

**Ypsilanti Community Schools**

**Financial Statements**

**June 30, 2024**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**

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**Ypsilanti Community Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2024**

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**Members of the Board of Education**

Dr. Celeste Hawkins	President
Sharon Lee	Vice President
Maria Goodrich	Secretary
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Alena Zachery-Ross	Superintendent
Damien Butler	Director of Business & Finance

## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying 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, 2024, and the related notes to the financial statements, which collectively comprise Ypsilanti Community Schools' basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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, 2024, 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.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

## Other Supplementary 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. 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 other supplementary information, as identified in the table of contents, 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 31, 2024 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 31, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# Ypsilanti Community Schools Management's Discussion and Analysis June 30, 2024

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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, 2024.

## 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, 2024.

## 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, 2024**

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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, sinking fund and Willow Run debt service 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 \$55,845,946 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 \$270,983 at June 30, 2024. 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**

	2024	2023
<b>Assets</b>		
Current and other assets	\$ 44,429,953	\$ 34,057,909
Capital assets, net	45,508,309	48,292,928
Total assets	89,938,262	82,350,837
<b>Deferred Outflows of Resources</b>	37,044,335	39,494,718
<b>Liabilities</b>		
Current and other liabilities	13,848,876	9,730,876
Long-term liabilities	136,936,282	185,095,523
Total liabilities	150,785,158	194,826,399
<b>Deferred Inflows of Resources</b>	32,043,385	23,949,322
<b>Net Position</b>		
Net investment in capital assets	270,983	(26,908,294)
Restricted	9,968,891	7,366,628
Unrestricted	(66,085,820)	(77,388,500)
Total net position	\$ (55,845,946)	\$ (96,930,166)

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Management's Discussion and Analysis  
June 30, 2024**

Total net position as of June 30, 2024 consists of \$9,968,891 restricted for debt service, food service, capital projects and net OPEB asset. The School District also reported a deficit of \$66,085,820 as unrestricted net position. The negative balance is mainly related to the School District's proportionate share of the MPSERS net pension 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 2024 compared to the changes in net position for fiscal year 2023.

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 1,051,594	\$ 1,126,141
Operating grants and contributions	42,288,202	42,524,114
General revenues		
Property taxes	29,357,309	30,576,981
Unrestricted state school aid	26,992,846	21,968,128
Insurance recoveries	258,669	55,384
Forgiveness of debt	20,993,778	-
Other	<u>7,792,248</u>	<u>8,247,071</u>
Total revenues	<u>128,734,646</u>	<u>104,497,819</u>
<b>Expenses</b>		
Instruction	42,951,644	42,399,252
Supporting services	38,180,516	36,487,904
Food services	3,698,202	3,952,798
Community services	624,224	594,878
Other	<u>2,195,840</u>	<u>2,498,400</u>
Total expenses	<u>87,650,426</u>	<u>85,933,232</u>
<b>Change in net position</b>	41,084,220	18,564,587
Net position - beginning	<u>(96,930,166)</u>	<u>(115,494,753)</u>
<b>Net position - ending</b>	<u>\$ (55,845,946)</u>	<u>\$ (96,930,166)</u>

# Ypsilanti Community Schools Management's Discussion and Analysis June 30, 2024

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## Governmental Activities

Governmental activities increased the School District's net position by \$41,084,220. Key elements of this increase are as follows:

- Total expense increased from the prior year by \$1,717,194. This was due to the following reasons:
  - The School District had significant turnover and open positions in staffing.
  - The School District's reimbursable grants decreased.
- Total revenue increased from the prior year by \$24,236,827 primarily due to the forgiveness of debt.

## 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 \$26,471,714. Of this total amount, \$137,173 constitutes nonspendable fund balance to indicate that is not available for new spending because the underlying assets are included in inventory and prepaids, while \$8,659,623 is restricted for debt service, food service, and capital projects, and \$302,556 committed for student and school activities. The remaining component is an unassigned fund balance of \$17,372,362.

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 \$17,508,897 while total fund balance was \$17,646,070. Total fund balance is 20% of total general fund expenditures.

The fund balance of the School District's general fund increased by \$8,375,358 during the current fiscal year. The increase was primarily due to recognizing revenue at June 30, 2024 related to unavailable revenue of \$6,323,186 at June 30, 2023 and the decrease in expenses due to the significant turnover and open positions during the fiscal year.

At the end of the current fiscal year, the restricted fund balance of the School District's sinking capital projects fund was \$4,619,853, an increase of \$1,066,265 over the prior year.

At the end of the current fiscal year, the restricted fund balance of the School District's Willow Run debt service fund was \$1,002,182, an increase of \$163,320 over the prior year.

The other nonmajor governmental funds have a combined fund balance of \$3,203,609, a decrease of \$145,775 over the prior year.

## General Fund Budgetary Highlights

Over the course of the year, the School 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

**Ypsilanti Community Schools  
Management's Discussion and Analysis  
June 30, 2024**

not exceed appropriations. The final amendment to the budget was adopted before the 2023-24 year end. A statement showing the School 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, 2024, total actual expenditures were more than the total final budget amount by \$2,353,808. This reflects a total variance of 2.7% on \$84,488,126. District has several projects planned into the federal grants. The major budget variances are a result of employee and other expenses exceeding expected budgets in certain functions, such as transportation, operations, maintenance and instructional staff. Also, general fund actual revenues were more than final amended budget revenue by \$5,146,589.

**Capital Asset and Debt Administration**

**Capital Assets**

The School District's investment in capital assets for its governmental activities as of June 30, 2024, amounted to \$49,508,309 (net of accumulated depreciation). This investment in capital assets includes land and improvements, constructions in progress, buildings and improvements, furniture and equipment, right to use assets and vehicles.

	Capital Assets (Net of Depreciation)	
	2024	2023
Land	\$ 811,830	\$ 811,830
Land improvements	2,601,185	2,901,896
Buildings and improvements	40,161,572	43,615,855
Furniture and equipment	1,073,115	876,925
Right to use asset - vehicles	786,368	1,216,044
Vehicles	74,239	86,422
Total capital assets, net	\$ 45,508,309	\$ 49,508,972

For the current year, the School District incurred depreciation expense of \$4,889,749.

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

**Long-term Debt**

At the end of the June 30, 2024 and 2023, the School District had total bonded debt outstanding of \$44,000,000 and \$57,192,858, respectively. Those bonds consisted of general obligation debt.

During the year ended June 30, 2024, the School District did not borrow from the Michigan School Loan Revolving Fund, but did receive forgiveness for the outstanding amount of \$17,647,020 plus interest. Additional information on the School District's long-term debt is found in notes to the financial statements.

**Ypsilanti Community Schools  
Management's Discussion and Analysis  
June 30, 2024**

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**Factors Bearing on the School District's Future**

The following factors were also considered in preparing the School District's budget for the 2024-25 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 2023-24 fiscal year was 90% of the Fall 2023 count and 10% of Spring Supplemental 2024 count. The 2024-25 budget was built on a student count of 3,740 as well as the same foundation allowance as the budget for the 2023-2024 school year as the state budget was not finalized before the School District needed to adopt the 2024-2025 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

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**Ypsilanti Community Schools**  
**Statement of Net Position**  
**June 30, 2024**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 20,999,692
Accounts receivable	343,606
Due from other governmental units	21,387,693
Inventory	19,133
Prepaid items	118,040
Capital assets not being depreciated	811,830
Capital assets - net of accumulated depreciation	44,696,479
Net OPEB asset	1,561,789
Total assets	89,938,262
<b>Deferred Outflows of Resources</b>	
Deferred amount on debt refunding	1,589,406
Deferred amount relating to the net pension liability	29,535,777
Deferred amount relating to the net OPEB asset	5,919,152
Total deferred outflows of resources	37,044,335
<b>Liabilities</b>	
Accounts payable	3,898,607
State aid anticipation note payable	2,500,000
Due to other governmental units	1,006,797
Accrued expenditures	402,561
Accrued salaries payable	4,529,431
Unearned revenue	1,511,480
Long-term liabilities	
Net pension liability	89,831,765
Due within one year	8,536,613
Due in more than one year	38,567,904
Total liabilities	150,785,158

See Accompanying Notes to the Financial Statements



**Ypsilanti Community Schools**  
**Statement of Net Position**  
**June 30, 2024**

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	<u>Governmental Activities</u>
<b>Deferred Inflows of Resources</b>	
Deferred amount relating to the net pension liability	18,810,065
Deferred amount relating to the net OPEB asset	<u>13,233,320</u>
 Total deferred inflows of resources	 <u>32,043,385</u>
 <b>Net Position</b>	
Net investment in capital assets	270,983
Restricted for	
Food service	1,178,766
Debt service	2,608,483
Capital projects	4,619,853
Net OPEB asset	1,561,789
Unrestricted	<u>(66,085,820)</u>
 Total net position	 <u>\$ (55,845,946)</u>

See Accompanying Notes to the Financial Statements

**Ypsilanti Community Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

	Program Revenues			Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 42,951,644	\$ -	\$ 14,135,380	\$ (28,816,264)
Supporting services	38,180,516	1,021,775	24,522,807	(12,635,934)
Food services	3,698,202	29,819	3,630,015	(38,368)
Community services	624,224	-	-	(624,224)
Interest and fiscal charges on long-term debt	2,195,840	-	-	(2,195,840)
Total governmental activities	\$ 87,650,426	\$ 1,051,594	\$ 42,288,202	(44,310,630)
General revenues				
Property taxes, levied for general purposes				12,740,805
Property taxes, levied for debt service				11,873,440
Property taxes, levied for sinking fund				4,743,064
Special education millage				3,592,678
State aid - unrestricted				26,992,846
Interest and investment earnings				1,199,072
Other				3,000,498
Insurance recoveries				258,669
Forgiveness of debt				20,993,778
Total general revenues and forgiveness of debt				85,394,850
Change in net position				41,084,220
Net position - beginning				(96,930,166)
Net position - ending				\$ (55,845,946)

See Accompanying Notes to the Financial Statements

**Ypsilanti Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Capital Projects Fund Sinking Fund	Willow Run Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 8,163,176	\$ 8,431,761	\$ -	\$ 4,404,755	\$ 20,999,692
Accounts receivable	343,606	-	-	-	343,606
Due from other funds	4,712,299	-	2,834,357	-	7,546,656
Due from other governmental units	21,256,258	-	-	131,435	21,387,693
Inventory	19,133	-	-	-	19,133
Prepaid items	118,040	-	-	-	118,040
<b>Total assets</b>	<b><u>\$ 34,612,512</u></b>	<b><u>\$ 8,431,761</u></b>	<b><u>\$ 2,834,357</u></b>	<b><u>\$ 4,536,190</u></b>	<b><u>\$ 50,414,820</u></b>
<b>Liabilities</b>					
Checks issued in excess of deposits	\$ -	\$ -	\$ 1,832,175	\$ 136,535	\$ 1,968,710
Accounts payable	1,634,242	227,727	-	67,928	1,929,897
State aid anticipation note payable	2,500,000	-	-	-	2,500,000
Due to other funds	2,834,357	3,584,181	-	1,128,118	7,546,656
Due to other governmental units	1,006,797	-	-	-	1,006,797
Accrued expenditures	150,040	-	-	-	150,040
Accrued salaries payable	4,529,431	-	-	-	4,529,431
Unearned revenue	1,511,480	-	-	-	1,511,480
<b>Total liabilities</b>	<b><u>14,166,347</u></b>	<b><u>3,811,908</u></b>	<b><u>1,832,175</u></b>	<b><u>1,332,581</u></b>	<b><u>21,143,011</u></b>

See Accompanying Notes to the Financial Statements

**Ypsilanti Community Schools  
Governmental Funds  
Balance Sheet  
June 30, 2024**

	General Fund	Capital Projects Fund Sinking Fund	Willow Run Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Grants received	2,800,095	-	-	-	2,800,095
<b>Fund Balances</b>					
Non-spendable					
Inventory	19,133	-	-	-	19,133
Prepaid items	118,040	-	-	-	118,040
Restricted for					
Food service	-	-	-	1,178,766	1,178,766
Debt service	-	-	1,002,182	1,858,822	2,861,004
Capital projects	-	4,619,853	-	-	4,619,853
Committed	-	-	-	302,556	302,556
Unassigned	17,508,897	-	-	(136,535)	17,372,362
<b>Total fund balances</b>	<u>17,646,070</u>	<u>4,619,853</u>	<u>1,002,182</u>	<u>3,203,609</u>	<u>26,471,714</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 34,612,512</u>	<u>\$ 8,431,761</u>	<u>\$ 2,834,357</u>	<u>\$ 4,536,190</u>	<u>\$ 50,414,820</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, 2024**

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<b>Total fund balances for governmental funds</b>	<b>\$ 26,471,714</b>
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	2,800,095
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	44,696,479
Net OPEB asset is not recorded as an asset in the governmental funds	1,561,789
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	1,589,406
Deferred outflows of resources resulting from the net pension liability	29,535,777
Deferred outflows of resources resulting from the net OPEB asset	5,919,152
Deferred inflows of resources resulting from the net pension liability	(18,810,065)
Deferred inflows of resources resulting from the net OPEB asset	(13,233,320)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(252,521)
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	(89,831,765)
Compensated absences	(277,785)
Bonds payable	(45,935,379)
Other loans payable and liabilities	<u>(891,353)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (55,845,946)</u></b>

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, 2024**

	General Fund	Capital Projects Fund Sinking Fund	Formerly Nonmajor Fund Willow Run Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 17,597,840	\$ 4,846,742	\$ 6,481,792	\$ 5,667,997	\$ 34,594,371
State sources	43,805,763	-	-	144,403	43,950,166
Federal sources	25,198,311	-	-	3,485,612	28,683,923
Interdistrict sources	3,776,830	-	-	-	3,776,830
 Total revenues	<u>90,378,744</u>	<u>4,846,742</u>	<u>6,481,792</u>	<u>9,298,012</u>	<u>111,005,290</u>
<b>Expenditures</b>					
Current					
Education					
Instruction	42,324,993	-	-	-	42,324,993
Supporting services	37,451,232	-	-	165,299	37,616,531
Food services	-	-	-	3,648,070	3,648,070
Community services	611,691	-	-	-	611,691
Facilities acquisition	-	3,780,477	-	-	3,780,477
Debt service					
Principal	6,380,335	-	20,967,020	4,325,000	31,672,355
Interest and other expenditures	73,683	-	2,088,997	1,305,418	3,468,098
 Total expenditures	<u>86,841,934</u>	<u>3,780,477</u>	<u>23,056,017</u>	<u>9,443,787</u>	<u>123,122,215</u>
 Excess (deficiency) of revenues over expenditures	<u>3,536,810</u>	<u>1,066,265</u>	<u>(16,574,225)</u>	<u>(145,775)</u>	<u>(12,116,925)</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, 2024**

	General Fund	Capital Projects Fund Sinking Fund	Formerly Nonmajor Fund Willow Run Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>					
Proceeds from forgiveness of debt	4,256,233	-	16,737,545	-	20,993,778
Proceeds from issuance of leases	323,646	-	-	-	323,646
Insurance recoveries	258,669	-	-	-	258,669
	<u>4,838,548</u>	<u>-</u>	<u>16,737,545</u>	<u>-</u>	<u>21,576,093</u>
Total other financing sources (uses)					
	<u>8,375,358</u>	<u>1,066,265</u>	<u>163,320</u>	<u>(145,775)</u>	<u>9,459,168</u>
Net change in fund balances					
Fund balances - beginning, as previously presented	9,270,712	3,553,588	-	4,188,246	17,012,546
Change within financial reporting entity (nonmajor to major fund)	-	-	838,862	(838,862)	-
Fund balances - beginning, as adjusted	<u>9,270,712</u>	<u>3,553,588</u>	<u>838,862</u>	<u>3,349,384</u>	<u>17,012,546</u>
Fund balances - ending	<u>\$ 17,646,070</u>	<u>\$ 4,619,853</u>	<u>\$ 1,002,182</u>	<u>\$ 3,203,609</u>	<u>\$ 26,471,714</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, 2024**

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**Net change in fund balances - Total governmental funds** \$ 9,459,168

Total change in net position reported for governmental activities in the statement of activities is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Operating grants (3,523,091)

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 and amortization expense (4,889,749)

Capital outlay 636,326

Expenses are recorded when incurred in the statement of activities.

Interest 951,204

Compensated absences (174,910)

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 9,819,664

Net change in deferrals of resources related to the net pension liability (7,731,189)



**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, 2024**

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The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB asset	7,493,310
Net change in deferrals of resources related to the net OPEB asset	(2,626,276)

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	(323,646)
Repayments of long-term debt	31,672,355
Amortization of premiums	508,036
Amortization of deferred amount on debt refunding	<u>(186,982)</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ 41,084,220</u></b>
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**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of 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, 2024**

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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.

Capital Projects Fund – Sinking 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.

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 the 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 – Lighting Project Fund – 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.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2024, 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	4.6500
Sinking Fund	2.9023

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

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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
Equipment and furniture	5 - 10 years
Buses and other 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 (assets) are deferred and amortized over the expected remaining service 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 (assets) in the following year.

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

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

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

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

Deferred 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 governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. 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 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 (assets) are deferred and amortized over the expected remaining service 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 MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances 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.

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

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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.

**Adoption of New Accounting Standards**

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

**Upcoming Accounting and Reporting Changes**

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective

is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

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.

**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			
Instructional staff	\$ 4,766,645	\$ 5,957,822	\$ 1,191,177
General administration	464,629	1,022,115	557,486
School administration	2,766,645	3,576,231	809,586
Operations and maintenance	4,809,047	7,249,227	2,440,180
Pupil transportation services	4,156,321	6,220,048	2,063,727
Central	3,074,255	4,322,247	1,247,992
Athletic activities	310,191	794,020	483,829
Community services	78,452	611,691	533,239
Debt service	5,707,610	6,454,018	746,408
Food Service Fund	2,792,958	3,648,070	855,112
Student and School Activities Service Fund	-	165,299	165,299

**Fund Deficits**

The School District has an accumulated fund balance deficit in the Capital Projects Lighting Project Fund of \$136,535 as of June 30, 2024. 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.

**Note 3 - Deposits and Investments**

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

Cash	\$ 20,999,692
Checks issued in excess of deposits	<u>(1,968,710)</u>
<b>Total</b>	<b><u>\$ 19,030,982</u></b>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 289,910
Investments in securities, mutual funds, and similar vehicles	18,740,280
Petty cash and cash on hand	<u>792</u>
<b>Total</b>	<b><u>\$ 19,030,982</u></b>

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio		6 months average	AAAm	Standard & Poor's
Cash Management Class	\$ 10,098,954			
MAX Class	<u>8,641,326</u>	6 months average	AAAm	Standard & Poor's
	<u>\$ 18,740,280</u>			

The valuation method for investments measured at net asset value

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

(NAV) per share (or its equivalent) is discussed below.

As of June 30, 2024, the net asset value of the School District's investment in MILAF + Portfolio was \$18,740,280. 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 School 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 Trustee's 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, \$28,866 of the School District's bank balance of \$305,723 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, \$21,073,922 of the School District's investments was 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
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 811,830	\$ -	\$ -	\$ 811,830
Capital assets being depreciated				
Buildings and improvements	165,590,768	205,196	-	165,795,964
Land improvements	6,014,217	-	-	6,014,217
Furniture and equipment	2,860,944	107,484	-	2,968,428
Vehicles	3,250,605	-	-	3,250,605
Right to use asset - vehicles	2,066,221	323,646	609,609	1,780,258
Total capital assets being depreciated	<u>179,782,755</u>	<u>636,326</u>	<u>609,609</u>	<u>179,809,472</u>
Less accumulated depreciation for				
Buildings and improvements	121,974,913	3,659,479	-	125,634,392
Land improvements	3,112,321	300,711	-	3,413,032
Furniture and equipment	1,731,259	164,054	-	1,895,313
Vehicles	3,164,183	12,183	-	3,176,366
Right to use asset - vehicles	850,177	753,322	609,609	993,890
Total accumulated depreciation	<u>130,832,853</u>	<u>4,889,749</u>	<u>609,609</u>	<u>135,112,993</u>
Net capital assets being depreciated	<u>48,949,902</u>	<u>(4,253,423)</u>	<u>-</u>	<u>44,696,479</u>
Net capital assets	<u>\$49,761,732</u>	<u>\$ (4,253,423)</u>	<u>\$ -</u>	<u>\$ 45,508,309</u>

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the School District as follows:



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**Governmental activities**

Instruction	\$ 2,444,875
Supporting services	2,200,387
Food services	195,590
Community services	<u>48,897</u>
 Total governmental activities	 <u>\$ 4,889,749</u>

**Note 5 - Interfund Receivables and Payables**

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
Sinking Fund	General Fund	\$ 3,584,181
Nonmajor Governmental Funds	General Fund	1,128,118
General Fund	Willow Run Debt Service Fund	<u>2,834,357</u>
		 <u>\$ 7,546,656</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

**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, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 1,511,480</u>
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**Note 7 - Leases**

**Lease Liability**

During the fiscal year, the School District entered into various leases for school buses with durations ranging from three to five years. An initial lease liability was recorded in the amount of \$323,646 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$695,481. The School District is required to make annual principal and interest payments ranging from \$27,855 to \$318,084. The lease has an interest rate of 5.5%. The value of the right-to-use asset as of the end of the current fiscal year was \$1,780,258 and had accumulated amortization of \$993,890.

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Annual requirements to amortize lease liabilities and related interest are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 587,266	\$ 38,998
2026	<u>108,566</u>	<u>5,287</u>
Total	<u>\$ 695,832</u>	<u>\$ 44,285</u>

**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 30<sup>th</sup>. 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:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$2,500,000</u>	<u>\$2,500,000</u>	<u>\$2,500,000</u>	<u>\$ 2,500,000</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. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan

Revolving 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 and leases.

Long-term obligation activity is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<b>Bonds and bond premiums</b>					
General obligation bonds	\$57,192,858	\$ -	\$13,192,858	\$44,000,000	\$ 7,790,000
Premium on bonds	<u>2,443,415</u>	<u>-</u>	<u>508,036</u>	<u>1,935,379</u>	<u>-</u>
Total bonds payable	<u>59,636,273</u>	<u>-</u>	<u>13,700,894</u>	<u>45,935,379</u>	<u>7,790,000</u>
<b>Notes from direct borrowings and direct placements</b>					
School Loan Revolving Fund (SLRF)	17,647,020	-	17,647,020	-	-
Notes payable - copiers	252,761	-	57,240	195,521	59,347
Accrued interest- SLRF	<u>978,982</u>	<u>605,878</u>	<u>1,584,860</u>	<u>-</u>	<u>-</u>
Total notes from direct borrowings and direct placements	<u>18,878,763</u>	<u>605,878</u>	<u>19,289,120</u>	<u>195,521</u>	<u>59,347</u>
<b>Other liabilities</b>					
Leases	1,147,423	323,646	775,237	695,832	587,266
Compensated absences	<u>102,875</u>	<u>205,000</u>	<u>30,090</u>	<u>277,785</u>	<u>100,000</u>
Total other liabilities	<u>1,250,298</u>	<u>528,646</u>	<u>805,327</u>	<u>973,617</u>	<u>687,266</u>
Total	<u>\$79,765,334</u>	<u>\$ 1,134,524</u>	<u>\$33,795,341</u>	<u>\$47,104,517</u>	<u>\$ 8,536,613</u>

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

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General obligation bonds payable at year end, consist of the following:

\$12,800,000 2015 YCS refunding bonds due in annual installments of \$2,080,000 to \$2,090,000 through year 2026; interest at 3.0% to 5.0%.	\$ 4,170,000
\$33,745,000, 2016 Series A YCS Refunding Bonds payable in annual installments of \$2,230,000 to \$2,645,000 through the year 2032; interest at 2.0% to 5.0%.	19,835,000
\$28,050,000, 2020 Refunding Bonds payable in annual installments of \$1,965,000 to \$3,590,000 through the year 2031; interest at 2.02% to 2.46%.	<u>19,995,000</u>
Total general obligation bonded debt	<u>\$ 44,000,000</u>

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

<u>Year Ending June 30,</u>	Bonds		Notes from direct borrowings and direct placements	
	Principal	Interest	Principal	Interest
2025	\$ 7,790,000	\$ 1,536,598	\$ 59,347	\$ 6,100
2026	7,865,000	1,317,456	61,531	3,915
2027	5,935,000	1,064,402	63,796	1,650
2028	6,045,000	865,440	10,847	49
2029	4,575,000	661,088	-	-
2030-2034	<u>11,790,000</u>	<u>930,030</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 44,000,000</u>	<u>\$ 6,375,014</u>	<u>\$ 195,521</u>	<u>\$ 11,714</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$1,002,182 and \$1,858,822 respectively to pay this debt. Future debt and interest will be payable from future tax levies.

**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 year end of \$0.

**Forgiveness of Debt**

During the fiscal year ended June 30, 2024 the State of Michigan passed school district emergency loan debt relief legislation that would forgive certain debt held by the School District as follows:

- Up to \$19,360,100 of the former Willow Run Community Schools school bond loan revolving fund debt
- Up to \$5,500,000 to pay off the limited tax debt held by the Michigan Finance Authority

Portions remaining under this legislation must be used to either retire debt of the former Ypsilanti Community Schools or the former Willow Run Community Schools, or for initiatives to improve student achievement for the School District within 12 months of disbursement of funds.

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During the year ended June 30, 2024 the forgiveness of debt had the following impact on the School District:

	Forgiveness of Debt	Principal Payments	Total
General obligation bonds			
2020 Municipal Bonds	\$ 4,256,233	\$ 1,291,625	\$ 5,547,858
2015 YCS Refunding Bonds	-	2,095,000	2,095,000
2016 Series A YCS Refunding Bonds	-	2,230,000	2,230,000
2020 Refunding Bonds	-	3,320,000	3,320,000
Total general obligation bonds	4,256,233	8,936,625	13,192,858
Notes from direct borrowings and direct placements			
School Loan Revolving Fund (SLRF)	16,737,545	909,475	17,647,020
Notes payable - copiers	-	57,240	57,240
Total notes from direct borrowings and direct placements	16,737,545	966,715	17,704,260
Other liabilities			
Leases	-	775,237	775,237
Total reductions of principal	\$ 20,993,778	\$ 10,678,577	\$ 31,672,355

Forgiveness of debt in the amount of \$20,993,778 is included on the statement of activities. Principal payments and forgiveness of debt are included on the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities as repayments of long-term debt in the amount of \$31,672,355.

**Compensated Absences**

Accrued compensated absences at year end consist of \$277,785 of vacation hours earned and vested.

**Deferred Amount on Refunding**

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,589,406. 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.

**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 School 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.

**Ypsilanti Community Schools**  
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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).

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](http://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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2023.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the School District were \$10,003,183 for the year ending September 30, 2023.

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

At June 30, 2024, the School District reported a liability of \$89,831,765 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net pension liability was

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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, 2023, the School District's proportion was 0.2775 percent, which was an increase of 0.0126 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized pension expense of \$11,134,842 for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total pension contribution expense of \$11,502,097.

At June 30, 2024, 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	\$ 2,835,715	\$ (137,608)	\$ 2,698,107
Changes of assumptions	12,172,613	(7,018,452)	5,154,161
Net difference between projected and actual earnings on pension plan investments	-	(1,838,249)	(1,838,249)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>3,676,038</u>	<u>(4,275,366)</u>	<u>(599,328)</u>
Total to be recognized in future	18,684,366	(13,269,675)	5,414,691
School District contributions subsequent to the measurement date	<u>10,851,411</u>	<u>(5,540,390)</u>	<u>5,311,021</u>
Total	<u>\$29,535,777</u>	<u>\$(18,810,065)</u>	<u>\$10,725,712</u>

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, 2025. The School District will offset the contribution expense in the year ended June 30, 2025 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:

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Deferred (Inflow) and Deferred Outflow of Resources by Year  
 (To Be Recognized in Future Pension Expenses)

2024	\$ 1,562,905
2025	691,846
2026	4,112,259
2027	<u>(952,319)</u>
	<u>\$ 5,414,691</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, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% 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: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and

adjusted for mortality improvements using projection scale MP-2021 from 2010.

- Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, 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 4.4406 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://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, 2023, are summarized in the following table:

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

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

**Rate of Return**

For the plan year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. 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 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% 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 6.00% (6.00% for the Pension Plus plan, 6.00% 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.

**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 6.00% (6.00% for the Pension plus plan, 6.00% 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 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 121,362,451	\$ 89,831,765	\$ 63,581,328

**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 Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://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



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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](http://www.michigan.gov/orsschools).

**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 with 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

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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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2023.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the School District were \$2,150,663 for the year ended September 30, 2023.

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

At June 30, 2024, the School District reported an asset of \$(1,561,789) for its proportionate share of the MPSERS net OPEB liability. The net OPEB asset was measured as of September 30, 2023 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net OPEB asset 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, 2023 the School District's proportion was 0.2761 percent, which was a decrease of 0.0040 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized OPEB expense of \$(2,692,681) for the measurement

period. For the reporting period ending June 30, 2024, the School District recognized total OPEB contribution expense of \$2,325,470.

At June 30, 2024, 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	\$ -	\$(11,801,680)	\$(11,801,680)
Changes of assumptions	3,476,815	(418,674)	3,058,141
Net difference between projected and actual earnings on OPEB plan investments	4,762	-	4,762
Changes in proportion and differences between the School District contributions and proportionate share of contributions	394,667	(1,012,966)	(618,299)
Total to be recognized in future	3,876,244	(13,233,320)	(9,357,076)
School District contributions subsequent to the measurement date	2,042,908	-	2,042,908
Total	\$ 5,919,152	\$(13,233,320)	\$ (7,314,168)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2024	\$(2,879,774)
2025	(2,763,824)
2026	(1,284,708)
2027	(1,160,483)
2028	(846,998)
Thereafter	(421,289)
	<u><u>\$(9,357,076)</u></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, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.50% Year 1 graded to 3.5% Year 15; Post-65: 6.25% Year 1 graded to 3.5% Year 15

- Mortality:
  - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

*Other Assumptions:*

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have 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.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, 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 6.5099 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

**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, 2023, are summarized in the following table:

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

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

**Rate of Return**

For the plan year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. 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 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 or asset.

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ 1,619,107	\$ (1,561,789)	\$ (4,295,457)

**Ypsilanti Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

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

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset 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
\$ (4,302,273)	\$ (1,561,789)	\$ 1,404,312

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://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, 2024.

**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 - Changes Within the Financial Reporting Entity**

During the year ended June 30, 2024, the Willow Run Debt Service Fund was previously reported as non-major in the prior year and was required to be presented as major in the current year. As a result, the following presentation change was necessary to be made in the financial statements:

	Reporting Units Affected by Adjustments to Beginning Fund Balances	
	Willow Run Debt Service Fund	Nonmajor Governmental Funds
June 30, 2023, as previously reported	\$ -	\$ 4,188,246
Adjustments:		
Change from non-major to major fund	838,862	(838,862)
June 30, 2023, as adjusted	\$ 838,862	\$ 3,349,384

## REQUIRED SUPPLEMENTARY INFORMATION

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**Ypsilanti Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 13,350,708	\$ 13,350,708	\$ 17,597,840	4,247,132
State sources	33,382,147	33,382,147	43,805,763	10,423,616
Federal sources	30,236,082	30,236,082	25,198,311	(5,037,771)
Interdistrict sources	8,263,218	8,263,218	3,776,830	(4,486,388)
	<u>85,232,155</u>	<u>85,232,155</u>	<u>90,378,744</u>	<u>5,146,589</u>
Total revenues				
<b>Expenditures</b>				
Instruction				
Basic programs	34,382,147	34,382,147	32,758,861	(1,623,286)
Added needs	11,364,994	11,364,994	9,566,132	(1,798,862)
Supporting services				
Pupil	9,480,460	9,480,460	7,306,152	(2,174,308)
Instructional staff	4,766,645	4,766,645	5,957,822	1,191,177
General administration	464,629	464,629	1,022,115	557,486
School administration	2,766,645	2,766,645	3,576,231	809,586
Business	3,126,730	3,126,730	1,003,370	(2,123,360)
Operations and maintenance	4,809,047	4,809,047	7,249,227	2,440,180
Pupil transportation services	4,156,321	4,156,321	6,220,048	2,063,727
Central	3,074,255	3,074,255	4,322,247	1,247,992
Athletic activities	310,191	310,191	794,020	483,829
Community services	78,452	78,452	611,691	533,239
Debt service				
Principal	5,553,170	5,553,170	6,380,335	827,165
Interest and fiscal charges	154,440	154,440	73,683	(80,757)
	<u>84,488,126</u>	<u>84,488,126</u>	<u>86,841,934</u>	<u>2,353,808</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>744,029</u>	<u>744,029</u>	<u>3,536,810</u>	<u>2,792,781</u>

**Ypsilanti Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Proceeds from forgiveness of debt	-	-	4,256,233	4,256,233
Proceeds from issuance of leases	-	-	323,646	323,646
Insurance recoveries	-	-	258,669	258,669
Transfers out	<u>(744,029)</u>	<u>(744,029)</u>	<u>-</u>	<u>744,029</u>
Total other financing sources (uses)	<u>(744,029)</u>	<u>(744,029)</u>	<u>4,838,548</u>	<u>5,582,577</u>
Net change in fund balances	-	-	8,375,358	8,375,358
Fund balance - beginning	<u>9,270,712</u>	<u>9,270,712</u>	<u>9,270,712</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,270,712</u>	<u>\$ 9,270,712</u>	<u>\$ 17,646,070</u>	<u>\$ 8,375,358</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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net pension liability (%)	0.27750%	0.26500%	0.28750%	0.28290%	0.27520%	0.27050%	0.26940%	0.27180%	0.28360%	0.26730%
B. School District's proportionate share of the net pension liability	\$ 89,831,765	\$ 99,651,429	\$ 68,055,160	\$ 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	\$ 28,133,881	\$ 27,771,186	\$ 26,628,600	\$ 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 the net pension liability as a percentage of its covered payroll	319.30%	358.83%	255.57%	370.39%	368.44%	347.09%	306.63%	298.20%	275.01%	209.30%
E. Plan fiduciary the net position as a percentage of total pension liability	62.91%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	166.20%

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

**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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 11,502,097	\$ 10,109,227	\$ 9,105,180	\$ 8,286,782	\$ 7,754,651	\$ 7,243,646	\$ 7,382,158	\$ 6,305,977	\$ 6,298,759	\$ 5,333,181
B. Contributions in relation to statutorily required contributions	<u>11,502,097</u>	<u>10,109,227</u>	<u>9,105,180</u>	<u>8,286,782</u>	<u>7,754,651</u>	<u>7,243,646</u>	<u>7,382,158</u>	<u>6,305,977</u>	<u>6,298,759</u>	<u>5,333,181</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. School District's covered payroll	\$ 30,409,772	\$ 28,024,816	\$ 28,108,379	\$ 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	37.82%	36.07%	32.39%	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 (Asset)**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net OPEB liability (asset) (%)	0.276082%	0.280000%	0.288600%	0.292000%	0.280700%	0.273600%	0.270100%			
B. School District's proportionate share of the net OPEB liability (asset)	\$ (1,561,789)	\$ 5,931,521	\$ 4,405,503	\$ 15,645,792	\$ 20,146,919	\$ 21,746,427	\$ 23,916,493			
C. School District's covered payroll	\$ 28,133,881	\$ 27,771,186	\$ 26,628,600	\$ 26,233,396	\$ 24,733,759	\$ 23,432,410	\$ 22,767,911			
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.55%	21.36%	16.54%	59.64%	81.46%	92.80%	105.04%			
E. Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	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 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

**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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 2,325,470	\$ 2,141,758	\$ 2,175,049	\$ 1,979,012	\$ 2,039,770	\$ 1,890,235	\$ 1,717,090			
B. Contributions in relation to statutorily required contributions	<u>2,325,470</u>	<u>2,141,758</u>	<u>2,175,049</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
D. School District's covered payroll	\$ 30,409,772	\$ 28,024,816	\$ 28,108,379	\$ 24,640,202	\$ 26,282,111	\$ 24,403,657	\$ 23,260,441			
E. Contributions as a percentage of covered payroll	7.65%	7.64%	7.74%	8.03%	7.76%	7.75%	7.38%			

## OTHER SUPPLEMENTARY INFORMATION

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**Ypsilanti Community Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2024**

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Student/School Activity Fund	Ypsilanti Debt Service Fund	Lighting Project	
<b>Assets</b>					
Cash	\$ 2,222,409	\$ 306,461	\$ 1,875,885	\$ -	\$ 4,404,755
Due from other governmental units	<u>131,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,435</u>
Total assets	<u>\$ 2,353,844</u>	<u>\$ 306,461</u>	<u>\$ 1,875,885</u>	<u>\$ -</u>	<u>\$ 4,536,190</u>
<b>Liabilities</b>					
Checks issued in excess of deposits	\$ -	\$ -	\$ -	\$ 136,535	\$ 136,535
Accounts payable	64,023	3,905	-	-	67,928
Due to other funds	<u>1,111,055</u>	<u>-</u>	<u>17,063</u>	<u>-</u>	<u>1,128,118</u>
Total liabilities	<u>1,175,078</u>	<u>3,905</u>	<u>17,063</u>	<u>136,535</u>	<u>1,332,581</u>
<b>Fund Balances</b>					
Restricted for					
Food service	1,178,766	-	-	-	1,178,766
Debt service	-	-	1,858,822	-	1,858,822
Committed	-	302,556	-	-	302,556
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,535)</u>	<u>(136,535)</u>
Total fund balances	<u>1,178,766</u>	<u>302,556</u>	<u>1,858,822</u>	<u>(136,535)</u>	<u>3,203,609</u>
Total liabilities and fund balances	<u>\$ 2,353,844</u>	<u>\$ 306,461</u>	<u>\$ 1,875,885</u>	<u>\$ -</u>	<u>\$ 4,536,190</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, 2024**

	<u>Special Revenue Funds</u>		<u>Formerly Nonmajor Fund</u>	<u>Ypsilanti Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Student/School Activity Fund</u>	<u>Willow Run Debt Service Fund</u>		<u>Lighting Project</u>	
<b>Revenues</b>						
Local sources	\$ 77,555	\$ 179,795		\$ 5,409,585	\$ 1,062	\$ 5,667,997
State sources	144,403	-		-	-	144,403
Federal sources	<u>3,485,612</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>3,485,612</u>
Total revenues	<u>3,707,570</u>	<u>179,795</u>		<u>5,409,585</u>	<u>1,062</u>	<u>9,298,012</u>
<b>Expenditures</b>						
Current						
Education						
Supporting services	-	165,299		-	-	165,299
Food services	3,648,070	-		-	-	3,648,070
Debt service						
Principal	-	-		4,325,000	-	4,325,000
Interest and other expenditures	<u>-</u>	<u>-</u>		<u>1,305,418</u>	<u>-</u>	<u>1,305,418</u>
Total expenditures	<u>3,648,070</u>	<u>165,299</u>		<u>5,630,418</u>	<u>-</u>	<u>9,443,787</u>
Excess (deficiency) of revenues over expenditures	<u>59,500</u>	<u>14,496</u>		<u>(220,833)</u>	<u>1,062</u>	<u>(145,775)</u>
Fund balances - beginning, as previously presented	1,119,266	288,060	838,862	2,079,655	(137,597)	4,188,246
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>-</u>	(838,862)	<u>-</u>	<u>-</u>	<u>(838,862)</u>
Fund balances - beginning, as adjusted	<u>1,119,266</u>	<u>288,060</u>		<u>2,079,655</u>	<u>(137,597)</u>	<u>3,349,384</u>
Fund balances - ending	<u>\$ 1,178,766</u>	<u>\$ 302,556</u>		<u>\$ 1,858,822</u>	<u>\$ (136,535)</u>	<u>\$ 3,203,609</u>

**Ypsilanti Community Schools**

**Single Audit**

**June 30, 2024**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**



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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

Management and the Board of Directors  
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, 2024, 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 31, 2024.

### Report on 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

## Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003.

## Ypsilanti Community Schools' Response to Findings and Corrective Action Plan

*Government Auditing Standards* requires the auditor to perform limited procedures on Ypsilanti Community Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned and corrective action plan. Ypsilanti Community Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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 31, 2024

## **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**

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

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

##### **Qualified and Unmodified Opinions**

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

##### **Qualified Opinion on Head Start Cluster (93.600), Child Nutrition Cluster (10.553, 10.555, 10.582, 10.559) and Child and Adult Care Food Program (10.558)**

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Ypsilanti Community Schools' compiled, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on Head Start Cluster (93.600), Child Nutrition Cluster (10.553, 10.555, 10.582, 10.559) and Child and Adult Care Food Program (10.558) for the year ended June 30, 2024.

##### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, Ypsilanti Community Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

##### **Basis for Qualified and Unmodified Opinions**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the

audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ypsilanti Community Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Ypsilanti Community Schools' compliance with the compliance requirements referred to above.

**Matters Giving Rise to Qualified Opinion on Head Start Cluster (93.600), Child Nutrition Cluster (10.553, 10.555, 10.582, 10.559) and Child and Adult Care Food Program (10.558)**

As described in the accompanying schedule of findings and questioned costs, Ypsilanti Community Schools did not comply with requirements regarding Head Start Cluster (93.600) as described in finding number 2024-005 for Activities Allowed or Unallowed and Child Nutrition Cluster (10.553, 10.555, 10.582, 10.559) and Child and Adult Care Food Program (10.558) as described in finding number 2024-004 for Cash Management.

Compliance with such requirements is necessary, in our opinion, for Ypsilanti Community Schools to comply with the requirements applicable to each program.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to Ypsilanti Community Schools' federal programs.

**Auditors' Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

### **Other Matters**

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2024-006. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Ypsilanti Community Schools' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Ypsilanti Community Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Ypsilanti Community Schools is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. Ypsilanti Community Schools' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control

over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-004, 2024-005 and 2024-006 to be material weaknesses.

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

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

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

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

We have audited the financial statements of Ypsilanti Community Schools as of and for the year ended June 30, 2024, and have issued our report thereon dated October 31, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

*Yeo & Yeo, P.C.*

Ann Arbor, MI  
October 31, 2024

**Ypsilanti Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

Federal Agency Pass Through Grantor Program Title	Assistance Listing Number	Pass Through Grantor Number	Approved Award / Grant Amount	Accrued (Unearned) Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Federal Funds / In-Kind Received	Accrued (Unearned) Revenue June 30, 2024
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
National School Breakfast Program									
Cash assistance									
National School Breakfast Program	10.553	231970	\$ 800,619	\$ 196,548	\$ 666,425	\$ -	\$ 134,194	\$ 330,742	\$ -
National School Breakfast Program	10.553	241970	706,381	-	-	-	706,381	706,381	-
Total National School Breakfast Program				196,548	666,425	-	840,575	1,037,123	-
National School Lunch Program									
Non-cash assistance									
Entitlement Commodities (Commodities)	10.555	2023 - 2024	173,993	-	-	-	173,993	173,993	-
Entitlement Commodities (Bonus)	10.555	2023 - 2024	338	-	-	-	338	338	-
Total non-cash assistance				-	-	-	174,331	174,331	-
Cash assistance									
National School Lunch Program	10.555	231960	1,676,051	386,172	1,408,873	-	267,178	653,350	-
National School Lunch Program	10.555	240910	91,134	-	-	-	91,134	91,134	-
National School Lunch Program	10.555	241960	1,479,056	-	-	-	1,479,056	1,479,056	-
Total cash assistance				386,172	1,408,873	-	1,837,368	2,223,540	-
Total National School Lunch Program				386,172	1,408,873	-	2,011,699	2,397,871	-
Fresh Fruit and Vegetable Program									
Fresh Fruit and Vegetable Program	10.582	230950	25,399	25,399	25,399	-	-	25,399	-
Fresh Fruit and Vegetable Program	10.582	240950	56,226	-	-	-	56,226	45,621	10,605
Total Fresh Fruit and Vegetable Program				25,399	25,399	-	56,226	71,020	10,605
Summer Food Service Program									
2022-2023 Summer Food Service	10.559	230900	33,002	-	-	-	33,002	33,002	-
2023-2024 Summer Food Service	10.559	240900	33,967	-	-	-	33,967	-	33,967
Total Summer Food Service Program				-	-	-	66,969	33,002	33,967
Total Child Nutrition Cluster				608,119	2,100,697	-	2,975,469	3,539,016	44,572
Passed through Michigan Department of Education									
School Breakfast Expansion									
School Breakfast Expansion	10.579	221995	10,000	-	-	10,000	-	10,000	-
School Breakfast Expansion	10.579	221997	10,000	-	-	-	10,000	10,000	-
Total School Breakfast Expansion				-	-	10,000	10,000	20,000	-
Passed through Michigan Department of Education									
Local Food for Schools									
Local Food for Schools	10.185	230985	34,267	-	-	-	34,267	34,267	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards



**Ypsilanti Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

Federal Agency Pass Through Grantor Program Title	Assistance Listing Number	Pass Through Grantor Number	Approved Award / Grant Amount	Accrued (Unearned) Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Federal Funds / In-Kind Received	Accrued (Unearned) Revenue June 30, 2024
Passed through Michigan Department of Education									
Child and Adult Care Food Program									
Child and Adult Care Food Program - Meals	10.558	231920	402,080	106,072	340,812	-	61,268	167,340	-
Child and Adult Care Food Program - Cash in Lieu	10.558	232010	18,873	4,912	16,225	-	2,648	7,560	-
Child and Adult Care Food Program - Meals	10.558	241920	384,707	-	-	-	384,707	321,424	63,283
Child and Adult Care Food Program - Cash in Lieu	10.558	242010	17,253	-	-	-	17,253	14,435	2,818
Total Child and Adult Care Food Program				110,984	357,037	-	465,876	510,759	66,101
Total U.S. Department of Agriculture				719,103	2,457,734	10,000	3,485,612	4,104,042	110,673
U.S. Department of Treasury									
Passed through Copper County Intermediate School District									
COVID-19 MAISA MiConnect Device Purchasing Rebate Program	21.019	2020 - 2021	198,876	(137,525)	61,351	-	-	-	(137,525)
Federal Communications Commission									
Passed through Universal Service Administrative Company									
Cash assistance									
COVID-19 Emergency Connectivity Funds	32.009	ECF202111309	90,523	41,025	-	-	-	-	41,025
COVID-19 Emergency Connectivity Funds	32.009	ECF222120108	447,424	123,970	-	-	-	-	123,970
Total Federal Communications Commission - Total Emergency Connectivity Funds				164,995	-	-	-	-	164,995
U.S. Department of Education									
Direct Award									
Magnet Schools Assistance ARC (Academically Rigorous Choices)	84.165A	S165A230031	2,594,350	-	-	-	383,008	287,014	95,994
Passed through Calhoun County ISD									
Title I - Technical Assistance Grant	84.010A	231580	87,385	-	-	-	87,385	87,385	-
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	231530	3,020,317	2,143,869	2,143,869	-	628,646	2,771,707	808
Title I Grants to Local Educational Agencies	84.010	241530	3,370,601	-	-	-	2,296,031	398,232	1,897,799
Total Title I Grants to Local Educational Agencies				2,143,869	2,143,869	-	3,012,062	3,257,324	1,898,607
Passed through Washtenaw Intermediate School District									
Career and Technical Education - Basic Grants to States									
	84.048A	234520	70,915	-	-	-	70,915	52,772	18,143
Passed through Washtenaw Intermediate School District									
Special Education Cluster									
I.D.E.A. Flow-Through									
Special Education Grants to States	84.027A	230450	1,184,972	336,384	458,617	-	726,354	1,062,738	-
Special Education Grants to States	84.027A	240450	1,247,337	-	-	-	271,338	-	271,338
Total Special Education Grants to States				336,384	458,617	-	997,692	1,062,738	271,338
Preschool Incentive									
Special Education Preschool Grants	84.173	230460	39,264	-	-	-	39,264	25,066	14,198
Special Education Preschool Grants	84.173	230460	3,836	-	-	-	3,836	-	3,836
Total Preschool Incentive				-	-	-	43,100	25,066	18,034

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Ypsilanti Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

Federal Agency Pass Through Grantor Program Title	Assistance Listing Number	Pass Through Grantor Number	Approved Award / Grant Amount	Accrued (Unearned) Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Federal Funds / In-Kind Received	Accrued (Unearned) Revenue June 30, 2024
ARP IDEA Preschool									
COVID-19 American Rescue Plan Handicapped Preschool Initiative	84.173X	230460	41,272	37,436	37,436	-	-	37,436	-
Total Special Education Cluster				373,820	496,053	-	1,040,792	1,125,240	289,372
Direct Award									
Literacy Excellence Accelerates Performance	84.215G	S215G210021	746,938	-	-	-	721,048	734,514	(13,466)
Literacy Excellence Accelerates Performance	84.215G	S215G210021	744,720	-	170,589	-	386,811	257,501	129,310
Total Literacy Excellence Accelerates Performance				-	170,589	-	1,107,859	992,015	115,844
Passed through Washtenaw Intermediate School District									
English Language Acquisition State Grants	84.365A	220570	9,076	1,125	1,125	(1,125)	-	-	-
English Language Acquisition State Grants	84.365A	220570	67,791	7,553	7,553	-	-	7,553	-
Passed through Michigan Department of Education									
English Language Acquisition State Grants - Immigrant	84.365A	230570	8,555	8,475	8,475	-	-	8,475	-
Passed through Washtenaw Intermediate School District									
English Language Acquisition State Grants	84.365A	230570	81,502	18,385	18,385	-	-	18,385	-
English Language Acquisition State Grants	84.365A	230570	45,078	-	-	-	45,078	-	45,078
Total English Language Acquisition State Grants				35,538	35,538	(1,125)	45,078	34,413	45,078
Passed through Michigan Department of Education									
Supporting Effective Instruction State Grants	84.367	230750	653,400	197,617	197,617	-	161,520	359,137	-
Supporting Effective Instruction State Grants	84.367	240520	668,889	-	-	-	100,616	-	100,616
Total Supporting Effective Instruction State Grants				197,617	197,617	-	262,136	359,137	100,616
Direct Award									
Supporting Educator Excellence and Knowledge	84.374A	S374A21001	5,179,339	-	-	-	3,345,090	3,341,922	3,168
Supporting Educator Excellence and Knowledge	84.374A	S374A21001	5,159,059	428,812	3,080,942	-	610,335	1,039,147	-
Total Supporting Educator Excellence and Knowledge				428,812	3,080,942	-	3,955,425	4,381,069	3,168
Passed through Michigan Department of Education									
Student Support and Academic Enrichment Program	84.424	230750	299,425	102,877	108,916	-	-	102,877	-
Student Support and Academic Enrichment Program	84.424	240750	402,703	-	-	-	74,402	-	74,402
Total Student Support and Academic Enrichment Program				102,877	108,916	-	74,402	102,877	74,402
Passed through Michigan Department of Education									
Education Stabilization Fund									
Elementary and Secondary School Emergency Relief Fund									
COVID-19 98c Learning Loss Grant	84.425D	213782	187,530	-	125,997	125,997	61,533	187,530	-
COVID-19 ESSER II Formula	84.425D	213752	9,424,164	2,895,452	9,424,164	-	-	2,895,452	-
Total Elementary and Secondary School Emergency Relief Fund				2,895,452	9,550,161	125,997	61,533	3,082,982	-
American Rescue Plan - Emergency Assistance to Non-Public Schools									
COVID-19 Section 11bb ARP - GEER II	84.425V	221037	72,610	-	-	-	72,610	-	72,610

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Ypsilanti Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

Federal Agency Pass Through Grantor Program Title	Assistance Listing Number	Pass Through Grantor Number	Approved Award / Grant Amount	Accrued (Unearned) Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Federal Funds / In-Kind Received	Accrued (Unearned) Revenue June 30, 2024
Homeless Children & Youth American Rescue Plan (ARP) Homeless II COVID-19 ARP Homeless II	84.425W	211012	152,773	-	-	-	76,549	10,335	66,214
American Rescue Plan-Elementary and Secondary Schools Emergency Relief Fund COVID-19 American Rescue Plan/ESSER III	84.425U	213713	21,180,385	<u>6,665,500</u>	<u>13,355,488</u>	-	<u>7,021,854</u>	<u>7,747,916</u>	<u>5,939,438</u>
Total Education Stabilization Fund				<u>9,560,952</u>	<u>22,905,649</u>	<u>125,997</u>	<u>7,232,546</u>	<u>10,841,233</u>	<u>6,078,262</u>
Total U.S. Department of Education				<u>12,843,485</u>	<u>29,139,173</u>	<u>124,872</u>	<u>17,184,223</u>	<u>21,433,094</u>	<u>8,719,486</u>
U.S. Department of Health and Human Services Passed through Washtenaw Intermediate School District Head Start Cluster Head Start	93.600	2023-2024	2,016,750	-	-	-	2,188,428	1,377,746	810,682
Total Federal Financial Assistance				<u>\$ 13,590,058</u>	<u>\$ 31,658,258</u>	<u>\$ 134,872</u>	<u>\$ 22,858,263</u>	<u>\$ 26,914,882</u>	<u>\$ 9,668,311</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, 2024**

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**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, 2024. 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, changes in net assets, or cash flows 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 10 percent 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 reconcile to the schedule of expenditures of federal awards as follows:

Expenditures per the schedule of expenditures of federal awards	\$ 22,858,263
Funds not received within 60 days of June 30, 2024:	
Title I Grants to Local Educational Agencies	(808)
Head Start	(73,318)
Supporting Effective Instruction State Grants	(4,965)
Literacy Excellence Accelerates Performance	(115,844)
Supporting Educator Excellence and Knowledge	(3,168)
English Language Acquisition State Grants	(45,078)
COVID-19 Section 11bb ARP - GEER II	(72,610)
COVID-19 ARP Homeless II	(36,988)
Magnet Schools Assistance ARC (Academically Rigorous Choices)	(95,994)

**Ypsilanti Community Schools**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

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Funds not received within 60 days of June 30, 2023:	
Title I Grants to Local Educational Agencies	1,339,079
Supporting Effective Instruction State Grants	197,617
Supporting Educator Excellence and Knowledge	428,813
Student Support and Academic Enrichment Program	102,879
English Language Acquisition State Grants	34,413
COVID-19 American Rescue Plan/ESSER III	1,150,186
COVID-19 ESSER II Formula	2,895,449
Adjustments for amounts not included in the June 30, 2023 schedule of expenditures of federal awards as accrued revenue or unavailable revenue:	
COVID-19 98c Learning Loss Grant	<u>125,997</u>
Federal revenues per the financial statements	<u>\$ 28,683,923</u>

**Note 4 - Subrecipients**

No amounts were provided to subrecipients.

**Note 5 - Adjustments to Schedule of Expenditures of Federal Awards**

The adjustment for English Language Acquisition State Grants on the Schedule in the amount of \$1,125 is for accrued revenue at June 30, 2023 that was requested after the period of availability had expired and will not be paid by the passthrough grantor. The adjustment for COVID-19 98c Learning Loss Grant is for expenditures incurred at June 30, 2023 that were not included in the Schedule in the amount of \$125,997 as due from other governments or unavailable revenue. The adjustment for School Breakfast Expansion is for expenditures incurred at June 30, 2023 that were not included in the Schedule in the amount of \$10,000 as Federal revenue and due from other governments.

**Ypsilanti Community Schools**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

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**Note 6 - 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 except for the following differences caused by the timing of cash receipts:

Federal Grantor Program Title	Federal Assistance Listing Number	Grant Number	Reported on Grant Auditor Report	Reported on Schedule of Expenditures of Federal Awards	Variance
National School Breakfast Program	10.553	231970	\$ 134,193	\$ 330,742	\$ 196,549
National School Lunch Program	10.555	231960	267,178	653,350	386,172
2022-2023 Summer Food Service	10.559	220900	32,657	-	(32,657)
Child and Adult Care Food Program - Meals	10.558	231920	61,228	167,340	106,112
Child and Adult Care Food Program - Cash in Lieu	10.558	232010	2,648	7,560	4,912
Child and Adult Care Food Program - Meals	10.558	241920	365,518	321,424	(44,094)
Child and Adult Care Food Program - Cash in Lieu	10.558	242010	16,306	14,435	(1,871)
English Language Acquisition State Grants	84.365A	230570	-	18,385	18,385
COVID-19 98c Learning Loss Grant	84.425D	213782	-	187,530	187,530
COVID-19 ESSER II Formula	84.425D	213752	-	2,895,452	2,895,452

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

**Ypsilanti Community Schools  
Schedule of Findings and Questioned Costs  
June 30, 2024**

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**Section I – Summary of Auditors’ Results**

*Financial Statements*

Type of report the auditor 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?                   | <u>  X  </u> | yes | <u>      </u> | no            |
| • Significant deficiency(ies) identified?             | <u>  X  </u> | yes | <u>      </u> | none reported |
| Noncompliance material to financial statements noted? | <u>  X  </u> | yes | <u>      </u> | no            |

*Federal Awards*

Internal control over major federal programs:

- |   |               |     |               |               |
|---|---------------|-----|---------------|---------------|
| • Material weakness(es) identified?       | <u>  X  </u>  | yes | <u>      </u> | no            |
| • Significant deficiency(ies) identified? | <u>      </u> | yes | <u>  X  </u>  | none reported |

Type of auditors’ report issued on compliance for major federal programs:

Child Nutrition Cluster: Modified  
 Child and Adult Food Program: Modified  
 Head Start Cluster: Modified  
 Literacy Excellence Accelerates Performance and  
 Education Stabilization Fund: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>  X  </u>	yes	<u>      </u>	no
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**Ypsilanti Community Schools  
Schedule of Findings and Questioned Costs  
June 30, 2024**

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Identification of major federal programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
93.600	Head Start Cluster
10.553, 10.555, 10.582, 10.559	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
84.215G	Literacy Excellence Accelerates Performance
84.425D, 84.425V, 84.425W, 84.425U	Education Stabilization 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, 2024**

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**Section II – Government Auditing Standards Findings**

**Finding 2024-001, 2023-001 – Significant Deficiency – ORS Contributions**

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

**Condition:** The information reported to ORS is not fully reconciled to ensure that it agrees with the School District's payroll records. Employees were entered into the system at the incorrect salary for 2 of 24 sampled new hires and holiday pay was not included in gross wages for 7 of 24 employees. We noted variances between amounts calculated to be paid to ORS and actual amounts paid to ORS in every pay date during the fiscal year which would require follow-up by the School District to correct.

**Cause and Effect:** Holiday pay not included in gross wages would result in additional retirement liability to ORS in the amount of \$61,130 and net variances between calculated amounts to be paid to ORS and actual amounts paid to ORS is \$150,563. The School District has not established appropriate controls to ensure that the payroll records are properly accumulated and reconciled to ORS payments. 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.

**Finding 2024-002, 2023-003 – Material Weakness and Material Noncompliance – Budget Violations**

See Section III – Federal Award Findings

**Ypsilanti Community Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

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**Finding 2024-003 – Material Weakness and Noncompliance – Lack of Documentation of Procurement Process**

<b>Criteria:</b>	Michigan Common Law (MCL) 380.1274 requires the School District to maintain a procurement policy and document its use for applicable expenditures such as supplies, materials and equipment, either individually or in a group, exceeding \$29,572.
<b>Condition:</b>	We noted three vendor payments exceeding \$29,572 in the Sinking Fund where we would expect a procurement process to be followed and documented. We were not provided any evidence of competitive bids, quotes or the cooperative bulk purchasing program used to select these vendors.
<b>Cause and Effect:</b>	The School District has not established appropriate controls to ensure that the procurement policy is being followed throughout the year. The School District may not have obtained the best price possible and may not have followed its procurement processes during the procurement of these projects.
<b>Recommendation:</b>	We recommend that the School District implement policies and procedures to ensure the School District's procurement policy is being followed and complying with MCL 380.1274.
<b>Views of Responsible Officials:</b>	Management agrees with the finding.
<b>Corrective Action Plan:</b>	See attached corrective action plan from management.

**Ypsilanti Community Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

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**Section III – Federal Award Findings**

**Finding 2024-002, 2023-002 – Material Weakness and Material Noncompliance – Budget Violations**

**Program Name and Awarding Agency:**

Child Nutrition Cluster – 10.553, 10.555, 10.559, 10.582, U.S. Department of Agriculture, passed through Michigan Department of Education  
Child and Adult Care Food Program –10.558, U.S. Department of Agriculture, passed through Michigan Department of Education  
Education Stabilization Fund – 84.425D, 84.425V, 84.425W, 84.425U, U.S. Department of Education, passed through Michigan Department of Education  
Head Start Cluster – 93.600, U.S. Department of Health and Human Services, passed through Washtenaw Intermediate School District  
Literacy Excellence Accelerates Performance – 84.215G, U.S. Department of Education

**Finding Type:**

Material Weakness on Internal Controls over Compliance and Material Noncompliance

**Questioned Cost Amount:** None

**Context / 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. The School District is also responsible for comparing budget to actual expenses by function for programs. The School District should also import its original and final budgets into the accounting system to monitor spending and reduce errors in posting expenditures to the chart of accounts.

**Condition:**

The School District incurred material budget overages in multiple budgeted functions as adopted by the Board of Directors and disclosed in the June 30, 2024 financial statements. Additionally, total actual expenditures of \$86,841,934 exceed total budgeted expenditures of \$84,488,126 by \$2,353,808 in the General Fund. The total actual expenditures of \$3,648,070 exceed total budgeted expenditures of \$2,792,958 by \$855,112 in the Food Service Fund. No adopted budget was provided for the Student and School Activities Fund. The final budget also was not imported into the School District's accounting software. We also found function and object codes used for disbursements and expenditures were inaccurate or not in accordance with approved budgets. Although the School District adopted an amended budget during the year, the amended budget did not change from the original budget.

**Cause / Effect:**

The budget was not properly monitored allowing the budget overages to exist. The School District has not established appropriate controls to ensure that the budget is monitored during the year and has overspent the Board-approved budget by a material amount. Additionally, the lack of budgets imported in the accounting

**Ypsilanti Community Schools  
Schedule of Findings and Questioned Costs  
June 30, 2024**

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software combined with the numerous federal and restricted state grants the School District receives increases the risk of the wrong account codes being used for expenditures which could have a material effect on reporting of Federal and restricted state grants.

**Recommendation:** We recommend that the School District establish policies and procedures to ensure the budget is properly maintained and monitored throughout the year. An amended budget should be adopted throughout the year, as needed, to reflect changes in spending needs.

**Views of Responsible  
Officials and  
Corrective Actions:**

Management is in agreement with the finding. See accompanying corrective action plan.

**Finding 2024-004, 2023-004 – Material Weakness and Material Noncompliance – Eligibility – Reimbursement Requests**

**Program Name:** Child Nutrition Cluster – 10.553, 10.555, 10.559, 10.582  
Child and Adult Care Food Program – 10.558

**Awarding Agency:** U.S. Department of Agriculture, passed through Michigan Department of Education

**Finding Type:** Material Weakness on Internal Controls over Compliance and Material Noncompliance

**Questioned Cost Amount:** \$134,482 for Child Nutrition Cluster  
\$157,046 for Child and Adult Care Food Program

**Context / Criteria:** The School District should request reimbursement for the actual number of meals served and should maintain support for the number of meals served for each reimbursement request.

**Condition:** The School District's support for the number of meals served did not agree to the meals requested on the reimbursement requests.

**Cause / Effect:** The School District maintained paper records, but those meals served could not be reconciled or agreed to the reimbursement requests for 6 of our sample of 40 claims for Child Nutrition Cluster and 22 of our sample of 40 claims for Child and Adult Care Food Program. The lack of reconciliation or other records to explain the differences could have resulted in the School District over or under requesting reimbursement from Michigan Department of Education.

**Recommendation:** We recommend management implement procedures to ensure meals served data is retained and communicated to the individual requesting reimbursement for meals served.

**Ypsilanti Community Schools  
Schedule of Findings and Questioned Costs  
June 30, 2024**

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**Views of Responsible  
Officials and**

**Corrective Actions:** Management is in agreement with the finding. See accompanying corrective action plan.

**Finding 2024-005 – Material Weakness and Material Noncompliance – Allowable Activities – Documentation of Payroll Distribution**

**Program Name:** Head Start Cluster – 93.600

**Awarding Agency:** U.S. Department of Health and Human Services, passed through Washtenaw Intermediate School District

**Finding Type:** Material Weakness on Internal Controls over Compliance and Material Noncompliance

**Questioned Cost Amount:** \$234,972

**Context / Criteria:** The School District should maintain internal controls to document salaries and wages that accurately reflect the work performed based on 2CF200.430(g). The internal controls should provide reasonable assurance that the charges are accurate, allowable and properly allocated as to account and period.

**Condition:** The School District provided direct certifications as support for salaries and wages charged to the Head Start Cluster. The amounts charged to the Head Start Cluster did not agree with the direct certifications provided: there were 9 payroll charges that were not supported by a direct certification and 3 payroll charges where the provided direct certification percentage did not recalculate to the amount charged to the Head Start Cluster. Additionally, all direct certifications provided were signed June 7, 2024.

**Cause / Effect:** Management has not developed or implemented a control to sufficiently accumulate and document the time spent on the Head Start Cluster. The lack of timely and accurate direct certifications could cause inaccuracies in financial reporting and overcharging of the Head Start Cluster. Employees could have potentially been charged to the Head Start Cluster that did not work on the grant and/or an inaccurate amount of their time could have been charged to the grant.

**Recommendation:** We recommend management implement procedures to ensure direct certifications are completed in a timely manner for all employees working on the Head Start Cluster.

**Views of Responsible  
Officials and**

**Corrective Actions:** Management is in agreement with the finding. See accompanying corrective action plan.

**Ypsilanti Community Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

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**Finding 2024-006 – Material Weakness and Noncompliance – Allowable Activities – Documentation of Payroll and Disbursement Classification**

<b>Program Name:</b>	Literacy Excellence Accelerates Performance – 84.215G
<b>Awarding Agency:</b>	U.S. Department of Education
<b>Finding Type:</b>	Material Weakness on Internal Controls over Compliance and Noncompliance
<b>Questioned Cost Amount:</b>	\$54,107
<b>Context / Criteria:</b>	The School District should maintain internal controls to document disbursements and salaries and wages that accurately reflect the expenditures incurred and work performed based on Uniform Guidance. The internal controls should provide reasonable assurance that the charges are accurate, allowable, and properly allocated as to account and period.
<b>Condition:</b>	The School District’s support for the payroll and disbursements indicated that the incorrect account and object code was used. The School District expensed 4 of the sample of 40 for disbursement testing and 3 of the sample of 20 for payroll testing to the incorrect accounts. Additionally, it was noted the School District potentially overcharged the Retirement and FICA expenses compared to the School District’s school-wide rates.
<b>Cause / Effect:</b>	The School District is not appropriately labeling expenditures for posting and/or not appropriately reviewing expenditures compared to budget to prevent and identify errors. The lack of review for charges being posted to these accounts could result in the School District over or under-charging certain function or object codes compare to approved budgets.
<b>Recommendation:</b>	We recommend management implement procedures to ensure all expenditures are being allocated to the correct program, account and object code. A comparison of actual expenditures to budget may help identify and prevent misstatements to account for function, program and object codes.
<b>Views of Responsible Officials and Corrective Actions:</b>	Management is in agreement with the finding. See accompanying corrective action plan.

**Ypsilanti Community Schools  
Summary Schedule of Prior Audit Findings  
June 30, 2024**

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**Section IV – Prior Audit Findings**

***Government Auditing Standards Findings***

**Finding 2023-001 – Material Weakness – ORS Contributions**

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

**Status:** Uncorrected – See Finding 2024-001

**Finding 2023-002 – Material Weakness – Audit Adjustments / Financial Statement Close / Lack of Preparation and Timeliness**

**Criteria:** The School District is responsible for the timely and accurate 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. They are also responsible for maintaining an expenditure budget by funding source, function and object code which should agree to the board approved budget.

**Status:** Partially corrected – see management comment letter for list of immaterial journal entries.

**Finding 2023-003 – Material Weakness and Material Noncompliance – Budget Violations**

**Criteria:** The Michigan School Auditing 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 District shall not incur an expenditure against an appropriation account in excess of the amount authorized by the Board of Education. The School District is also responsible for comparing budget to actual expenses by function for programs.

**Status:** Uncorrected – See Finding 2024-002

**Federal Award Findings**

**Finding 2023-004 – Eligibility – Reimbursement Requests**

**Criteria:** The School District should request reimbursement for the actual number of meals served and should maintain support for the number of meals served for each reimbursement request.

**Status:** Uncorrected – See Finding 2024-004



**Dr. Alena Zachery-Ross, Superintendent**

Ypsilanti Community schools  
1885 Packard Road Ypsilanti, MI 48197  
Phone: 734.221.1230 | Fax: 734.221.1220

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, please find the following corrective action plan addressing the material weaknesses and noncompliance issues identified in the Ypsilanti Community Schools' audit report for the year ended June 30, 2023.

**Finding 2024-001, 2023-001, 2022-001, 2021-002, 2020-001 - Material Weakness: ORS Contributions**

- **Corrective Action:** The District will continue to refine automated procedures for reconciling payroll records with ORS reports. We will also enhance payroll account coding to ensure accurate personnel classification, work location, deduction and assignments. Reconciliation tasks will be distributed throughout the year to improve efficiency.
- **Responsible Person:** Director of Finance

**Finding 2024-002 - Material Weakness: Budget Violations**

- **Corrective Action:** The Finance Director and Business Office will undergo additional training with Tyler Technologies, Michigan School Business Officials and others to optimize financial processes and transaction processing. The team will adhere to the state business calendar for timely reconciliations, budget amendments, and internal control reviews.
- **Responsible Person:** Director of Finance

**Finding 2024-003 - Material Weakness: Lack of Documentation of Procurement Process**

- **Corrective Action:** The Business Office will establish a centralized system for storing and sharing bid information for state threshold purchases. Each cost center will have access to this system to maintain complete purchase records.
- **Responsible Person:** Director of Finance and District Leaders

**Finding 2024-004 - Material Weakness and Material Noncompliance: Eligibility and Reimbursement Request for Child and Adult Care Food Program**

- **Corrective Action:** The District will collaborate with MDE Nutrition staff to complete training, staff assistance visits, and previously established corrective actions. The Business Director and Food Service Director will schedule additional training and visits with Nutrition liaisons and MDE PAL partners. The District will implement electronic point-of-sale devices and digital filing systems to improve recordkeeping and sharing. Documented training for YCS Food Service Staff will be ongoing. District monitoring will be reinstated to ensure compliance with pre-COVID standards.
- **Responsible Person:** Director of Finance and Food Service Director

**Finding 2024-005 - Material Weakness and Material Noncompliance: Documentation of Payroll Distribution (Head Start)**

- **Corrective Action:** The Business Office will enhance the payroll process by collaborating with Human Resources, District Leaders, and Building Principals to monitor staffing, duty location, and work assignments. The Business Office will leverage electronic and digital



tools like Child Plus and Title 1 Crate to assist District leaders with employee accounting and will continue to coordinate with Grant Managers and building leaders to maintain accurate staff records.

- **Responsible Person:** Director of Finance

**Finding 2024-006 - Material Weakness and Material Noncompliance: Documentation of Payroll and Disbursement (Literacy Excellence Accelerates Performance LEAP)**

- **Corrective Action:** The Business Office will work with Grant Managers to ensure accurate recording of all LEAP program staff, distinguishing between contract staff and District employee stipends through coding. The Business Director and Grant Manager will continue to collaborate with the U.S. Department of Education to meet coding, budgeting, and spending standards.
- **Responsible Person:** Director of Finance and Grant Managers

Ypsilanti Community Schools is committed to improving financial processes and reporting for ORS, Child Nutrition, Head Start, and all Grant Management programs. The District will utilize advanced tools and procedures to enhance monitoring, management, and information sharing.

Please direct any questions and concerns to the Director of Business and Finance, Damien L. Butler 734-221-1216 or [dbutler2@ycschools.us](mailto:dbutler2@ycschools.us).