporting Effective Instruction State Grants | | | | 65,913 | | 475,161 | 340,460 | 200,614 |
| Passed through Michigan Department of Education | | | | | | | | |
| Student Support and Academic Enrichment Program | 84.424 | 200750 | 214,278 | 106,199 | 106,199 | 15,833 | 122,032 | - |
| Student Support and Academic Enrichment Program | 84.424 | 210750 | 253,070 | - | - | 176,322 | 137,367 | 38,955 |
| Total Student Support and Academic Enrichment Program | | | | 106,199 | | 192,155 | 259,399 | 38,955 |
| Passed through Michigan Department of Education | | | | | | | | |
| Education Stabilization Fund | | | | | | | | |
| COVID-19 Governor's Emergency Education Relief (GEER) | 84.425C | 201200 | 328,107 | - | - | 104,357 | - | 104,357 |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Formula | 84.425D | 203710 | 1,816,538 | - | - | 877,921 | 678,454 | 199,467 |
| COVID-19 ESSER Education Equity | 84.425D | 203720 | 363,308 | - | - | 292,796 | 279,528 | 13,268 |
| Total Education Stabilization Fund | | | | - | | 1,275,074 | 957,982 | 317,092 |
| Total U.S. Department of Education | | | | 1,668,467 | | 5,682,792 | 5,507,458 | 1,843,801 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Ypsilanti Community Schools
Schedule of Expenditures of Federal Awards
June 30, 2021

| Federal Agency Pass Through Grantor Program Title | Assistance Listing Number | Pass Through Grantor Number | Approved Award / Grant Amount | Accrued (Unearned) Revenue July 1, 2020 | (Memo Only) Prior Year Expenditures | Current Year Expenditures | Federal Funds / In-Kind Received | Accrued (Unearned) Revenue June 30, 2021 |
|--|---------------------------------|--------------------------------------|--|--|---|------------------------------|---|---|
| U.S. Department of Health and Human Services | | | | | | | | |
| Passed through Washtenaw Intermediate School District | | | | | | | | |
| Head Start Cluster | | | | | | | | |
| Head Start | 93.600 | 2019 - 2020 | \$ 1,854,244 | \$ 823,954 | \$ 1,760,540 | \$ 13,845 | \$ 837,799 | \$ - |
| Head Start | 93.600 | 2020 - 2021 | 1,891,329 | <u>-</u> | <u>-</u> | <u>1,891,329</u> | <u>1,166,845</u> | <u>724,484</u> |
| Total Head Start Cluster | | | | <u>823,954</u> | | <u>1,905,174</u> | <u>2,004,644</u> | <u>724,484</u> |
| U.S. Department of Health and Human Services (continued) | | | | | | | | |
| Passed through Washtenaw Intermediate School District | | | | | | | | |
| Medicaid Cluster | | | | | | | | |
| Medical Assistance Program | 93.778 | 2019 - 2020 | 7,572 | <u>7,572</u> | 7,572 | <u>-</u> | <u>7,572</u> | <u>-</u> |
| Total U.S. Department of Health and Human Services | | | | <u>831,526</u> | | <u>1,905,174</u> | <u>2,012,216</u> | <u>724,484</u> |
| Total Federal Financial Assistance | | | | <u>\$2,833,742</u> | | <u>\$ 11,820,237</u> | <u>\$11,704,114</u> | <u>\$ 2,949,865</u> |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Ypsilanti Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Ypsilanti Community Schools under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* 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 Ypsilanti Community Schools, it is not intended to and does not present the financial position and changes in financial positions of Ypsilanti Community Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures

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 where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Ypsilanti Community Schools has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Reconciliation to the Financial Statements

The federal revenues per the financial statements are in agreement with the schedule of expenditures of federal awards.

Note 4 - Subrecipients

No amounts were provided to subrecipients.

Note 5 - Michigan Department of Education Disclosures

The federal amounts reported on the grant auditor report are in agreement with the schedule of expenditures of federal awards.

The amounts reported on the recipient entitlement balance report agree with the schedule of expenditures of federal awards for U.S.D.A. cash in lieu of commodities.

Ypsilanti Community Schools
Schedule of Findings and Questioned Costs
June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles:
 Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a)? yes X no

Identification of major programs:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i> |
|-----------------------|---|
| 84.425C & 84.425D | Education Stabilization Fund |
| 10.558 | Child and Adult Care Food Program |
| 93.600 | Head Start Cluster |
| 21.019 | Coronavirus Relief Fund |

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

Auditee qualified as low-risk auditee? yes X no

Ypsilanti Community Schools
Schedule of Findings and Questioned Costs
June 30, 2021

Section II - Government Auditing Standards Findings

Finding 2021-001, 2020-002, 2019-002 - Material Weakness - Material Audit Adjustments

- Criteria:** The District is responsible for the reconciliation of all general ledger accounts to their underlying balances for the purpose of creating a reasonably adjusted trial balance from which the basic financial statements are derived.
- Condition:** During the audit, multiple adjustments were provided in order to reach proper year-end balances. Several of the adjustments were identified by the auditors, while others were provided by the School District. An adjustment was also necessary to correct a balance mistakenly presented in the prior period related to long-term liabilities. This is a repeat finding and is reflective of multiple control deficiencies.
- Cause and Effect:** The School District's internal controls did not detect all adjustments necessary to properly record year-end balances. As a result of this condition, the District's financial statements were initially misstated by amounts that were material to the financial statements.
- Recommendation:** We recommend that the School District prepare, review, and reconcile all year-end schedules that are used in financial reporting prior to audit fieldwork.
- Views of Responsible Officials:** Management agrees with the finding.
- Corrective Action Plan:** See attached corrective action plan from management.

Ypsilanti Community Schools
Schedule of Findings and Questioned Costs
June 30, 2021

Finding 2021-002, 2020-003, 2019-005 - Material Weakness - ORS Contributions

| | |
|--|---|
| Criteria: | The District is responsible for ensuring that the amounts reported to the State Office of Retirement Systems (ORS) agree to the District's payroll records. |
| Condition: | The information reported to ORS is not fully reconciled to ensure that it agrees with the District's payroll records. We noted variances in 2 of 40 specific employee pay dates tested, however, every pay date during the year had a variance that was required to be addressed. |
| Cause and Effect: | The School District's has not established appropriate controls to ensure that the payroll records are properly reconciled. As a result, there is an increased risk that information reported to ORS, as well as payments made to ORS, are not appropriate. |
| Recommendation: | We recommend that the School District establish policies and procedures to ensure that amounts reported to ORS are reconciled to the School District's payroll records for each pay period, and that the reconciliation be reviewed by an individual knowledgeable of the ORS system. |
| Views of Responsible Officials: | Management agrees with the finding. |
| Corrective Action Plan: | See attached corrective action plan from management. |

Ypsilanti Community Schools
Schedule of Findings and Questioned Costs
June 30, 2021

Finding 2021-003, 2020-004 - Material Weakness and Material Noncompliance - Budget Violations

- Criteria:** The Michigan School Accounting Manual (Bulletin 1022) serves as a mandatory guide to the uniform classification and recording of accounting transactions for Michigan public school districts. Furthermore, the School shall not incur an expenditure against an appropriation account in excess of the amount authorized by the Board of Education.
- Condition:** The School District incurred material budget overages in the general fund and special revenue funds during the year. Furthermore, the budget presented to the Board of Education for approval did not follow the uniform classification outlined by Bulletin 1022. The budget maintained in the accounting software also did not match certain grant budgets submitted to outside monitoring authorities.
- Cause and Effect:** The School District has not established appropriate controls to ensure that the budget is maintained during the year. The budget was not properly monitored allowing the overages to exist.
- Recommendation:** We recommend that the School District establish policies and procedures to ensure the budget is properly maintained and monitored throughout the year. This includes providing amendments throughout the year to the Board of Education for approval and following the uniform chart of accounts.
- Views of Responsible Officials:** Management agrees with the finding.
- Corrective Action Plan:** See attached corrective action plan from management.

Section III - Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2021.

Ypsilanti Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2021

Section IV - Prior Audit Findings

Government Auditing Standards Findings

Finding 2020-001, 2019-001 - Material Weakness - Timely Year-end Closing and Workpaper Preparation

Criteria: The timely preparation and issuance of financial statements in accordance with generally accepted accounting principles requires a coordinated effort between management and the external auditors. This places the burden on the auditee to properly prepare for the audit, including timely closing of the accounting records, preparation of workpapers to support the significant account balances and obtaining the necessary documents needed to perform their procedures.

Status: Partially corrected - Progress has been made during the year and the magnitude of possible misstatement is no longer material, however, improvements can continue to be made

Finding 2020-002, 2019-002 - Material Weakness - Material Audit Adjustments

Criteria: The District is responsible for the reconciliation of all general ledger accounts to their underlying balances for the purpose of creating a reasonably adjusted trial balance from which the basic financial statements are derived.

Status: Partially corrected - see Finding 2021-001

Finding 2020-003, 2019-005 - Material Weakness - ORS Contributions

Criteria: The District is responsible for ensuring that the amounts reported to the State Office of Retirement Systems (ORS) agree to the District's payroll records.

Status: Uncorrected - See Finding 2021-002

Finding 2020-004 - Material Weakness and Material Noncompliance - Budget Violations

Criteria: A school district must prepare a budget for the general fund and any special revenue fund it may utilize. (MCL 141.422a) (MCL 380.622). Furthermore, the School shall not incur an expenditure against an appropriation account in excess of the amount authorized by the Board of Education.

Status: Partially corrected - see Finding 2021-003

Ypsilanti Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2021

Finding 2020-005 - Material Weakness and Material Noncompliance - Sinking Fund

Criteria: Sinking fund money, as with all funds of the school district, must be deposited in accordance with MCL 380.1221 of the Revised School Code. Investments of all school funds must be made in accordance with MCL 380.1223. The sinking fund money must be kept separate from other money of the school district. Furthermore, the Michigan School Accounting Manual (Bulletin 1022) recommend that districts use the “45X” series for recording activities associated with sinking funds. Function “261” is used for recording ongoing and routine custodial and janitorial services. Sinking funds may not be used for routine operations and maintenance.

Status: Partially corrected - Progress has been made during the year and the magnitude of possible misstatement is no longer material, however, improvements can continue to be made

Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2020.



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Ypsilanti Community Schools
1885 Packard Road, Ypsilanti, MI 48197
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CORRECTIVE ACTION PLAN

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, the following are the findings as noted in Ypsilanti Community Schools' audit report for the year ended June 30, 2021, and corrective actions to be completed.

Finding 2021-001, 2020-002, 2019-002 - Material Weakness - Material Audit Adjustments

Auditor Description of Condition: During the audit, multiple adjustments were provided in order to reach proper year-end balances. Several of the adjustments were identified by the auditors, while others were provided by the School District. An adjustment was also necessary to correct a balance mistakenly presented in the prior period related to long-term liabilities. This is a repeat finding and is reflective of multiple control deficiencies.

Recommendation: We recommend that the School District prepare, review, and reconcile all year-end schedules that are used in financial reporting prior to audit fieldwork.

Corrective Action Plan: As noted in Finding 2021-001, the District will develop a process to track the progress on the completion of the monthly reconciliation of Balance sheet account to ensure correct a balance related to long-term liabilities.

Responsible Person: Director of Finance

Anticipated Completion Date: June 30, 2022

Finding 2021-002, 2020-003, 2019-005 - Material Weakness - ORS Contributions

Auditor Description of Condition: The information reported to ORS is not fully reconciled to ensure that it agrees with the District's payroll records. During the prior year, significant adjustments were necessary as a result of a review performed by ORS. We noted variances in 2 of 40 specific employee pay dates tested, however, every pay date during the year had a variance that was required to be addressed.

Recommendation: We recommend that the School District establish policies and procedures to ensure that amounts reported to ORS are reconciled to the School District's payroll records for each pay period, and that the reconciliation be reviewed by an individual knowledgeable of the ORS system.

Corrective Action Plan: The District is working with the audit firm to develop procedures to reconcile the payroll record to the data being reported to the Office of Retirement Services (ORS). Payroll accounts will be reviewed after every payroll processing throughout the year to ensure ORS records match the district ledger and software.

Responsible Person: Director of Finance

Anticipated Completion Date: June 30, 2022

Stronger Together



Business Office
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1885 Packard Road, Ypsilanti, MI 48197
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Finding 2021-003, 2020-004 - Material Weakness and Material Noncompliance - Budget Violations

Auditor Description of Condition: The School District incurred material budget overages in the general fund and special revenue funds during the year. Furthermore, the budget presented to the Board of Education for approval did not follow the uniform classification outlined by Bulletin 1022. The budget maintained in the accounting software also did not match certain grant budgets submitted to outside monitoring authorities.

Recommendation: We recommend that the School District establish policies and procedures to ensure the budget is properly maintained and monitored throughout the year. This includes providing amendments throughout the year to the Board of Education for approval and following the uniform chart of accounts.

Corrective Action Plan: The District will develop a format for tracking the budget on a monthly basis throughout the year and the Superintendent and Director of Business and Finance will provide oversight of the progress. The District will then communicate with the Board of Education on a monthly basis and keep them informed of budget variances throughout the year.

Responsible Person: Director of Finance

Anticipated Completion Date: June 30, 2022

Priya Nayak
Director of Business and Finance

Ypsilanti Community Schools

Financial Statements

June 30, 2021



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Ypsilanti Community Schools
Members of the Board of Education and Administration
June 30, 2021

Members of the Board of Education

| | |
|---------------------|----------------|
| Dr. Celeste Hawkins | President |
| Sharon Lee | Vice President |
| Meredith Schindler | Secretary |
| Gillian Gainsley | Treasurer |
| Yvonne Fields | Trustee |
| Ellen Champagne | Trustee |
| Maria Goodrich | Trustee |

Administration

| | |
|--------------------|--------------------------------|
| Alena Zachery-Ross | Superintendent |
| Priya Nayak | Director of Business & Finance |



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Independent Auditors' Report

Management and the Board of Education
Ypsilanti Community Schools
Ypsilanti, Michigan

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ypsilanti Community Schools, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 15 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ypsilanti Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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. Such 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 other supplementary information, as identified in the table of contents, is 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 October 7, 2021 on our consideration of Ypsilanti Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ypsilanti Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ypsilanti Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Ann Arbor, MI
October 7, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ypsilanti Community Schools
Management's Discussion and Analysis
June 30, 2021

As management of Ypsilanti Community Schools, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, supporting services, athletics, food service and community services. The School District has no business-type activities as of and for the year ending June 30, 2021.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Ypsilanti Community Schools
Management's Discussion and Analysis
June 30, 2021**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Willow Run debt service fund, and sinking fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The School District adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for the general fund herein to demonstrate compliance with that budget.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows exceeded assets and deferred outflows by \$134,327,854 at the close of the most recent fiscal year.

A portion of the School District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and buses and other vehicles); less any related debt used to acquire those assets that is still outstanding, which is \$(46,382,380) at June 30, 2021. The School District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary Statement of Net Position

| | 2021 | 2020 |
|---------------------------------------|------------------|------------------|
| Assets | | |
| Current and other assets | \$ 24,389,464 | \$ 19,350,526 |
| Capital assets, net | 57,462,467 | 62,607,855 |
| Total assets | 81,851,931 | 81,958,381 |
| Deferred Outflows of Resources | 33,527,428 | 35,634,553 |
| Liabilities | | |
| Current and other liabilities | 14,172,904 | 12,967,642 |
| Long-term liabilities | 219,169,642 | 228,767,182 |
| Total liabilities | 233,342,546 | 241,734,824 |
| Deferred Inflows of Resources | 16,364,667 | 15,252,749 |
| Net Position | | |
| Net investment in capital assets | (46,382,380) | (53,559,309) |
| Restricted | 2,214,013 | 1,257,188 |
| Unrestricted | (90,159,487) | (87,092,518) |
| Total net position | \$ (134,327,854) | \$ (139,394,639) |

**Ypsilanti Community Schools
Management's Discussion and Analysis
June 30, 2021**

Total net position as of June 30, 2021 consists of \$2,214,013 restricted for debt service and capital projects. The School District also reported a deficit of \$90,159,487 as unrestricted net position. The negative balance is mainly related to the School District's proportionate share of the MPSERS net pension and other postemployment benefit liabilities and the School District's general obligation bonded debt. The results of this year's operation 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 2021 compared to the changes in net position for fiscal year 2020.

The results of this year's operation 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 2021 compared to the changes in net position for fiscal year 2020.

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-------------------------|-------------------------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 1,569,814 | \$ 1,953,800 |
| Operating grants and contributions | 25,700,520 | 23,688,548 |
| General revenues | | |
| Property taxes | 27,089,192 | 26,747,626 |
| Unrestricted state school aid | 26,212,660 | 25,644,812 |
| Gain on sale of capital assets | 123,787 | 28,007 |
| Insurance recoveries | 1,381,282 | - |
| Other | <u>257,751</u> | <u>509,682</u> |
| Total revenues | <u>82,335,006</u> | <u>78,572,475</u> |
| Expenses | | |
| Instruction | 38,452,665 | 38,836,026 |
| Supporting services | 32,368,900 | 32,021,408 |
| Food services | 3,007,723 | 4,371,798 |
| Community services | 649,258 | 492,305 |
| Other | <u>2,789,675</u> | <u>3,628,508</u> |
| Total expenses | <u>77,268,221</u> | <u>79,350,045</u> |
| Change in net position | 5,066,785 | (777,570) |
| Net position - beginning, as restated | <u>(139,394,639)</u> | <u>(138,617,069)</u> |
| Net position - ending | <u>\$ (134,327,854)</u> | <u>\$ (139,394,639)</u> |

**Ypsilanti Community Schools
Management's Discussion and Analysis
June 30, 2021**

Governmental Activities

Governmental activities increased the School District's net position by \$5,066,785. Key elements of this increase are as follows:

- Total expense decreased from the prior year by \$2,081,824. This was due to the following reasons:
 - Due to remote learning at the beginning, as well as for the major part, of the of fiscal year due to continuous of Pandemic, we had decreased expenses.
 - Due to COVID, the district had significant turnover and open positions in staffing.
 - With most of the year being remote, buildings did not order supplies until they were back in person learning resulting in decrease of expenditures
- Total revenue increased from the prior year by \$3,762,531 primarily due to receiving the additional ESSER grants, CRF funding as well as insurance settlement due to fire.

Financial Analysis of the Government's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$10,567,475. Of this total amount, \$202,948 constitutes nonspendable fund balance to indicate that is not available for new spending because the underlying assets are included in inventory and prepaids, while \$3,560,114 is restricted for debt service, food service, and capital projects, and \$290,601 is committed for student and school activities. The remaining component is an unassigned fund balance of \$6,513,812.

The general fund is the chief operating fund of the School District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$6,652,167 while total fund balance was \$6,855,115. Total fund balance is 11.3% of total general fund expenditures.

The fund balance of the School District's general fund increased by \$2,247,491 during the current fiscal year. The increase was primarily due to receiving the State and Federal funding due to the COVID 19 pandemic.

At the end of the current fiscal year, the restricted fund balance of the School District's Willow Run debt service fund was \$578,033, an increase of \$117,845 over the prior year.

The other nonmajor governmental funds have a combined fund balance of \$3,134,327, an increase of \$988,629 over the prior year.

**Ypsilanti Community Schools
Management's Discussion and Analysis
June 30, 2021**

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted before the 2020-21-year end. A statement showing the District's original and final budget amounts compared with amounts actually recorded as revenue and expenditures is provided in the accompanying basic financial statements.

During the year, the budget was amended in a legally permissible manner. Amendments to the original budget were made during the fiscal year as more information became known. For the year ended June 30, 2021, total actual expenditures were less than the total final budget amount by \$3,138,044. This reflects a total variance of 5.2% on \$60,934,175. Due to Pandemic the school was remote for the major part of the year which resulted in less expenditures than anticipated. Also, general fund actual revenues were less than final amended budget revenue by \$3,344,395.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$57,462,467 (net of accumulated depreciation). This investment in capital assets includes land and improvements, constructions in progress, buildings and improvements, furniture and equipment, and vehicles.

| | Capital Assets (Net of Depreciation) | |
|----------------------------|---|----------------------|
| | 2021 | 2020 |
| Land | \$ 811,830 | \$ 811,830 |
| Land improvements | 3,499,013 | 3,803,493 |
| Buildings and improvements | 52,299,411 | 56,953,012 |
| Furniture and equipment | 795,788 | 974,552 |
| Vehicles | 56,425 | 64,968 |
| Total capital assets, net | <u>\$ 57,462,467</u> | <u>\$ 62,607,855</u> |

For the current year, the District incurred depreciation expense of \$5,151,888.

Additional information on the District's capital assets is found in notes to the financial statements.

Long-term Debt

At the end of the June 30, 2021 and 2020, the District had total bonded debt outstanding of \$89,764,167 and \$104,730,000, respectively. Those bonds consisted general obligation debt.

During the year ended June 30, 2021, the District borrowed \$4,781,351 from the Michigan School Loan Revolving Fund to supplement tax revenue in order to service certain bond payments. Additional information on the District's long-term debt is found in notes to the financial statements.

Ypsilanti Community Schools
Management's Discussion and Analysis
June 30, 2021

Factors Bearing on the District's Future

The following factors were also considered in preparing the District's budget for the 2021-22 fiscal year:

- Our elected officials and administration consider many factors when setting the school district's fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count of the 2021-22 fiscal year was 90% of the Fall 2021 count and 10% of Spring Supplemental 2021 count. The 2021-22 budget was built on the same student count for the traditional blended count as well as the same foundation allowance as the budget for the 2021-2022 school year as the state budget was not finalized before the district needed to adopt the 2021-2022 fiscal year budget.
- Approximately 55% of the General Fund revenue is from state aid. Under state law, the school district cannot access additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations.
Since the School District's revenue is heavily dependent on state funding and on the health of the State's School Aid fund, the actual revenue received depends on the State's ability to fund its appropriation to school districts

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Business and Finance, 1885 Packard Road, Ypsilanti, MI 48197.

BASIC FINANCIAL STATEMENTS

Ypsilanti Community Schools
Statement of Net Position
June 30, 2021

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash | \$ 14,478,159 |
| Accounts receivable | 52,597 |
| Due from other governmental units | 9,655,760 |
| Inventory | 11,107 |
| Prepaid items | 191,841 |
| Capital assets not being depreciated | 811,830 |
| Capital assets - net of accumulated depreciation | 56,650,637 |
| Total assets | 81,851,931 |
| Deferred Outflows of Resources | |
| Deferred amount relating to the net pension liability | 22,922,743 |
| Deferred amount relating to the net OPEB liability | 8,423,717 |
| Deferred amount on debt refunding | 2,180,968 |
| Total deferred outflows of resources | 33,527,428 |
| Liabilities | |
| Checks issued in excess of deposits | 138,355 |
| Accounts payable | 1,788,593 |
| State aid anticipation note payable | 6,400,000 |
| Due to other governmental units | 780,756 |
| Payroll deductions and withholdings | 555,408 |
| Accrued expenditures | 442,321 |
| Accrued salaries payable | 3,541,339 |
| Unearned revenue | 526,132 |
| Long-term liabilities | |
| Net pension liability | 97,164,893 |
| Net OPEB liability | 15,645,792 |
| Due within one year | 16,491,669 |
| Due in more than one year | 89,867,288 |
| Total liabilities | 233,342,546 |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Statement of Net Position
June 30, 2021

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Deferred Inflows of Resources | |
| Deferred amount relating to the net pension liability | \$ 4,536,228 |
| Deferred amount relating to the net OPEB liability | <u>11,828,439</u> |
| Total deferred inflows of resources | <u>16,364,667</u> |
| Net Position | |
| Net investment in capital assets | (46,382,380) |
| Restricted for: | |
| Debt service | 1,285,665 |
| Capital projects | 928,348 |
| Unrestricted | <u>(90,159,487)</u> |
| Total net position | <u>\$ (134,327,854)</u> |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Statement of Activities
For the Year Ended June 30, 2021

| | <u>Program Revenues</u> | | | Net (Expense) Revenue and Changes in Net Position |
|---|-------------------------|---------------------------------|---|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| Functions/Programs | | | | |
| Governmental activities | | | | |
| Instruction | \$ 38,452,665 | \$ - | \$ 413,730 | \$ (38,038,935) |
| Supporting services | 32,368,900 | 1,442,734 | 22,243,186 | (8,682,980) |
| Food services | 3,007,723 | 127,080 | 3,043,604 | 162,961 |
| Community services | 649,258 | - | - | (649,258) |
| Interest and fiscal charges on long-term debt | <u>2,789,675</u> | <u>-</u> | <u>-</u> | <u>(2,789,675)</u> |
| Total governmental activities | <u>77,268,221</u> | <u>1,569,814</u> | <u>25,700,520</u> | <u>(49,997,887)</u> |
| General revenues | | | | |
| Property taxes, levied for general purposes | | | | 10,842,934 |
| Property taxes, levied for debt service | | | | 12,164,319 |
| Property taxes, levied for sinking fund | | | | 4,081,939 |
| Special education millage | | | | 6,536,019 |
| State aid - unrestricted | | | | 19,676,641 |
| Interest and investment earnings | | | | 6,798 |
| Gain on sale of capital assets | | | | 123,787 |
| Other | | | | 250,953 |
| Insurance recoveries | | | | <u>1,381,282</u> |
| Total general revenues | | | | <u>55,064,672</u> |
| Change in net position | | | | 5,066,785 |
| Net position - beginning, as restated | | | | <u>(139,394,639)</u> |
| Net position - ending | | | | <u><u>\$(134,327,854)</u></u> |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Governmental Funds
Balance Sheet
June 30, 2021

| | General Fund | Debt Service Fund Willow Run | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------|----------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 10,428,054 | \$ 578,533 | \$ 3,471,572 | \$ 14,478,159 |
| Accounts receivable | 52,352 | - | 245 | 52,597 |
| Due from other governmental units | 9,051,552 | - | 604,208 | 9,655,760 |
| Inventory | 11,107 | - | - | 11,107 |
| Prepaid items | 191,841 | - | - | 191,841 |
| Total assets | <u>\$ 19,734,906</u> | <u>\$ 578,533</u> | <u>\$ 4,076,025</u> | <u>\$ 24,389,464</u> |
| Liabilities | | | | |
| Checks issued in excess of deposits | \$ - | \$ - | \$ 138,355 | \$ 138,355 |
| Accounts payable | 1,140,132 | 500 | 647,961 | 1,788,593 |
| State aid anticipation note payable | 6,400,000 | - | - | 6,400,000 |
| Due to other governmental units | 774,361 | - | 6,395 | 780,756 |
| Payroll deductions and withholdings | 555,408 | - | - | 555,408 |
| Accrued expenditures | 91,406 | - | - | 91,406 |
| Accrued salaries payable | 3,520,850 | - | 20,489 | 3,541,339 |
| Unearned revenue | 397,634 | - | 128,498 | 526,132 |
| Total liabilities | <u>12,879,791</u> | <u>500</u> | <u>941,698</u> | <u>13,821,989</u> |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Governmental Funds
Balance Sheet
June 30, 2021

| | General Fund | Debt Service Fund Willow Run | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Fund Balances | | | | |
| Non-spendable | | | | |
| Inventory | \$ 11,107 | \$ - | \$ - | \$ 11,107 |
| Prepaid items | 191,841 | - | - | 191,841 |
| Restricted for | | | | |
| Food service | - | - | 995,186 | 995,186 |
| Debt service | - | 578,033 | 1,058,547 | 1,636,580 |
| Capital projects | - | - | 928,348 | 928,348 |
| Committed for student and school activities | - | - | 290,601 | 290,601 |
| Unassigned | <u>6,652,167</u> | <u>-</u> | <u>(138,355)</u> | <u>6,513,812</u> |
| Total fund balances | <u>6,855,115</u> | <u>578,033</u> | <u>3,134,327</u> | <u>10,567,475</u> |
| Total liabilities and fund balances | <u>\$ 19,734,906</u> | <u>\$ 578,533</u> | <u>\$ 4,076,025</u> | <u>\$ 24,389,464</u> |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

| | |
|---|--------------------------------------|
| Total fund balances for governmental funds | \$ 10,567,475 |
| Total net position for governmental activities in the statement of net position is different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| Capital assets not being depreciated | 811,830 |
| Capital assets - net of accumulated depreciation | 56,650,637 |
| Deferred outflows (inflows) of resources | |
| Deferred outflows of resources resulting from debt refunding | 2,180,968 |
| Deferred outflows of resources resulting from the net pension liability | 22,922,743 |
| Deferred outflows of resources resulting from the net OPEB liability | 8,423,717 |
| Deferred inflows of resources resulting from the net pension liability | (4,536,228) |
| Deferred inflows of resources resulting from the net OPEB liability | (11,828,439) |
| Certain liabilities are not due and payable in the current period and are not reported in the funds. | |
| Accrued interest | (350,915) |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. | |
| Net pension liability | (97,164,893) |
| Net OPEB liability | (15,645,792) |
| Compensated absences | (139,558) |
| Bonds payable | (93,415,730) |
| School loan revolving fund | (9,588,659) |
| Capital lease | (44,010) |
| Other loans payable and liabilities | <u>(3,171,000)</u> |
| Net position of governmental activities | <u><u>\$(134,327,854)</u></u> |

Ypsilanti Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

| | General Fund | Debt Service Fund Willow Run | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Local sources | \$ 12,416,614 | \$ 5,265,386 | \$ 11,210,634 | \$ 28,892,634 |
| State sources | 33,243,111 | - | 197,979 | 33,441,090 |
| Federal sources | 8,974,612 | - | 2,845,625 | 11,820,237 |
| Interdistrict sources | 6,675,976 | - | - | 6,675,976 |
| Total revenues | <u>61,310,313</u> | <u>5,265,386</u> | <u>14,254,238</u> | <u>80,829,937</u> |
| Expenditures | | | | |
| Current | | | | |
| Education | | | | |
| Instruction | 31,372,934 | - | - | 31,372,934 |
| Supporting services | 26,345,265 | - | 64,019 | 26,409,284 |
| Food services | - | - | 2,453,955 | 2,453,955 |
| Community services | 566,884 | - | - | 566,884 |
| Facilities acquisition | - | - | 3,593,703 | 3,593,703 |
| Capital outlay | 96,162 | - | - | 96,162 |
| Debt service | | | | |
| Principal | 1,593,600 | 8,660,000 | 5,125,000 | 15,378,600 |
| Interest and other expenditures | 484,876 | 1,268,892 | 1,903,352 | 3,657,120 |
| Bond issuance costs | 243,204 | - | - | 243,204 |
| Payment to bond refunding escrow agent | 231,250 | - | - | 231,250 |
| Total expenditures | <u>60,934,175</u> | <u>9,928,892</u> | <u>13,140,029</u> | <u>84,003,096</u> |
| Excess (deficiency) of revenues over expenditures | <u>376,138</u> | <u>(4,663,506)</u> | <u>1,114,209</u> | <u>(3,173,159)</u> |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

| | General Fund | Debt Service Fund Willow Run | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Other Financing Sources (Uses) | | | | |
| Proceeds from refinancing debt | \$ 10,465,000 | \$ - | \$ - | \$ 10,465,000 |
| Payment to bond refunding escrow agent | (10,224,296) | - | - | (10,224,296) |
| Proceeds from school bond loan fund | - | 4,781,351 | - | 4,781,351 |
| Insurance recoveries | 1,381,282 | - | - | 1,381,282 |
| Proceeds from sale of capital assets | 123,787 | - | - | 123,787 |
| Transfers in | 125,580 | - | - | 125,580 |
| Transfers out | - | - | (125,580) | (125,580) |
| Total other financing sources (uses) | <u>1,871,353</u> | <u>4,781,351</u> | <u>(125,580)</u> | <u>6,527,124</u> |
| Net change in fund balances | 2,247,491 | 117,845 | 988,629 | 3,353,965 |
| Fund balances - beginning | <u>4,607,624</u> | <u>460,188</u> | <u>2,145,698</u> | <u>7,213,510</u> |
| Fund balances - ending | <u>\$ 6,855,115</u> | <u>\$ 578,033</u> | <u>\$ 3,134,327</u> | <u>\$ 10,567,475</u> |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

| | |
|---|----------------------------|
| Net change in fund balances - Total governmental funds | \$ 3,353,965 |
| Total change in net position reported for governmental activities in the statement of activities is different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Depreciation expense | (5,151,888) |
| Capital outlay | 6,500 |
| Expenses are recorded when incurred in the statement of activities. | |
| Interest | 313,267 |
| Compensated absences | (22,608) |
| The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions. | |
| Net change in net pension liability | (6,036,615) |
| Net change in deferrals of resources related to the net pension liability | (861,239) |
| The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions. | |
| Net change in net OPEB liability | 4,501,127 |
| Net change in deferrals of resources related to the net OPEB liability | (2,420,901) |
| Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balances. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities. | |
| Debt issued | (15,246,351) |
| Repayments of long-term debt | 25,872,416 |
| Deferred amount on debt refunding | (38,270) |
| Amortization of premiums | 696,015 |
| Amortization of deferred amount on debt refunding | 101,367 |
| Change in net position of governmental activities | <u>\$ 5,066,785</u> |

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Ypsilanti Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are 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.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Willow Run Debt Service Fund - The Willow Run Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest, the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of debt related to the Ypsilanti School District prior to consolidation in 2013.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Food Service Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for food service. The Student and School Activity Fund is used to account for and report the proceeds of specific revenue sources that are committed to expenditure for student and school activities. Operating deficits generated by these activities are generally transferred from the General Fund.

Ypsilanti Debt Service Fund - The Ypsilanti Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest, the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of debt related to the Ypsilanti School District subsequent to the consolidation in 2013.

Capital Projects Fund - The Sinking Fund is used to record taxes received for the specific purpose of utilizing those funds to make major capital repairs. The fund is kept open until the purpose for which the fund was created has been accomplished. The Lighting Project Fund is used to record loan proceeds or other revenue and the disbursement of invoices specifically for energy improvements. The fund is kept open until the purpose for which the fund was created has been accomplished.

Assets, Liabilities and Net Position or Equity

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2021, the rates are as follows per \$1,000 of assessed value.

| | |
|-----------------------------------|---------|
| General Fund | |
| Non-principal residence exemption | 18.0000 |
| Commercial personal property | 6.0000 |
| Debt Service Funds | |
| Willow Run | 13.0000 |
| Ypsilanti | 7.0000 |
| Sinking Fund | 2.9712 |

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. 100% of the School District's tax roll lies within Washtenaw County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Washtenaw and remitted to the School District by May 15.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------------|---------------|
| Buildings and additions | 20 - 50 years |
| Land improvements | 20 - 50 years |
| Furniture and other equipment | 5 - 20 years |
| Vehicles | 5 - 10 years |

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Compensated Absences - Employees are compensated for unused vacation time upon termination; accordingly, a liability is recorded at fiscal year end for such unused time. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School 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.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Fund Balance - In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education or by an official or committee to which the Board of Education has granted the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

The School District is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

| Function | Final Budget | Amount of Expenditures | Budget Variances |
|--|--------------|------------------------|------------------|
| General Fund | | | |
| Athletic activities | \$ 572,450 | \$ 591,975 | \$ 19,525 |
| Other | - | 63,645 | 63,645 |
| Debt service | 2,261,499 | 2,552,930 | 291,431 |
| Payment to bond refunding escrow agent | - | 10,224,296 | 10,224,296 |
| Student and School Activity Fund | 44,500 | 64,019 | 19,519 |

Fund Deficits

The School District has an accumulated fund balance deficit in the Capital Projects Lighting Project Fund of \$138,355 as of June 30, 2021. The General Fund covers any deficit in this fund.

Compliance - Sinking Funds

The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statement in the following categories:

| | |
|-------------------------------------|-----------------------------|
| Cash | \$ 14,478,159 |
| Checks issued in excess of deposits | <u>138,355</u> |
| Total | <u>\$ 14,339,804</u> |

The breakdown between deposits and investments for the School District is as follows:

| | |
|---|-----------------------------|
| Deposits (checking, savings accounts, money markets, certificates of deposit) | \$ 273,793 |
| Investments in securities, mutual funds, and similar vehicles | 14,065,193 |
| Petty cash and cash on hand | <u>818</u> |
| Total | <u>\$ 14,339,804</u> |

As of year end, the School District had the following investments:

| Investment | Carrying Value | Maturities | Rating | Organization |
|-------------------------------------|----------------------|------------|--------|-------------------|
| External investment pools: | | | | |
| Michigan Liquid Asset Fund (MILAF): | | | | |
| MILAF + Portfolio | | 6 months | AAAm | Standard & Poor's |
| Cash Management Class | \$ 6,655,177 | average | | |
| MAX Class | <u>7,410,016</u> | 6 months | AAAm | Standard & Poor's |
| | <u>\$ 14,065,193</u> | average | | |

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2021, the net asset value of the School District's investment in MILAF + Portfolio was \$14,065,192. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - In accordance with its investment policy, the School District manages its exposure to declines in fair values by maintaining an acceptable level of liquidity in those investments to meet the School District's operating needs.

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year-end, \$0 of the School District's bank balance of \$272,804 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------|-----------|-------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 811,830 | \$ - | \$ - | \$ 811,830 |
| Capital assets being depreciated | | | | |
| Land improvements | 6,014,217 | - | - | 6,014,217 |
| Buildings and improvements | 165,574,393 | - | - | 165,574,393 |
| Furniture and equipment | 2,178,245 | 6,500 | - | 2,184,745 |
| Vehicles | 3,199,837 | - | - | 3,199,837 |
| Total capital assets being depreciated | 176,966,692 | 6,500 | - | 176,973,192 |
| Less accumulated depreciation for | | | | |
| Land improvements | 2,210,724 | 304,480 | - | 2,515,204 |
| Buildings and improvements | 108,621,381 | 4,653,601 | - | 113,274,982 |
| Furniture and equipment | 1,203,693 | 185,264 | - | 1,388,957 |
| Vehicles | 3,134,869 | 8,543 | - | 3,143,412 |
| Total accumulated depreciation | 115,170,667 | 5,151,888 | - | 120,322,555 |
| Net capital assets being depreciated | 61,796,025 | (5,145,388) | - | 56,650,637 |
| Net capital assets | \$62,607,855 | \$ (5,145,388) | \$ - | \$57,462,467 |

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Depreciation expense was charged to activities of the School District as follows:

Governmental activities

| | |
|-------------------------------|---------------------|
| Instruction | \$ 2,658,252 |
| Supporting services | 2,237,678 |
| Food services | 207,925 |
| Community services | <u>48,033</u> |
| Total governmental activities | <u>\$ 5,151,888</u> |

Note 5 - Interfund Transfers

Interfund transfers were made during the year, between the General Fund and the Food Service Fund totaling \$125,580. These transfers were made to reimburse the general fund for indirect costs incurred by the food service program.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue was all composed of grant and categorical aid payments received prior to meeting all eligibility requirements of \$526,132.

Note 7 - Leases

Capital Leases

The School District has a capital lease for copiers. The future minimum lease payments are as follows:

| | |
|---|------------------|
| Year ending June 30, | |
| 2022 | \$ 41,940 |
| 2023 | <u>6,974</u> |
| Total minimum lease payments | 48,914 |
| Less amount representing interest | <u>4,904</u> |
| Present value of minimum lease payments | <u>\$ 44,010</u> |

The assets acquired through capital leases are as follows:

| | |
|-------------------------------|------------------|
| Machinery and equipment | \$ 183,948 |
| Less accumulated depreciation | <u>120,179</u> |
| Total | <u>\$ 63,769</u> |

Operating Leases - Lessor

The School District is the lessor of various mixed use spaces for periods through 2022. The total rent revenue for the fiscal year was \$646,904. Future minimum lease payments of \$211,458 are expected to be collected in 2022.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Note 8 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

| | Beginning Balance | Proceeds | Repayments | Ending Balance |
|-----------------------------|----------------------|--------------------|--------------------|--------------------|
| State aid anticipation note | <u>\$4,100,000</u> | <u>\$6,400,000</u> | <u>\$4,100,000</u> | <u>\$6,400,000</u> |

Note 9 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. For the School Bond Loan Fund, the State may withhold state aid if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Within One Year |
|---|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| Bonds and notes payable | | | | | |
| General obligation bonds | \$ 104,730,000 | \$10,465,000 | \$25,430,833 | \$ 89,764,167 | \$16,202,738 |
| Premium on bonds | <u>4,616,394</u> | <u>-</u> | <u>964,831</u> | <u>3,651,563</u> | <u>-</u> |
| Total bonds payable | <u>109,346,394</u> | <u>10,465,000</u> | <u>26,395,664</u> | <u>93,415,730</u> | <u>16,202,738</u> |
| Notes from direct borrowings and direct placements | | | | | |
| School Loan Revolving Fund (SLRF) | 4,613,724 | 4,781,351 | - | 9,395,075 | - |
| Accrued interest - SLRF | 27,140 | 166,444 | - | 193,584 | - |
| Installment loan | <u>3,305,400</u> | <u>-</u> | <u>134,400</u> | <u>3,171,000</u> | <u>148,400</u> |
| Total notes from direct borrowings and direct placements | <u>7,946,264</u> | <u>4,947,795</u> | <u>134,400</u> | <u>12,759,659</u> | <u>148,400</u> |
| Other liabilities | | | | | |
| Capital lease | 82,377 | - | 38,367 | 44,010 | 40,531 |
| Compensated absences | <u>116,950</u> | <u>125,610</u> | <u>103,002</u> | <u>139,558</u> | <u>100,000</u> |
| Total other liabilities | <u>199,327</u> | <u>125,610</u> | <u>141,369</u> | <u>183,568</u> | <u>140,531</u> |
| Total | <u>\$ 117,491,985</u> | <u>\$ 15,538,405</u> | <u>\$ 26,671,433</u> | <u>\$ 106,358,957</u> | <u>\$ 16,491,669</u> |

For governmental activities, compensated absences are primarily liquidated by the General Fund.

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Notes to the Financial Statements
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General obligation bonds payable at year end, consist of the following:

| | | | Bonds | | Notes from direct borrowings and direct placements | |
|---|----|-------------------|-----------|----------|--|----------|
| | | | Principal | Interest | Principal | Interest |
| \$12,800,000 2015 YPS refunding bonds due in annual installments of \$2,080,000 to \$2,160,000 through year 2026; interest at 2.38% to 5.0%. | \$ | 10,580,000 | | | | |
| \$10,465,000, 2020 Revenue Bonds payable in annual installments of \$255,000 to \$1,782,144 through the year 2026; interest at 4.0% to 5.0%. | | 9,044,167 | | | | |
| \$33,745,000, 2016 Series A YCS Refunding Bonds payable in annual installments of \$2,050,000 to \$2,645,000 through the year 2032; interest at 2.0% to 5.0%. | | 26,255,000 | | | | |
| \$5,285,000, 2016 Series B YCS Refunding Bonds payable in annual installments of \$1,085,000 to \$1,235,000 through the year 2023; interest at 2.44% to 2.62%. | | 2,320,000 | | | | |
| \$32,965,000, 2016 Series C YCS Refunding Bonds payable in annual installments of \$6,750,000 to \$6,765,000 through the year 2023; interest at 2.44% to 2.62%. | | 13,515,000 | | | | |
| \$28,050,000, 2020 Refunding Bonds payable in annual installments of \$1,965,000 to \$3,590,000 through the year 2031; interest at 1.814% to 2.463%. | | <u>28,050,000</u> | | | | |
| Total general obligation bonded debt | \$ | <u>89,764,167</u> | | | | |

The general obligation bonds are payable from the General Fund and Debt Service Funds. As of year end, the funds had a balance of \$6,855,115 and \$1,636,580, respectively to pay this debt. Future debt and interest will be payable from future tax levies.

| | Bonds | | Notes from direct borrowings and direct placements | |
|-----------------------------|----------------------|---------------------|--|--------------------|
| | Principal | Interest | Principal | Interest |
| Year Ending June 30, | | | | |
| 2022 | \$ 16,202,738 | \$ 2,786,031 | \$ 148,400 | \$ 132,326 |
| 2023 | 16,368,571 | 2,331,939 | 163,300 | 125,912 |
| 2024 | 9,392,857 | 1,905,758 | 179,000 | 118,860 |
| 2025 | 9,552,857 | 1,603,619 | 195,600 | 111,135 |
| 2026 | 9,647,144 | 1,356,810 | 213,200 | 102,700 |
| 2027 - 2031 | 25,955,000 | 3,392,204 | 1,369,000 | 358,936 |
| 2032 - 2034 | <u>2,645,000</u> | <u>132,250</u> | <u>902,500</u> | <u>58,510</u> |
| Total | <u>\$ 89,764,167</u> | <u>\$13,508,611</u> | <u>\$3,171,000</u> | <u>\$1,008,379</u> |

The School District's outstanding note from direct borrowings and direct placements related to governmental activities of \$3,305,400 is an installment loan for financing the purchase of equipment for the Schneider Electric Project. The loan is due in annual installments of \$70,600 to \$191,100 through 2034 with interest at 4.22%.

State School Loan Revolving Fund

The State School Loan Revolving Fund consists of a direct borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Loan Revolving Fund. The School District had an outstanding balance at yearend of \$9,588,659. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer. The principal must be repaid no later than May 1, 2037.

Compensated Absences

Accrued compensated absences at year end, consist of \$139,558 of vacation hours earned and vested.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Advance Refunding

On December 1, 2020, the School District issued revenue refunding bonds of \$10,465,000 (par value) with an interest rate of 4.00% to 5.00% to advance refund revenue bonds with an average interest rate of 4.63% and a par value of \$11,135,000. After paying issuance costs of \$240,703, the net proceeds of the revenue refunding bonds were \$10,455,546. The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments until the term bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the School District's financial statements.

Deferred Amount on Refunding

The advance refunding above and those recorded in prior years resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,180,968. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2032.

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general employee health and accident insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past fiscal year.

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan, covering property, casualty, and worker disability claims; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 11 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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 the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

Ypsilanti Community Schools
Notes to the Financial Statements
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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 Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools

Benefits Provided

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2020.

| Pension Contribution Rates | | |
|----------------------------|------------|----------------|
| Benefit Structure | Member | Employer |
| Basic | 0.0 - 4.0% | 13.39 - 19.41% |
| Member Investment Plan | 3.0 - 7.0% | 13.39 - 19.41% |
| Pension Plus | 3.0 - 6.4% | 16.46% |
| Pension Plus 2 | 6.2% | 19.59% |
| Defined Contribution | 0.0% | 13.39% |

Required contributions to the pension plan from the School District were \$7,773,314 for the year ending September 30, 2020.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

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

At June 30, 2021, School District reported a liability of \$97,164,893 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was 0.2829 percent, which was an increase of 0.0077 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized pension expense of \$14,307,987 for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total pension contribution expense of \$8,286,782.

At June 30, 2021, the School District 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 | Total |
|--|--------------------------------------|-------------------------------------|---------------------|
| Difference between expected and actual experience | \$ 1,484,600 | \$ (207,384) | \$ 1,277,216 |
| Changes of assumptions | 10,766,807 | - | 10,766,807 |
| Net difference between projected and actual earnings on pension plan investments | 408,243 | - | 408,243 |
| Changes in proportion and differences between the School District contributions and proportionate share of contributions | <u>2,395,561</u> | <u>(477,668)</u> | <u>1,917,893</u> |
| Total to be recognized in future | 15,055,211 | (685,052) | 14,370,159 |
| School District contributions subsequent to the measurement date | <u>7,867,532</u> | <u>(3,851,176)</u> | <u>4,016,356</u> |
| Total | <u>\$22,922,743</u> | <u>\$(4,536,228)</u> | <u>\$18,386,515</u> |

Ypsilanti Community Schools
Notes to the Financial Statements
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Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The District will offset the contribution expense in the year ended June 30, 2022 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

| Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses) | |
|--|--------------|
| 2021 | \$ 6,249,280 |
| 2022 | 4,625,590 |
| 2023 | 2,632,860 |
| 2024 | 862,429 |
| | \$14,370,159 |

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.80% net of investment expenses
 - Pension Plus Plan: 6.80% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4892 years.

Recognition period for assets is 5 years.

Ypsilanti Community Schools
Notes to the Financial Statements
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Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of |
|--------------------------------------|-------------------|---------------------------------|
| Domestic Equity Pools | 25.0 % | 5.6 % |
| Alternative Investment Pools | 16.0 | 9.3 |
| International Equity | 15.0 | 7.4 |
| Fixed Income Pools | 10.5 | 0.5 |
| Real Estate and Infrastructure Pools | 10.0 | 4.9 |
| Absolute Return Pools | 9.0 | 3.2 |
| Real Return/Opportunistic Pools | 12.5 | 6.6 |
| Short Term Investment Pools | 2.0 | (0.1) |
| | <u>100.0%</u> | |

* Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District'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 higher:

| 1% Decrease * | Current Single Discount Rate Assumption * | 1% Increase * |
|-----------------------|---|-----------------------|
| 5.80% / 5.80% / 5.00% | 6.80% / 6.80% / 6.00% | 7.80% / 7.80% / 7.00% |
| \$ 125,763,471 | \$ 97,164,893 | \$ 73,463,046 |

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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 Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Ypsilanti Community Schools
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Benefits Provided

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 healthcare 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. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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 were deposited into their 401(k) account.

Contributions

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

Employer OPEB 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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The schedule below summarizes OPEB contribution rates in effect for fiscal year 2020.

| OPEB Contribution Rates | | |
|--------------------------------|--------|----------|
| Benefit Structure | Member | Employer |
| Premium Subsidy | 3.0% | 8.09% |
| Personal Healthcare Fund (PHF) | 0.0% | 7.57% |

Required contributions to the OPEB plan from the School District were \$2,020,759 for the year ended September 30, 2020.

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

At June 30, 2021, the School District reported a liability of \$15,645,792 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was 0.2920 percent, which was an increase of 0.0114 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized OPEB expense of \$(153,845) for the measurement period. For the reporting period ending June 30, 2020, the School District recognized total OPEB contribution expense of \$1,979,012.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|--|--------------------------------------|-------------------------------------|----------------|
| Difference between expected and actual experience | \$ - | \$(11,657,577) | \$(11,657,577) |
| Changes of assumptions | 5,158,728 | - | 5,158,728 |
| Net difference between projected and actual earnings on OPEB plan investments | 130,582 | - | 130,582 |
| Changes in proportion and differences between the School District contributions and proportionate share of contributions | 1,352,815 | (170,862) | 1,181,953 |
| Total to be recognized in future | 6,642,125 | (11,828,439) | (5,186,314) |
| School District contributions subsequent to the measurement date | 1,781,592 | - | 1,781,592 |
| Total | \$ 8,423,717 | \$(11,828,439) | \$ (3,404,722) |

Ypsilanti Community Schools
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Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

| Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses) | |
|---|-----------------------------|
| 2021 | \$(1,450,598) |
| 2022 | (1,267,269) |
| 2023 | (1,000,078) |
| 2024 | (797,428) |
| 2025 | (670,941) |
| | <u>\$(5,186,314)</u> |

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 12
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Ypsilanti Community Schools
Notes to the Financial Statements
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Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.6018 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of |
|--------------------------------------|-------------------|---------------------------------|
| Domestic Equity Pools | 25.0 % | 5.6 % |
| Alternative Investment Pools | 16.0 | 9.3 |
| International Equity | 15.0 | 7.4 |
| Fixed Income Pools | 10.5 | 0.5 |
| Real Estate and Infrastructure Pools | 10.0 | 4.9 |
| Absolute Return Pools | 9.0 | 3.2 |
| Real Return/Opportunistic Pools | 12.5 | 6.6 |
| Short Term Investment Pools | 2.0 | (0.1) |
| | <u>100.0%</u> | |

**Long-term rates of return are net of administrative expenses and 2.1% inflation.*

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer 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.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2021

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

| 1% Decrease 5.95% | Current Discount Rate 6.95% | 1% Increase 7.95% |
|----------------------|-----------------------------------|----------------------|
| \$ 20,098,798 | \$ 15,645,792 | \$ 11,896,734 |

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

| 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---------------|---------------------------------------|---------------|
| \$ 11,753,189 | \$ 15,645,792 | \$ 20,073,146 |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued MPSERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment 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 costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2021.

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the various municipalities. 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.

There are no significant abatements made by the School District that would have a material effect on the financial statements.

Note 15 - Prior Period Adjustment

The prior year financial statements misstated the ending balance for the 2013 MFA Revenue Bonds by \$910,000. The beginning net position has been restated in the current year by this amount from \$(140,304,639) to \$(139,394,639).

REQUIRED SUPPLEMENTARY INFORMATION

Ypsilanti Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

| | Budgeted Amounts | | Actual | Over (Under) Budget |
|--|-------------------|-------------------|-------------------|---------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ 10,602,981 | \$ 10,602,981 | \$ 12,416,614 | \$ 1,813,633 |
| State sources | 29,470,540 | 32,937,629 | 33,243,111 | 305,482 |
| Federal sources | 8,445,021 | 12,435,872 | 8,974,612 | (3,461,260) |
| Interdistrict sources | 7,748,523 | 8,678,226 | 6,675,976 | (2,002,250) |
| Total revenues | <u>56,267,065</u> | <u>64,654,708</u> | <u>61,310,313</u> | <u>(3,344,395)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Basic programs | 22,971,612 | 24,330,701 | 23,967,115 | (363,586) |
| Added needs | 6,581,160 | 8,579,316 | 7,405,819 | (1,173,497) |
| Supporting services | | | | |
| Pupil | 6,633,102 | 7,493,001 | 7,271,131 | (221,870) |
| Instructional staff | 2,028,590 | 3,875,606 | 3,207,687 | (667,919) |
| General administration | 695,710 | 634,880 | 631,073 | (3,807) |
| School administration | 2,326,395 | 2,452,830 | 2,412,771 | (40,059) |
| Business | 824,731 | 772,535 | 637,389 | (135,146) |
| Operations and maintenance | 5,200,499 | 5,937,561 | 5,808,178 | (129,383) |
| Pupil transportation services | 4,522,362 | 4,357,678 | 3,884,435 | (473,243) |
| Central | 1,267,660 | 2,067,323 | 1,836,981 | (230,342) |
| Athletic activities | 563,380 | 572,450 | 591,975 | 19,525 |
| Other | - | - | 63,645 | 63,645 |
| Community services | 444,798 | 625,939 | 566,884 | (59,055) |
| Capital outlay | 204,450 | 110,900 | 96,162 | (14,738) |
| Debt service | | | | |
| Principal | 1,962,858 | 2,120,857 | 1,593,600 | (527,257) |
| Interest and fiscal charges | 138,142 | 138,142 | 484,876 | 346,734 |
| Bond issuance costs | 2,500 | 2,500 | 243,204 | 240,704 |
| Payment to bond refunding escrow agent | - | - | 231,250 | 231,250 |
| Total expenditures | <u>56,367,949</u> | <u>64,072,219</u> | <u>60,934,175</u> | <u>(3,138,044)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(100,884)</u> | <u>582,489</u> | <u>376,138</u> | <u>(206,351)</u> |

Ypsilanti Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--|-------------------------|---------------------|---------------------|------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Other Financing Sources (Uses) | | | | |
| Proceeds from refinancing debt | \$ - | \$ - | \$ 10,465,000 | \$ 10,465,000 |
| Payment to bond refunding escrow agent | - | - | (10,224,296) | 10,224,296 |
| Insurance recoveries | - | 1,324,100 | 1,381,282 | 57,182 |
| Proceeds from sale of capital assets | - | - | 123,787 | 123,787 |
| Transfers in | 175,000 | 175,000 | 125,580 | (49,420) |
| Transfers out | (74,116) | (402,009) | - | (402,009) |
| Total other financing sources (uses) | <u>100,884</u> | <u>1,097,091</u> | <u>1,871,353</u> | <u>774,262</u> |
| Net change in fund balances | - | 1,679,580 | 2,247,491 | 567,911 |
| Fund balances - beginning | <u>4,607,624</u> | <u>4,607,624</u> | <u>4,607,624</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 4,607,624</u> | <u>\$ 6,287,204</u> | <u>\$ 6,855,115</u> | <u>\$ 567,911</u> |

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

| | June 30, | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| A. School District's proportion of net pension liability (%) | 0.2829% | 0.2752% | 0.2705% | 0.2694% | 0.2718% | 0.2836% | 0.2673% | | | |
| B. School District's proportionate share of net pension liability | \$ 97,164,893 | \$ 91,128,278 | \$ 81,331,496 | \$ 69,813,122 | \$ 67,821,267 | \$ 69,278,931 | \$ 58,879,966 | | | |
| C. School District's covered payroll | \$ 26,233,396 | \$ 24,733,759 | \$ 23,432,410 | \$ 22,767,911 | \$ 22,743,743 | \$ 25,191,176 | \$ 28,132,146 | | | |
| D. School District's proportionate share of net pension liability as a percentage of its covered payroll | 370.39% | 368.44% | 347.09% | 306.63% | 298.20% | 275.01% | 209.30% | | | |
| E. Plan fiduciary net position as a percentage of total pension liability | 59.72% | 60.31% | 62.36% | 64.21% | 63.27% | 63.17% | 66.20% | | | |

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

| | For the Years Ended June 30, | | | | | | | | | |
|---|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| A. Statutorily required contributions | \$ 8,286,782 | \$ 7,754,651 | \$ 7,243,676 | \$ 7,382,158 | \$ 6,305,977 | \$ 6,298,756 | \$ 5,333,181 | | | |
| B. Contributions in relation to statutorily required contributions | <u>8,286,782</u> | <u>7,754,651</u> | <u>7,243,676</u> | <u>7,382,158</u> | <u>6,305,977</u> | <u>6,298,756</u> | <u>5,333,181</u> | | | |
| C. Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | |
| D. School Districts's covered payroll | \$ 24,640,202 | \$ 26,282,111 | \$ 24,403,657 | \$ 23,260,441 | \$ 22,724,710 | \$ 22,777,776 | \$ 23,937,241 | | | |
| E. Contributions as a percentage of covered payroll | 33.63% | 29.51% | 29.68% | 31.74% | 27.75% | 27.65% | 22.28% | | | |

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

| | June 30, | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|------|------|------|------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| A. School District's proportion of the net OPEB liability (%) | 0.2920% | 0.2807% | 0.2736% | 0.2701% | | | | | | |
| B. School District's proportionate share of the net OPEB liability | \$ 15,645,792 | \$ 20,146,919 | \$ 21,746,427 | \$ 23,916,493 | | | | | | |
| C. School District's covered payroll | \$ 26,233,396 | \$ 24,733,759 | \$ 23,432,410 | \$ 22,767,911 | | | | | | |
| D. School District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 59.64% | 81.46% | 92.80% | 105.04% | | | | | | |
| E. Plan fiduciary net position as a percentage of total OPEB liability | 59.44% | 48.46% | 42.95% | 36.39% | | | | | | |

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

| | For the Years Ended June 30, | | | | | | | | | |
|---|------------------------------|------------------|------------------|------------------|------|------|------|------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| A. Statutorily required contributions | \$ 1,979,012 | \$ 2,039,770 | \$ 1,890,235 | \$ 1,717,090 | | | | | | |
| B. Contributions in relation to statutorily required contributions | <u>1,979,012</u> | <u>2,039,770</u> | <u>1,890,235</u> | <u>1,717,090</u> | | | | | | |
| C. Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | | | | |
| D. School Districts's covered payroll | \$ 24,640,202 | \$ 26,282,111 | \$ 24,403,657 | \$ 23,260,441 | | | | | | |
| E. Contributions as a percentage of covered payroll | 8.03% | 7.76% | 7.75% | 7.38% | | | | | | |

OTHER SUPPLEMENTARY INFORMATION

Ypsilanti Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

| | Special Revenue Funds | | Debt Service Fund | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|---|-----------------------|------------------------------|---------------------|------------------------|------------------|-----------------------------------|
| | Food Service | Student/School Activity Fund | Ypsilanti | Sinking Fund Project | Lighting Project | |
| Assets | | | | | | |
| Cash | \$ 892,790 | \$ 291,763 | \$ 1,057,970 | \$ 1,229,049 | \$ - | \$ 3,471,572 |
| Accounts receivable | - | - | - | 245 | - | 245 |
| Due from other governmental units | 603,631 | - | 577 | - | - | 604,208 |
| Total assets | <u>\$ 1,496,421</u> | <u>\$ 291,763</u> | <u>\$ 1,058,547</u> | <u>\$ 1,229,294</u> | <u>\$ -</u> | <u>\$ 4,076,025</u> |
| Liabilities | | | | | | |
| Checks issued in excess of deposits | \$ - | \$ - | \$ - | \$ - | \$ 138,355 | \$ 138,355 |
| Accounts payable | 350,436 | 1,162 | - | 296,363 | - | 647,961 |
| Due to other governmental units | 1,812 | - | - | 4,583 | - | 6,395 |
| Accrued salaries payable | 20,489 | - | - | - | - | 20,489 |
| Unearned revenue | 128,498 | - | - | - | - | 128,498 |
| Total liabilities | <u>501,235</u> | <u>1,162</u> | <u>-</u> | <u>300,946</u> | <u>138,355</u> | <u>941,698</u> |
| Fund Balances | | | | | | |
| Restricted for | | | | | | |
| Food service | 995,186 | - | - | - | - | 995,186 |
| Debt service | - | - | 1,058,547 | - | - | 1,058,547 |
| Capital projects | - | - | - | 928,348 | - | 928,348 |
| Committed for student and school activities | - | 290,601 | - | - | - | 290,601 |
| Unassigned | - | - | - | - | (138,355) | (138,355) |
| Total fund balances (deficit) | <u>995,186</u> | <u>290,601</u> | <u>1,058,547</u> | <u>928,348</u> | <u>(138,355)</u> | <u>3,134,327</u> |
| Total liabilities and fund balances (deficit) | <u>\$ 1,496,421</u> | <u>\$ 291,763</u> | <u>\$ 1,058,547</u> | <u>\$ 1,229,294</u> | <u>\$ -</u> | <u>\$ 4,076,025</u> |

Ypsilanti Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

| | Special Revenue Funds | | Debt Service Fund | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|--|-----------------------|---------------------------------|----------------------|------------------------|---------------------|--|
| | Food Service | Student/School Activity Fund | Ypsilanti | Sinking Fund | Lighting Project | |
| Revenues | | | | | | |
| Local sources | \$ 127,274 | \$ 101,997 | \$ 6,898,947 | \$ 4,082,377 | \$ 39 | \$ 11,210,634 |
| State sources | 197,979 | - | - | - | - | 197,979 |
| Federal sources | 2,845,625 | - | - | - | - | 2,845,625 |
| Total revenues | <u>3,170,878</u> | <u>101,997</u> | <u>6,898,947</u> | <u>4,082,377</u> | <u>39</u> | <u>14,254,238</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Education | | | | | | |
| Supporting services | - | 64,019 | - | - | - | 64,019 |
| Food services | 2,453,955 | - | - | - | - | 2,453,955 |
| Facilities acquisition | - | - | - | 3,593,703 | - | 3,593,703 |
| Debt service | | | | | | |
| Principal | - | - | 5,125,000 | - | - | 5,125,000 |
| Interest and other expenditures | - | - | 1,903,352 | - | - | 1,903,352 |
| Total expenditures | <u>2,453,955</u> | <u>64,019</u> | <u>7,028,352</u> | <u>3,593,703</u> | <u>-</u> | <u>13,140,029</u> |
| Excess (deficiency) of revenues over expenditures | 716,923 | 37,978 | (129,405) | 488,674 | 39 | 1,114,209 |
| Other Financing Uses | | | | | | |
| Transfers out | (125,580) | - | - | - | - | (125,580) |
| Net change in fund balance | 591,343 | 37,978 | (129,405) | 488,674 | 39 | 988,629 |
| Fund balances - beginning | 403,843 | 252,623 | 1,187,952 | 439,674 | (138,394) | 2,145,698 |
| Fund balances - ending | <u>\$ 995,186</u> | <u>\$ 290,601</u> | <u>\$ 1,058,547</u> | <u>\$ 928,348</u> | <u>\$ (138,355)</u> | <u>\$ 3,134,327</u> |