

**MILAN AREA SCHOOLS
BOARD OF EDUCATION
WORKSHOP MEETING
WEDNESDAY, October 27, 2021
AGENDA**

I. Call to Order

II. Pledge of Allegiance

III. Communications

This meeting is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public meeting. There are two times for public participation during the meeting as indicated in the agenda. When addressing the Board, you will be asked to state your name. The Board determines the amount of time granted to individuals or groups to speak. Each person shall be allowed to speak for up to 3 minutes. Board members may question speakers, but are not obligated to answer questions or make statements or commitments in response to issues raised by the public. In general, such items will be referred to the superintendent for advisement, investigation, study, and/or recommendation or designated as future agenda items for Board consideration.

A. Public Comments

IV. Consent Agenda

A. Approval of Minutes - Regular Meeting - October 13, 2021

V. Old/New Business

A. Budget and Finance Issues

1. 2021 Annual Audit - Attachment A
2. Purchase of School Bus – Attachment B

B. Board Issues

1. Change of Date for November 10, 2021 Regular Meeting - Attachment C
2. Book Study Discussion - Safe Is Not Enough: Better Schools for LGBTQ Students

C. Public Comments

D. Superintendent's Comments

1. Update on Student-to-Student Misconduct

E. Assistant Superintendent's Comments

F. Addenda

1. Student Board Member Comments
2. Board Member Comments

VI. Adjournment

**MILAN AREA SCHOOLS
BOARD OF EDUCATION
WORKSHOP MEETING
WEDNESDAY, October 27, 2021
RESOLUTIONS**

I. Call to Order

The workshop meeting of the Milan Area Schools Board of Education was called to order in the Milan High School Theater located at 200 Big Red Drive, Milan MI, 48160, by President Cislo at _____ p.m. on October 27, 2021.

Board Members Present:

Board Members Absent:

Staff Present:

Guests Present:

II. Pledge of Allegiance

III. Communications

This meeting is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public meeting. There are two times for public participation during the meeting as indicated in the agenda. When addressing the Board, you will be asked to state your name. The Board determines the amount of time granted to individuals or groups to speak. Each person shall be allowed to speak for up to 3 minutes. Board members may question speakers, but are not obligated to answer questions or make statements or commitments in response to issues raised by the public. In general, such items will be referred to the superintendent for advisement, investigation, study, and/or recommendation or designated as future agenda items for Board consideration.

A. Public Comments

IV. Consent Agenda

A. Approval of Minutes - Regular Meeting - October 13, 2021

Motion by _____ supported by _____ to approve the consent agenda that includes the minutes of the Regular Meeting of October 13, 2021.

Kiger ____ Landingham ____ Moccio ____ Cislo ____ Faro ____ Frait ____ Heikka ____
Carried _____.

V. Old/New Business

A. Budget and Finance Issues

1. 2021 Annual Audit - Attachment A

Motion by _____ supported by _____ to accept the 2021 Annual Audit as presented in Attachment A.

Landingham ____ Moccio ____ Cislo ____ Faro ____ Frait ____ Heikka ____ Kiger ____
Carried _____.

2. Purchase of School Bus – Attachment B

Motion by _____ supported by _____ to approve the purchase of one 71 passenger bus from Midwest Transit Equipment as described in Attachment B.

Moccio ____ Cislo ____ Faro ____ Frait ____ Heikka ____ Kiger ____ Landingham ____
Carried _____.

B. Board Issues

1. Change of Date for November 10, 2021 Regular Meeting - Attachment C

Motion by _____ supported by _____ to approve the change of date for the November 10, 2021 Regular Meeting as detailed in Attachment C.

Cislo ____ Faro ____ Frait ____ Heikka ____ Kiger ____ Landingham ____ Moccio ____
Carried _____.

2. Book Study Discussion - Safe Is Not Enough: Better Schools for LGBTQ Students

C. Public Comments

D. Superintendent's Comments

1. Update on Student-to-Student Misconduct

E. Assistant Superintendent's Comments

F. Addenda

1. Student Board Member Comments

2. Board Member Comments

VI. Adjournment - Time of Adjournment _____.

DRAFT

**MILAN AREA SCHOOLS
BOARD OF EDUCATION
REGULAR MEETING
Wednesday, October 13, 2021**

The regular meeting of the Milan Area Schools Board of Education was called to order in the Milan High School Theater located at 200 Big Red Drive, Milan MI, 48160, by President Cislo at 7:01 p.m. on October 13, 2021.

Board Members Present: Cislo, Faro, Frait, Heikka, Kiger, Landingham, Moccio

Board Members Absent: None

Staff Present: Bryan Girbach, Ryan McMahon, Krista Hendrix, Jennifer Barker, Yvette Kashmer

Guests Present: Aubrey Bukosky, Trish Parker, Alecia Powell, Jessica Keller, Debra Allen, Noah Allen, Tracey Kendall, Yo Gabba Gabba, George Elder, Rachel Hobbs, Louise Swoffer, Phil Heath, Mariela Pucci, Martin Richie

Pledge of Allegiance

Motion by Faro supported by Frait to thank the administrators of Milan Area Schools as recorded in Attachment A. All Ayes. Carried 7-0

Public Comments:

- Rachel Hobbs spoke about administration raises, loss of programs, and the use of ESSER funds.
- Holli Vallade read an anonymous letter about bullying.
- Mariela Pucci read an anonymous letter about bullying.
- Trisha Parker spoke about bullying.
- Alecia Powell spoke about administration raises, bullying, transportation concerns, and staff evaluations.
- Debbie Allen spoke about bullying.
- Phil Heath spoke about raises and the budget.
- George Elder read an anonymous letter about bullying.

Motion by Faro supported by Landingham to approve the consent agenda that includes the minutes of the workshop meeting of September 29, 2021, the minutes of the closed session

meeting of September 29, 2021, the approval of bills/reimbursement of expenses, and the 2022 Resolution to Levy Summer Taxes. All Ayes. Carried 7-0

The Board heard a First Reading of the 2021 Annual Audit provided by Tracey Kendall of Rehmann as detailed in Attachment C

Motion by Faro supported by Landingham to approve the Administrators, Directors, Managers, Supervisors, Deans, Central Office Staff, Technology Staff, Mechanics, and Adult/Community Education Staff contracts as presented in attachment D. Motion carried 6-1 No vote by Frait.

Motion by Faro supported by Heikka to approve the Communication Committee Member Selection Process Survey as detailed in Attachment E. All Ayes. Motion carried 7-0

Public Comments:

- Debbie Allen asked a question about an RFP for the district's auditor.
- Rachel Hobbs spoke about the administrative raises, the district's fund balance, and program cuts.
- Holli Vallade spoke about the administrative raises and asked that the no parent volunteer policy be ended.
- Harold Powell thanked the Board and then spoke about bullying.

Superintendent's Comments:

Students

- The district wants to remind our students and families that, throughout the 2021-2022 school year, full meal equivalent breakfasts and lunches will be free to all students on scheduled school days. Individual milks and other food items will NOT be free.
- The MHS Boys Tennis Team won the 2021 Regional Championship and have advanced to the State Championships! This is Milan's first regional tennis championship in school history and marks Milan's first appearance at the state championships in boys tennis. Congratulations to Coach Rodriguez and the Boys Tennis Team!
- Contrary to a public comment, the district has not cut numerous programs or course offerings.

Staff

- Elizabeth "Grandma" Sands (Paddock Foster Grandmother) passed away
- Kathy Viets' (Retired MMS Teacher) husband passed away.
- Janet McGovern's (Retired Accounts Payable/Receivable manager) father passed away
- Lisa Francis's (Young Adult Paraprofessional) sister passed away - Bruce Francis (Custodian) is Lisa's Husband

General

- Michael Smith, Kelley Smith's (Paddock Teacher) husband, on behalf of DTE made a large donation of school supplies to Milan Area Schools. The donation included a large plotter/printer that will be used in our CAD/CAM and drafting programs.

- Milan COVID data can be viewed by visiting milanareaschools.org and clicking on the COVID Case Data (24 Hour Notifications & Weekly Dashboard) link.
- Contrary to public comments, bullying issues are addressed by Administration and progressive discipline is used to address inappropriate student behavior. It is also important to note that some of the public comments made about bullying were not factually correct.

Budget

- The United States Department of Education (USED) approved Michigan's education plan for the federal American Recovery Plan Elementary and Secondary School Emergency Relief (ARP-ESSER III) funding. These funds reimburse school districts to support safe, in-person instruction and meet the social, emotional, mental health, and academic needs of students—with a focus on the students most impacted by the pandemic. The approval of Michigan's ARP plan will allow for the use of **\$363 million in state equalization payments appropriated to districts that did not receive \$1,093 per pupil** in their ARP ESSER formula allocation. **At this time, we estimate that receiving the additional funds to bring Milan Area Schools up to the \$1,093 per pupil will bring in an additional \$1,045,009 in ESSER Funds.** These additional funds will help us continue to keep class sizes low for a longer period of time.
- Contrary to a public comment made, the Financial Statement numbers are not being manipulated by the district.
- While tax dollars from the Nexus Pipeline did benefit the Bond Debt budgets, no additional funds were provided to the operating budget because of the pipeline. All additional funds collected by the district for the pipeline are then equally subtracted by the state from future state aid payments.

Board

- Superintendent Girbach's evaluation is led by a representative from the Michigan Association of School Boards.
- Superintendent Girbach's evaluation calendar and the timing of his compensation decisions are scheduled by the Board of Education. The Board is aware that compensation decisions are made with respect to the most recent performance evaluation.
- Contrary to a public comment made, Board members are present during negotiation sessions with the Milan Teacher Association and the full Board is also kept up-to-date on all negotiation sessions.

Assistant Superintendent Comments:

- Assistant Superintendent McMahon provided an update on the Fall assessments across all four buildings. NWEA is nearly completed in grades K-8 and the SAT suite of assessments began today in grades 8-11.
- Assistant Superintendent McMahon provided an update on the Consolidated Application. MDE has decided to revert to the old reporting system rather than wait any longer for the new version to be ready, but the application is yet to be released.

Student Board Member Comments:

- Aubrey Bukosky apologized for not being around in the summer and stated her classmates are happy to be back in school 5 days a week.

Board Member Comments:

- Board Member Faro spoke about bullying, the negotiation process, and the district's budget. Faro shared that he is proud of the audit results and gave credit to the finance department for those good results.
- Board Member Frait congratulated the boys Tennis team and the Equestrian team. She wished them well at their next competitions. Frait also welcomed Aubrey Bukosky back.
- Board Member Landingham stated that she, Superintendent Girbach, and President Cislo met with the MOASH group to discuss the possibility of a Board presentation. Landingham also discussed the connection of the district's DEI work to the district's vision, mission, and belief statements. Landingham then explained the need for community education on the district's DEI work. Landingham also talked about a plan for the Board's upcoming book study (Safe Is Not Enough: Better Schools for LGBTQ Students).
- Board Member Moccio thanked Krista Hendrix and the Central Office staff on the results of the audit.
- Board Member Kiger addressed the audience on the response to equitable funding.
- Board Member Heikka congratulated the Tennis and Equestrian teams. Heikka also spoke about the bullying issues raised during public comments. Heikka then stated that she is proud of her work on the Board.

Time of Adjournment: 8:46 p.m.

Milan Area Schools

Year Ended
June 30, 2021

Financial
Statements and
Single Audit Act
Compliance

Rehmann

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MILAN AREA SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 12, 2021

Board of Education
Milan Area Schools
Milan, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Rehmann is an independent member of Nexia International.



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

Opinions

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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us 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 combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Milan Area Schools' internal control over financial reporting and compliance.

Rehmann Loborn LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MILAN AREA SCHOOLS

Management's Discussion and Analysis

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

Financial Highlights

• Total net position	\$ (67,043,987)
• Change in total net position	(29,125)
• Fund balances, governmental funds	7,746,234
• Change in fund balances, governmental funds	1,971,124
• Unassigned fund balance, general fund	5,190,521
• Change in fund balance, general fund	1,312,525
• Installment debt outstanding	89,188,810
• Change in installment debt	(2,186,701)

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The 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 other 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 District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net 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 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 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 District include instruction, supporting services, community service, athletics and food service. The District had no business-type activities during the current year.

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 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 District are governmental funds.

MILAN AREA SCHOOLS

Management's Discussion and Analysis

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.

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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and 2016 debt service fund which are 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 District adopts an annual appropriated budget for its general and special revenue funds. The budgetary comparison statement has been provided for the general fund herein to demonstrate compliance with that budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and other postemployment benefit plan immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$67,043,987 at the close of the most recent fiscal year.

Net position invested in capital assets, net of related debt used to acquire those assets that are still outstanding, resulted in a net position of \$17,153,475 at June 30, 2021. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the 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.

MILAN AREA SCHOOLS

Management's Discussion and Analysis

	Net Position	
	Governmental Activities	
	2021	2020
Current and other assets	\$ 12,770,136	\$ 9,760,880
Capital assets, net	69,505,363	71,997,333
Total assets	<u>82,275,499</u>	<u>81,758,213</u>
Deferred outflows of resources	<u>18,012,314</u>	<u>21,354,724</u>
Other liabilities	64,829,577	65,247,935
Long-term debt	95,561,899	98,285,681
Total liabilities	<u>160,391,476</u>	<u>163,533,616</u>
Deferred inflows of resources	<u>6,940,324</u>	<u>6,594,183</u>
Net position:		
Net investment in capital assets	17,153,475	15,581,789
Restricted	712,671	110,894
Unrestricted (deficit)	(84,910,133)	(82,707,545)
Total net position	<u>\$ (67,043,987)</u>	<u>\$ (67,014,862)</u>

The District reported a deficit in total net position of \$67,043,987 as of year end. The District's net investment in capital assets represents the District's investment in capital assets less any related debt. Restricted net position represents amounts subject to external restrictions such as amounts restricted for food service and debt service. The District also reported a deficit of \$84,910,133 as unrestricted net position. The negative balance is mainly related to the District's proportionate share of the MPSERS net pension and other postemployment benefit liabilities and the District's general obligation bonded debt.

MILAN AREA SCHOOLS

Management's Discussion and Analysis

	Changes in Net Position	
	Governmental Activities	
	2021	2020
Program revenues:		
Charges for services	\$ 423,276	\$ 936,013
Operating grants and contributions	10,003,917	8,009,519
General revenues:		
Property taxes	9,149,484	8,890,219
Unrestricted state aid	14,557,148	14,420,235
Grants and contributions not restricted to specific programs	1,076,889	1,716,030
Unrestricted investment earnings	8,581	51,808
Total revenues	<u>35,219,295</u>	<u>34,023,824</u>
Expenses:		
Instruction	14,974,920	15,968,568
Supporting services	12,183,561	12,856,307
Community service	688,654	976,656
Athletics	554,944	497,949
Food service	613,803	807,857
Interest on long-term debt	3,441,384	4,006,500
Unallocated depreciation	2,791,154	2,584,527
Total expenses	<u>35,248,420</u>	<u>37,698,364</u>
Change in net position	(29,125)	(3,674,540)
Net position, beginning of year	<u>(67,014,862)</u>	<u>(63,340,322)</u>
Net position, end of year	<u><u>\$ (67,043,987)</u></u>	<u><u>\$ (67,014,862)</u></u>

The District's net position decreased by \$29,125 during the current year as compared to an decrease of \$3,674,540 in the previous year. The significant factors affecting this decrease are as follows:

- Overall revenue increased during the year. The revenue increase is due, in part, to the receipt of federal and state grants to offset the effects of the COVID pandemic on the District. These grants totaled \$1,082,408.
- Overall expenditures decreased during the year. The decrease was due in part to reduced staffing, we had a number of staff work less than full time or take the year off due to COVID concerns. The District also benefitted from a reduction to the interest on long-term debt, this is due to the increase in principal payments for one of the debt issuances.

MILAN AREA SCHOOLS

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the 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 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 District's governmental funds reported combined ending fund balances of \$7,746,234, an increase of \$1,971,124 in comparison with the prior year. Approximately 67% of this total amount, \$5,190,521, is unassigned fund balance. The remainder of fund balance is nonspendable because the underlying assets are included in inventory and prepaid items, is committed or assigned because the amounts are constrained by the District's intent to be used for specific purposes, or is restricted for food service and debt service, and not available for current expenditure.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,190,521, while the total fund balance for the general fund is \$5,924,740. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 19% of total general fund expenditures. This percentage is slightly higher than in 2019-2020. An unassigned fund balance of 10-12% is generally recommended.

The fund balance of the District's general fund increased by \$1,312,525, during the current fiscal year. The unassigned fund balance increased by \$1,312,206. The increase in fund balance during the year was due to increases in State Aid revenue and federal funding. Due to the District's hybrid schedule, many hourly staff worked less than full time leading to decreased expenditures.

The fund balance of the 2016 debt service fund increased by \$634,396 during the current fiscal year. The timing of tax receipts were after the District had to request funds through the School Loan Revolving Fund. Without knowing if the tax payments were going to be received by the May 1st principal/interest due date, the District had to borrow sufficient funds to make the required payments. The receipt of the tax monies after the loan payment dates increased the fund balance in fiscal year 2021.

General Fund Budgetary Highlights

There were several noteworthy changes between the original and final amended budgets:

- Revenues increased by \$3,824,617 mainly due to several things that were not known at the time of the original budget. The foundation allowance for fiscal year 2021 increased by \$700 more than the original budget estimate and we received funding based on the Superblend Formula, which gave us a larger pupil count, leading to increased foundation funding. The District was also allocated a large amount of Federal Coronavirus Relief Funds. We also received grant increases and additional special education funding.

MILAN AREA SCHOOLS

Management's Discussion and Analysis

- Expenditures were decreased by \$38,656 due to more current information being available. The majority of the decrease was due to reductions in staffing costs caused by staff who either took a leave of absence or worked a reduced schedule due to COVID concerns. Budgets for a number of items were reduced due to the elimination or reduction of activities based on COVID restrictions (limited professional development opportunities, elimination of field trips, lower substitute costs based on supply/demand).

Once additional information was known, subsequent budget amendments recognized the additional revenue and changes in expenditure categories.

Budget to actual comparisons were generally favorable. Net change in fund balance was \$898,515 more than what was shown in the final amended budget.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$69,505,363 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment and vehicles. This reflects a decrease of \$2,491,970 from the previous year.

There were no major capital asset events that took place during the current fiscal year.

Depreciation expense was recognized in the amount of \$2,791,154.

	Capital Assets (Net of Depreciation)	
	2021	2020
Capital assets not being depreciated -		
Land	\$ 1,607,945	\$ 1,607,945
Capital assets being depreciated:		
Land improvements	2,429,394	2,787,465
Buildings and improvements	64,450,200	66,293,514
Equipment	455,303	712,420
Vehicles	562,521	595,989
Total capital assets, net	\$ 69,505,363	\$ 71,997,333

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

Long-term Debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$67,695,000. The District's total bonded long-term debt decreased by \$12,465,000 during the current fiscal year as a result of scheduled principal payments. The change in long-term debt also reflects borrowings from the School Bond Loan Fund of \$10,323,447.

Additional information on the District's long-term debt can be found in the notes to financial statements.

MILAN AREA SCHOOLS

Management's Discussion and Analysis

Factors Bearing on the District's Future

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

- The State Aid Foundation Grant was unknown at the time of the original budget adoption. Based on information received from state organizations the District budgeted a \$164 per student increase due to the varying amounts given in budget projection conversations. When the state has adopted a budget revenues will be adjusted accordingly.
- The District projected a loss of 175 students from the 20-21 Superblend Count for the preliminary 21-22 budget. The figure budgeted assumed no change in pupil count from the February 2021 count day. Given the uncertainty of how the pandemic would impact our student enrollment, we were not sure if we would see the number of school of choice students that we normally have transfer in or if the students who left during the 2020/2021 school year would return to the District, we chose to budget for a loss of students.
- The District is still dealing with the effects of the Coronavirus pandemic. The pandemic has caused us to adjust the way that we conduct business. We have looked at providing virtual instruction, the impact of positive Coronavirus cases/quarantines on instruction, and changes to cleaning procedures. All of these items can impact the District's budget.
- The District anticipates the receipt of additional Coronavirus Relief Funding dollars in the form of ESSER II and American Rescue Plan/ESSER III funds in the 21-22 school year. These funds will be used to respond to the needs caused by the Coronavirus pandemic.
- The retirement rate was budgeted at each individual of the staff member's retirement rate based on their chosen retirement rate, and an additional 15.05% that has to be included in the revenue and expense budgets for 21-22 to account for UAAL Stabilization costs that the District is charged and then the state is offsetting through state aid. The District's required contribution for select defined contribution employees will increase in the 21-22 school year. These figures will be adjusted further in future amendments.
- The District is entering into negotiations for all bargaining groups for the 21-22 school year. Once contract negotiations are complete the budget will be amended to reflect any changes.
- All employee groups eligible for health care coverage continue to contribute either 20% or 30% of the illustrative rates toward their health insurance premiums.
- The District, along with the Intermediate School District, will continue to explore cost savings through consolidation of services. The District has shared costs in many areas in the past including internet costs, software implementations, student databases and other.
- Beginning in the 19-20 school year, the District started to pay down the principal on the 2016 Debt Fund, the principal will be paid in installments through fiscal year 2023. This will cause a significant increase to the debt payments for the next 2 years.

MILAN AREA SCHOOLS

Management's Discussion and Analysis

- Because of the sacrifices of the staff in the District and conservative budgeting over the last several years, we have been able to maintain a healthy fund balance in 20-21 of 22.25% total fund balance (19.49% unassigned fund balance) while not having to ask for further concessions or cuts to the classrooms or facilities. We will continue to do our best to keep as much money in the classroom as possible and continue to enhance programs and facilities for students.

Requests for Information

This financial report is designed to provide a general overview of the 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 Superintendent, 100 Big Red Drive, Milan, Michigan 48160.

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BASIC FINANCIAL STATEMENTS

MILAN AREA SCHOOLS

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 8,096,164
Receivables	4,272,908
Prepaid items and other assets	401,064
Capital assets not being depreciated	1,607,945
Capital assets being depreciated, net	<u>67,897,418</u>
Total assets	<u>82,275,499</u>
Deferred outflows of resources	
Deferred charge on refunding	3,172,108
Deferred pension amounts	11,058,233
Deferred other postemployment benefit amounts	<u>3,781,973</u>
Total deferred outflows of resources	<u>18,012,314</u>
Liabilities	
Accounts payable and accrued liabilities	3,332,553
State aid note payable	1,181,172
Unearned revenue	997,877
Long-term debt:	
Due within one year	14,067,960
Due in more than one year	81,493,939
Net pension liability (due in more than one year)	51,299,289
Net other postemployment benefit liability (due in more than one year)	<u>8,018,686</u>
Total liabilities	<u>160,391,476</u>
Deferred inflows of resources	
Deferred pension amounts	693,990
Deferred other postemployment benefit amounts	<u>6,246,334</u>
Total deferred inflows of resources	<u>6,940,324</u>
Net position	
Net investment in capital assets	17,153,475
Restricted for food service	68,660
Restricted for debt service	644,011
Unrestricted (deficit)	<u>(84,910,133)</u>
Total net position	<u>\$ (67,043,987)</u>

The accompanying notes are an integral part of these financial statements.

MILAN AREA SCHOOLS

Statement of Activities

For the Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 14,974,920	\$ -	\$ 9,509,190	\$ (5,465,730)
Supporting services	12,183,561	-	-	(12,183,561)
Community service	688,654	399,340	-	(289,314)
Athletics	554,944	13,264	-	(541,680)
Food service	613,803	10,672	494,727	(108,404)
Interest on long-term debt	3,441,384	-	-	(3,441,384)
Unallocated depreciation	2,791,154	-	-	(2,791,154)
Total governmental activities	<u>\$ 35,248,420</u>	<u>\$ 423,276</u>	<u>\$ 10,003,917</u>	<u>(24,821,227)</u>
General revenues:				
Property taxes				9,149,484
Unrestricted state aid				14,557,148
Grants and contributions not restricted to specific programs				1,076,889
Unrestricted investment earnings				<u>8,581</u>
Total general revenues				<u>24,792,102</u>
Change in net position				(29,125)
Net position, beginning of year				<u>(67,014,862)</u>
Net position, end of year				<u>\$ (67,043,987)</u>

The accompanying notes are an integral part of these financial statements.

MILAN AREA SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2021

	General Fund	2016 Debt Service	Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$ 6,591,777	\$ 762,299	\$ 742,088	\$ 8,096,164
Accounts receivable	14,842	-	-	14,842
Due from other governments	4,221,720	-	36,346	4,258,066
Due from other funds	-	104,760	155,858	260,618
Inventory	42,713	-	9,107	51,820
Prepaid items	299,244	-	50,000	349,244
Total assets	\$ 11,170,296	\$ 867,059	\$ 993,399	\$ 13,030,754
Liabilities				
Accounts payable	\$ 302,034	\$ 500	\$ -	\$ 302,534
Accrued liabilities	245,137	-	-	245,137
Salaries and benefits payable	2,294,711	-	2,471	2,297,182
State aid note payable	1,181,172	-	-	1,181,172
Due to other funds	247,389	-	13,229	260,618
Unearned revenue	975,113	-	22,764	997,877
Total liabilities	5,245,556	500	38,464	5,284,520
Fund balances				
Nonspendable:				
Inventory	42,713	-	9,107	51,820
Prepaid items	299,244	-	50,000	349,244
Restricted for:				
Food service	-	-	9,553	9,553
Debt service	-	866,559	265,152	1,131,711
Committed for -				
Student/school activity	-	-	621,123	621,123
Assigned for:				
Curriculum	90,000	-	-	90,000
Technology	75,000	-	-	75,000
Buses	90,000	-	-	90,000
Paddock Early Childhood Center	41,297	-	-	41,297
Athletics	20,965	-	-	20,965
Buildings and grounds	75,000	-	-	75,000
Unassigned	5,190,521	-	-	5,190,521
Total fund balances	5,924,740	866,559	954,935	7,746,234
Total liabilities and fund balances	\$ 11,170,296	\$ 867,059	\$ 993,399	\$ 13,030,754

The accompanying notes are an integral part of these financial statements.

MILAN AREA SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2021

Fund balances - total governmental funds \$ 7,746,234

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

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

Capital assets	113,218,936
Accumulated depreciation	(43,713,573)

Certain liabilities, such as bonds payable, are not due and payable
in the current period, and therefore are not reported in the funds.

Bonds, capital lease and loan fund payable	(89,188,810)
Unamortized deferred charge on refunding	3,172,108
Unamortized bond premium	(5,698,217)
Accrued interest on long-term debt	(487,700)
Compensated absences	(674,872)

Certain pension and other postemployment benefit-related amounts, such as the
net pension liability, net other postemployment benefit liability and deferred amounts
are not due and payable in the current period or do not represent current financial
resources and therefore are not reported in the funds.

Net pension liability	(51,299,289)
Net other postemployment benefit liability	(8,018,686)
Deferred outflows related to the net pension liability	11,058,233
Deferred inflows related to the net pension liability	(693,990)
Deferred outflows related to the net other postemployment benefit liability	3,781,973
Deferred inflows related to the net other postemployment benefit liability	(6,246,334)

Net position of governmental activities \$ (67,043,987)

The accompanying notes are an integral part of these financial statements.

MILAN AREA SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

	General	2016 Debt Service	Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$ 6,761,652	\$ 2,984,362	\$ 3,379,606	\$ 13,125,620
State sources	19,253,754	197,527	197,583	19,648,864
Federal sources	1,978,359	-	466,452	2,444,811
Total revenues	<u>27,993,765</u>	<u>3,181,889</u>	<u>4,043,641</u>	<u>35,219,295</u>
Expenditures				
Current:				
Instruction	13,883,995	-	-	13,883,995
Supporting services	12,150,142	-	184,817	12,334,959
Athletics	527,526	-	-	527,526
Food service	-	-	597,633	597,633
Debt service:				
Principal	45,148	8,660,000	3,805,000	12,510,148
Interest and fiscal charges	24,429	624,493	2,678,536	3,327,458
Total expenditures	<u>26,631,240</u>	<u>9,284,493</u>	<u>7,265,986</u>	<u>43,181,719</u>
Revenues over (under) expenditures	<u>1,362,525</u>	<u>(6,102,604)</u>	<u>(3,222,345)</u>	<u>(7,962,424)</u>
Other financing sources (uses)				
Issuance of long-term debt	-	6,737,000	3,196,548	9,933,548
Transfers in	-	-	50,000	50,000
Transfers out	(50,000)	-	-	(50,000)
Total other financing sources (uses)	<u>(50,000)</u>	<u>6,737,000</u>	<u>3,246,548</u>	<u>9,933,548</u>
Net change in fund balances	<u>1,312,525</u>	<u>634,396</u>	<u>24,203</u>	<u>1,971,124</u>
Fund balances, beginning of year	<u>4,612,215</u>	<u>232,163</u>	<u>930,732</u>	<u>5,775,110</u>
Fund balances, end of year	<u>\$ 5,924,740</u>	<u>\$ 866,559</u>	<u>\$ 954,935</u>	<u>\$ 7,746,234</u>

The accompanying notes are an integral part of these financial statements.

MILAN AREA SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 1,971,124
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	299,184
Depreciation expense	(2,791,154)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt	(9,933,548)
Principal payments on long-term debt	12,510,148

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

Change in net pension liability and related deferred amounts	(3,239,937)
Change in net other postemployment benefit liability and related deferred amounts	1,261,420
Change in accrued interest payable on long-term debt	(327,434)
Amortization of bond premium and deferred charge on refunding	213,508
Change in the accrual for compensated absences	7,564

Change in net position of governmental activities	\$ <u>(29,125)</u>
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The accompanying notes are an integral part of these financial statements.

MILAN AREA SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Local sources	\$ 6,482,722	\$ 6,610,972	\$ 6,761,652	\$ 150,680
State sources	17,688,453	19,772,647	19,253,754	(518,893)
Federal sources	950,026	2,562,199	1,978,359	(583,840)
Total revenues	<u>25,121,201</u>	<u>28,945,818</u>	<u>27,993,765</u>	<u>(952,053)</u>
Expenditures				
Instruction:				
Basic programs	11,755,007	12,505,974	11,935,445	(570,529)
Added needs	2,656,213	2,312,853	1,747,872	(564,981)
Adult and continuing education	180,764	223,493	200,678	(22,815)
Total instruction	<u>14,591,984</u>	<u>15,042,320</u>	<u>13,883,995</u>	<u>(1,158,325)</u>
Supporting services:				
Pupil services	3,402,656	3,496,449	3,299,382	(197,067)
Instructional support	1,228,303	1,068,281	1,010,458	(57,823)
General administration	523,026	521,167	497,973	(23,194)
School administration	1,516,679	1,590,565	1,567,916	(22,649)
Business services	817,257	379,957	373,423	(6,534)
Operations and maintenance	2,924,595	3,082,965	2,967,986	(114,979)
Transportation	1,283,982	1,125,312	999,860	(125,452)
Central support	841,397	844,711	804,502	(40,209)
Community service	774,661	659,659	628,642	(31,017)
Total supporting services	<u>13,312,556</u>	<u>12,769,066</u>	<u>12,150,142</u>	<u>(618,924)</u>
Athletics	<u>501,776</u>	<u>551,274</u>	<u>527,526</u>	<u>(23,748)</u>
Debt service:				
Principal	45,148	45,148	45,148	-
Interest and fiscal charges	34,000	39,000	24,429	(14,571)
Total debt service	<u>79,148</u>	<u>84,148</u>	<u>69,577</u>	<u>(14,571)</u>
Total expenditures	<u>28,485,464</u>	<u>28,446,808</u>	<u>26,631,240</u>	<u>(1,815,568)</u>
Revenues over (under) expenditures	<u>(3,364,263)</u>	<u>499,010</u>	<u>1,362,525</u>	<u>863,515</u>
Other financing sources (uses)				
Transfers in	20,000	-	-	-
Transfers out	-	(85,000)	(50,000)	(35,000)
Total other financing sources (uses)	<u>20,000</u>	<u>(85,000)</u>	<u>(50,000)</u>	<u>(35,000)</u>
Net change in fund balance	<u>(3,344,263)</u>	<u>414,010</u>	<u>1,312,525</u>	<u>898,515</u>
Fund balance, beginning of year	<u>4,612,215</u>	<u>4,612,215</u>	<u>4,612,215</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,267,952</u>	<u>\$ 5,026,225</u>	<u>\$ 5,924,740</u>	<u>\$ 898,515</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

MILAN AREA SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Milan Area Schools (the "District") has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the current year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure-driven grants, which use a period of one year. 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, are recorded only when payment is due.

MILAN AREA SCHOOLS

Notes to Financial Statements

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

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *2016 debt service fund* accounts for all financial resources restricted, committed or assigned to expenditure for principal and interest of the 2016 bond issue.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *debt service funds* are used to account for financial resources restricted, committed or assigned to expenditure for principal and interest.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

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

The District's investments in the Michigan Liquid Assets Fund (MILAF) are recorded at amortized cost, and its investments in money market funds and in the Michigan CLASS government investment pool are stated at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

MILAN AREA SCHOOLS

Notes to Financial Statements

Inventory and Prepaid Items

Inventory is valued at the lower of cost (first in, first out) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10-20
Buildings and improvements	25-50
Equipment	5-20
Vehicles	8

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the charge on refunding. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

MILAN AREA SCHOOLS

Notes to Financial Statements

Compensated Absences

It is the District's policy to permit employees to accumulate various earned but unused vacation and sick pay benefits. These are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Employees accrue 10-13 days of sick leave per year, which accumulates if not used. Sick time is paid upon termination only to employees who have ten or more years of service with the District. The maximum payout upon termination varies, depending on the employee's classification (teacher, administrator, etc.).

Administrators and other support staff working year-round accrue vacation time in varying amounts. Teachers and other personnel working less than twelve months during the year may receive paid vacation time, but are paid only for the number of days they are required to work each year. Upon termination, an employee may elect to receive the unused portion of their vacation time in cash.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District's deferred inflows of resources are related to pension and other postemployment benefit liabilities.

MILAN AREA SCHOOLS

Notes to Financial Statements

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance*, if any, is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. *Unassigned fund balance* is the residual classification for the general fund, as well as for any deficits reported in other governmental funds.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

2. BUDGETARY INFORMATION

The general and special revenue fund are under formal budgetary control. Budgets shown in the financial statements are adopted annually on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue fund are adopted on a functional basis. All annual appropriations lapse at fiscal year end.

3. ACCOUNTABILITY AND COMPLIANCE

During the year ended June 30, 2021, the District did not incur expenditures in excess of the amounts appropriated at the legal level of budgetary control.

MILAN AREA SCHOOLS

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

Statement of Net Position

Cash and cash equivalents	<u>\$ 8,096,164</u>
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Deposits and investments

Cash on hand	\$ 5,695
Bank deposits (checking and savings accounts)	4,763,612
Investments	<u>3,326,857</u>

Total	<u><u>\$ 8,096,164</u></u>
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Statutory Authority

State statutes authorize the District to invest in:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of the above investment types.

MILAN AREA SCHOOLS

Notes to Financial Statements

Investments

The District chooses to disclose its investments by specific identification. As of year end, the District had the following investments:

Investment	Maturity	Amortized cost/fair value	Rating
Michigan Liquid Asset Fund	n/a	\$ 3,324,432	S&P AAAm
American Funds money market funds	n/a	416	S&P AAAm
Michigan CLASS government investment pool	n/a	<u>2,009</u>	S&P AAAm
		<u>\$ 3,326,857</u>	

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$4,048,625 of the District's bank balance of \$4,798,625 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. The investments listed above are not subject to custodial credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

MILAN AREA SCHOOLS

Notes to Financial Statements

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The District's only recurring fair value measurements as of June 30, 2021 were related to its investments in money market funds. These investments are valued using quoted market pricing of the underlying securities (Level 1 inputs).

Investments in Entities that Calculate Net Asset Value per Share. The District holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the District's investment in Michigan CLASS was \$2,009. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

5. RECEIVABLES

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Nonmajor Governmental Funds	Totals
Accounts receivable	\$ 14,842	\$ -	\$ 14,842
Due from other governments	4,221,720	36,346	4,258,066
	<u>\$ 4,236,562</u>	<u>\$ 36,346</u>	<u>\$ 4,272,908</u>

MILAN AREA SCHOOLS

Notes to Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated -				
Land	\$ 1,607,945	\$ -	\$ -	\$ 1,607,945
Capital assets being depreciated:				
Land improvements	9,274,896	-	4,400	9,270,496
Buildings and improvements	97,749,925	186,034	-	97,935,959
Equipment	3,460,248	20,261	953,728	2,526,781
Vehicles	1,862,043	92,889	77,177	1,877,755
	<u>112,347,112</u>	<u>299,184</u>	<u>1,035,305</u>	<u>111,610,991</u>
Less accumulated depreciation for:				
Land improvements	6,487,431	358,071	4,400	6,841,102
Buildings and improvements	31,456,411	2,029,348	-	33,485,759
Equipment	2,747,828	277,378	953,728	2,071,478
Vehicles	1,266,054	126,357	77,177	1,315,234
	<u>41,957,724</u>	<u>2,791,154</u>	<u>1,035,305</u>	<u>43,713,573</u>
Total capital assets being depreciated, net	<u>70,389,388</u>	<u>(2,491,970)</u>	<u>-</u>	<u>67,897,418</u>
Governmental activities capital assets, net	<u>\$ 71,997,333</u>	<u>\$ (2,491,970)</u>	<u>\$ -</u>	<u>\$ 69,505,363</u>

Depreciation expense of \$2,791,154 is reported as unallocated depreciation, and not allocated to individual functions.

MILAN AREA SCHOOLS

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Nonmajor Governmental Funds	Totals
Fund Financial Statements:			
Accounts payable	\$ 302,034	\$ 500	\$ 302,534
Accrued liabilities	245,137	-	245,137
Salaries and benefits payable	2,294,711	2,471	2,297,182
	<u>\$ 2,841,882</u>	<u>\$ 2,971</u>	<u>2,844,853</u>
Government-wide Financial Statements -			
Accrued interest on long-term debt			<u>487,700</u>
			<u>\$ 3,332,553</u>

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

As of year end, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ -	\$ 247,389
2016 debt service	104,760	-
Nonmajor governmental funds	155,858	13,229
	<u>\$ 260,618</u>	<u>\$ 260,618</u>

The District often reports interfund balances between many of its funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended June 30, 2021, interfund transfers consisted of \$50,000 transferred from the general fund to the nonmajor food service fund to cover the reduction in revenue due to a lower number of students participating in the school breakfast/lunch program during the year.

MILAN AREA SCHOOLS

Notes to Financial Statements

9. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 80,160,000	\$ -	\$ 12,465,000	\$ 67,695,000	\$ 12,815,000
Capital lease	125,927	-	45,148	80,779	48,571
Direct borrowings - School bond loan fund	11,089,584	10,323,447	-	21,413,031	-
Total installment debt	91,375,511	10,323,447	12,510,148	89,188,810	12,863,571
Unamortized bond premium	6,227,734	-	529,517	5,698,217	529,517
Compensated absences	682,436	1,240,320	1,247,884	674,872	674,872
Total long-term debt	<u>\$ 98,285,681</u>	<u>\$ 11,563,767</u>	<u>\$ 14,287,549</u>	<u>\$ 95,561,899</u>	<u>\$ 14,067,960</u>

Compensated absences are typically liquidated by the general fund.

Bonds payable consist of the following issues:

General obligation bonds

2016 SBLF Refunding Bonds, due in annual installments of \$8,500,000 to \$9,100,000 through 2023, interest at 1.931% to 2.544%.	\$ 17,950,000
2018 Refunding Bonds, due in annual installments of \$2,070,000 to \$2,345,000 through 2030, interest at 5.00%	20,540,000
2019 Refunding Bonds, due in annual installments of \$1,525,000 to \$2,940,000 through 2034, interest at 5.00%.	<u>29,205,000</u>
Total general obligation bonds	<u>\$ 67,695,000</u>

MILAN AREA SCHOOLS

Notes to Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 12,815,000	\$ 2,926,198	\$ 15,741,198
2023	13,180,000	2,520,504	15,700,504
2024	4,190,000	2,085,000	6,275,000
2025	4,250,000	1,875,500	6,125,500
2026	4,315,000	1,663,000	5,978,000
2027-2031	20,530,000	5,010,000	25,540,000
2032-2034	8,415,000	855,000	9,270,000
Totals	\$ 67,695,000	\$ 16,935,202	\$ 84,630,202

Capital Leases

The District's only capital lease obligation is for copiers. The lease requires monthly installments of \$4,405 (including interest) to be paid beginning January 2019 and ending March 2023. This lease agreement qualifies as a capital lease for accounting purposes, and therefore, had been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital lease are summarized as follows:

Equipment	\$ 182,766
Less accumulated depreciation	<u>(87,976)</u>
	<u>\$ 94,790</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

Year Ended June 30,	Amount
2022	\$ 52,855
2023	<u>33,039</u>
	85,894
Less amount representing interest	<u>(5,115)</u>
Total	\$ 80,779

MILAN AREA SCHOOLS

Notes to Financial Statements

School Bond Loan Fund

The School Bond Loan Fund balance represents amounts borrowed from the State of Michigan School Bond Loan Program to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the School Bond Loan Fund for the year ended June 30, 2021, are as follows:

	School Loan Revolving Fund		
	Principal	Interest	Total
Beginning balance	\$ 10,871,058	\$ 218,526	\$ 11,089,584
Additions	9,933,548	389,899	10,323,447
Ending balance	\$ 20,804,606	\$ 608,425	\$ 21,413,031

10. SHORT-TERM DEBT

During the year, the District financed certain of its operations through the issuance of State Aid Anticipation Notes. These notes were issued for terms of less than one year, and accordingly are recorded as liabilities of the respective funds from which they were issued. The District borrowed \$1,250,000 and \$1,000,000 on August 20, 2020 with interest rates of 0.70% and 0.25%, respectively. These notes are due on August 20, 2021.

Changes in short-term state aid notes for the year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
State aid note	\$ 303,900	\$ 2,258,351	\$ 1,381,079	\$ 1,181,172

11. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2021, was as follows:

Capital assets, net	\$ 69,505,363
Capital related bonds payable outstanding	(49,745,000)
Capital lease	(80,779)
Unamortized bond premium	(5,698,217)
Deferred charge on refunding	3,172,108
Net investment in capital assets	\$ 17,153,475

MILAN AREA SCHOOLS

Notes to Financial Statements

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for general liability, property, and casualty claims. The District has a flexible benefit plan for group medical, disability, and dental/vision insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

An independent third party administers the District's flexible benefit program.

Changes in the balances of claims liabilities during the past two years are as follows:

	2021	2020
Accrued claims, beginning of year	\$ 32,000	\$ 32,000
Incurred claims	427,763	357,808
Claim payments	(427,763)	(357,808)
Accrued claims, end of year	\$ 32,000	\$ 32,000

13. PROPERTY TAXES

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and December 1, and are due upon receipt of the billing by the taxpayer. The actual due dates are September 14, and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

14. TAX ABATEMENTS

The District received reduced property tax revenues during 2021 as a result of industrial facilities tax exemptions (IFT's) entered into by cities, villages, townships, and authorities within the District boundaries.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property within the District boundaries. The abatements amounted to approximately \$323,000 in reduced District tax revenues for 2021.

MILAN AREA SCHOOLS

Notes to Financial Statements

15. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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 at the ORS website at www.michigan.gov/orsschools.

Pension 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% to 1.50%. 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 member 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.

MILAN AREA SCHOOLS

Notes to Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

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

MILAN AREA SCHOOLS

Notes to Financial Statements

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 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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2021:

Benefit Structure	Member Rate	Employer Rate
Basic	0.00% - 4.00%	19.41% - 19.78%
Member Investment Plan (MIP)	3.00% - 7.00%	19.41% - 19.78%
Pension Plus	3.00% - 6.40%	16.46% - 16.82%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

For the year ended June 30, 2021, required and actual contributions from the District to the pension plan were \$4,372,092, which included \$1,951,516, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

MILAN AREA SCHOOLS

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2021:

Benefit Structure	Member Rate	Employer Rate
Premium Subsidy	3.00%	8.09% - 8.43%
Personal Healthcare Fund (PHF)	0.00%	7.57%

For the year ended June 30, 2021, required and actual contributions from the District to the OPEB plan were \$1,056,715.

The table below summarizes defined contribution rates in effect for fiscal year 2021:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2021, required and actual contributions from the District for those members with a defined contribution benefit were \$173,582.

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

At June 30, 2021, the District reported a liability of \$51,299,289 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was 0.14934%, which was a decrease of 0.00144% from its proportion measured as of September 30, 2019.

MILAN AREA SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2021, the District recognized pension expense of \$7,513,343. At June 30, 2021, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 783,811	\$ 109,491	\$ 674,320
Changes in assumptions	5,684,456	-	5,684,456
Net difference between projected and actual earnings on pension plan investments	215,537	-	215,537
Changes in proportion and differences between employer contributions and proportionate share of contributions	271,551	584,499	(312,948)
	6,955,355	693,990	6,261,365
District contributions subsequent to the measurement date	4,102,878	-	4,102,878
Total	\$ 11,058,233	\$ 693,990	\$ 10,364,243

The \$4,102,878 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 3,008,930
2023	1,987,730
2024	973,744
2025	290,961
Total	\$ 6,261,365

MILAN AREA SCHOOLS

Notes to Financial Statements

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

At June 30, 2021, the District reported a liability of \$8,018,686 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was 0.14968% which was a decrease of 0.00048% from its proportion measured as of September 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$(245,238). At June 30, 2021, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 5,974,671	\$ (5,974,671)
Changes in assumptions	2,643,920	-	2,643,920
Net difference between projected and actual earnings on OPEB plan investments	66,925	-	66,925
Changes in proportion and differences between employer contributions and proportionate share of contributions	134,116	271,663	(137,547)
	<u>2,844,961</u>	<u>6,246,334</u>	<u>(3,401,373)</u>
District contributions subsequent to the measurement date	937,012	-	937,012
Total	<u>\$ 3,781,973</u>	<u>\$ 6,246,334</u>	<u>\$ (2,464,361)</u>

MILAN AREA SCHOOLS

Notes to Financial Statements

The \$937,012 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2022	\$ (909,843)
2023	(813,613)
2024	(683,387)
2025	(564,669)
2026	<u>(429,861)</u>
Total	<u>\$ (3,401,373)</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. The total pension and OPEB liabilities in the September 30, 2019 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.

MILAN AREA SCHOOLS

Notes to Financial Statements

Other OPEB assumptions:

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2020, are based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4892 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

MILAN AREA SCHOOLS

Notes to Financial Statements

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	<u>100.00%</u>		5.33%
Inflation			2.10%
Risk adjustment			<u>-0.63%</u>
Investment rate of return			<u><u>6.80%</u></u>

MILAN AREA SCHOOLS

Notes to Financial Statements

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	<u>100.00%</u>		5.33%
Inflation			2.10%
Risk adjustment			<u>-0.48%</u>
Investment rate of return			<u><u>6.95%</u></u>

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

MILAN AREA SCHOOLS

Notes to Financial Statements

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates 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 and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the 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 point higher:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
District's proportionate share of the net pension liability	\$ 66,398,228	\$ 51,299,289	\$ 38,785,635

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

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

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net OPEB liability	\$ 10,300,913	\$ 8,018,686	\$ 6,097,242

MILAN AREA SCHOOLS

Notes to Financial Statements

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

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

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB liability	\$ 6,023,673	\$ 8,018,686	\$ 10,287,767

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$635,787 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

Payable to the OPEB Plan

At June 30, 2021, the District reported a payable of \$119,676 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021.

16. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The District received over \$1.1 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to purchase personal protection equipment (PPE), cleaning and sanitizing materials, and supplies, as well as for activities to support remote learning for students. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the District.



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**REQUIRED SUPPLEMENTARY
INFORMATION**

MILAN AREA SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,	
	2021	2020
District's proportionate share of the net pension liability	\$ 51,299,289	\$ 49,933,998
District's proportion of the net pension liability	0.14934%	0.15078%
District's covered payroll	\$ 13,297,556	\$ 13,148,995
District's proportionate share of the net pension liability as a percentage of its covered payroll	385.78%	379.76%
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%

See notes to required supplementary information.

--

Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 45,450,765	\$ 38,627,656	\$ 36,305,226	\$ 36,052,978	\$ 29,774,310
0.15119%	0.14906%	0.14552%	0.14761%	0.13517%
\$ 13,025,486	\$ 12,745,796	\$ 12,305,228	\$ 12,462,109	\$ 11,568,938
348.94%	303.06%	295.04%	289.30%	257.36%
62.36%	64.21%	63.27%	63.17%	66.20%

MILAN AREA SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan Schedule of the District's Pension Contributions

	Year Ended June 30,	
	2021	2020
Statutorily required contributions	\$ 4,372,092	\$ 4,127,176
Contributions in relation to the statutorily required contributions	<u>(4,372,092)</u>	<u>(4,127,176)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,926,948	\$ 13,457,804
Contributions as a percentage of covered payroll	33.82%	30.67%

See notes to required supplementary information.

Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 4,002,215	\$ 4,098,079	\$ 3,477,521	\$ 3,475,003	\$ 2,586,933
<u>(4,002,215)</u>	<u>(4,098,079)</u>	<u>(3,477,521)</u>	<u>(3,475,003)</u>	<u>(2,586,933)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,081,656	\$ 12,901,049	\$ 12,140,365	\$ 12,816,320	\$ 11,859,819
30.59%	31.77%	28.64%	27.11%	21.81%

MILAN AREA SCHOOLS

Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,	
	2021	2020
District's proportionate share of the net OPEB liability	\$ 8,018,686	\$ 10,778,002
District's proportion of the net OPEB liability	0.14968%	0.15016%
District's covered payroll	\$ 13,297,556	\$ 13,148,995
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.30%	81.97%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%

See notes to required supplementary information.

Year Ended June 30,	
2019	2018

\$ 12,140,099 \$ 13,245,271

0.15273% 0.14957%

\$ 13,025,486 \$ 12,745,796

93.20% 103.92%

42.95% 36.39%

MILAN AREA SCHOOLS

Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,	
	2021	2020
Statutorily required contributions	\$ 1,056,715	\$ 1,067,693
Contributions in relation to the statutorily required contributions	<u>(1,056,715)</u>	<u>(1,067,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,926,948	\$ 13,457,804
Contributions as a percentage of covered payroll	8.17%	7.93%

See notes to required supplementary information.

Year Ended June 30,	
2019	2018

\$ 1,015,895 \$ 952,287

(1,015,895) (952,287)

\$ - \$ -

\$ 13,081,656 \$ 12,901,049

7.77% 7.38%

MILAN AREA SCHOOLS

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

**COMBINING FUND
FINANCIAL STATEMENTS**

MILAN AREA SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2018 Debt Service	2019 Debt Service	Totals
Assets					
Cash and cash equivalents	\$ 11,671	\$ 621,123	\$ 54,797	\$ 54,497	\$ 742,088
Due from other governments	36,346	-	-	-	36,346
Due from other funds	-	-	52,195	103,663	155,858
Inventory	9,107	-	-	-	9,107
Prepaid items	50,000	-	-	-	50,000
Total assets	<u>\$ 107,124</u>	<u>\$ 621,123</u>	<u>\$ 106,992</u>	<u>\$ 158,160</u>	<u>\$ 993,399</u>
Liabilities					
Salaries and benefits payable	\$ 2,471	\$ -	\$ -	\$ -	\$ 2,471
Due to other funds	13,229	-	-	-	13,229
Unearned revenue	22,764	-	-	-	22,764
Total liabilities	<u>38,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,464</u>
Fund balances					
Nonspendable:					
Inventory	9,107	-	-	-	9,107
Prepaid items	50,000	-	-	-	50,000
Restricted:					
Food service	9,553	-	-	-	9,553
Debt service	-	-	106,992	158,160	265,152
Committed -					
Student/school activity	-	621,123	-	-	621,123
Total fund balances	<u>68,660</u>	<u>621,123</u>	<u>106,992</u>	<u>158,160</u>	<u>954,935</u>
Total liabilities and fund balances	<u>\$ 107,124</u>	<u>\$ 621,123</u>	<u>\$ 106,992</u>	<u>\$ 158,160</u>	<u>\$ 993,399</u>

MILAN AREA SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue		Debt Service		Totals
	Food Service	Student/School Activity	2018 Debt Service	2019 Debt Service	
Revenues					
Local sources	\$ 10,672	\$ 253,828	\$ 1,531,847	\$ 1,583,259	\$ 3,379,606
State sources	28,275	-	84,654	84,654	197,583
Federal sources	466,452	-	-	-	466,452
Total revenues	<u>505,399</u>	<u>253,828</u>	<u>1,616,501</u>	<u>1,667,913</u>	<u>4,043,641</u>
Expenditures					
Current:					
Supporting services	-	184,817	-	-	184,817
Food service	597,633	-	-	-	597,633
Debt service:					
Principal	-	-	2,205,000	1,600,000	3,805,000
Interest and fiscal charges	-	-	1,137,772	1,540,764	2,678,536
Total expenditures	<u>597,633</u>	<u>184,817</u>	<u>3,342,772</u>	<u>3,140,764</u>	<u>7,265,986</u>
Revenues over (under) expenditures	<u>(92,234)</u>	<u>69,011</u>	<u>(1,726,271)</u>	<u>(1,472,851)</u>	<u>(3,222,345)</u>
Other financing sources					
Issuance of long-term debt	-	-	1,800,000	1,396,548	3,196,548
Transfers in	50,000	-	-	-	50,000
Total other financing sources	<u>50,000</u>	<u>-</u>	<u>1,800,000</u>	<u>1,396,548</u>	<u>3,246,548</u>
Net change in fund balances	<u>(42,234)</u>	<u>69,011</u>	<u>73,729</u>	<u>(76,303)</u>	<u>24,203</u>
Fund balances, beginning of year	<u>110,894</u>	<u>552,112</u>	<u>33,263</u>	<u>234,463</u>	<u>930,732</u>
Fund balances, end of year	<u>\$ 68,660</u>	<u>\$ 621,123</u>	<u>\$ 106,992</u>	<u>\$ 158,160</u>	<u>\$ 954,935</u>

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SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

October 12, 2021

Board of Education
Milan Area Schools
Milan, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Milan Area Schools** (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 12, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Loborn LLC

Rehmann is an independent member of Nexia International.



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MILAN AREA SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number
U.S. Department of Agriculture			
Child Nutrition Cluster:			
Cash Assistance:			
COVID-19 - Unanticipated School Closure - Meal Reimbursement	10.555	MDE	200902
Non-Cash Assistance:			
Entitlement Commodities	10.555	MDE	-n/a-
Bonus Commodities	10.555	MDE	-n/a-
Summer Food Service Program	10.559	MDE	200900
Summer Food Service Program	10.559	MDE	210904
Total Child Nutrition Cluster			
Child and Adult Care Food Program	10.558	MDE	211920
Total U.S. Department of Agriculture			
U.S. Department of Treasury			
COVID-19 - Coronavirus Relief Fund:			
103(2) District COVID Funds	21.019	MDE	-n/a-
11P CRF Funds	21.019	MDE	-n/a-
MiConnect	21.019	CCISD	-n/a-
Device Purchase Program	21.019	CCISD	-n/a-
Total U.S. Department of Treasury			
U.S. Department of Education			
Adult Basic Education Instruction	84.002	MDE	201130-201667
Institutional Adults	84.002	MDE	201190-201667
Adult Basic Education Instruction	84.002	MDE	201130-211667
Institutional Adults	84.002	MDE	201190-211667
Title I:			
Title I, Part A - Improving Basic Programs	84.010	MDE	201530-1920
Title I, Part A - Improving Basic Programs	84.010	MDE	211530-2021



Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2020	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue at June 30, 2021
-----------------------------	---	---	-----------------------------	---------------------------------	--

\$ 244,311 \$ 244,311 \$ 56,567 \$ 56,567 \$ - \$ -

41,546	-	-	41,546	41,546	-
1,191	-	-	1,191	1,191	-
	244,311	56,567	99,304	42,737	-

36,161	-	-	36,161	36,161	-
387,553	-	-	356,454	387,554	31,100
	-	-	392,615	423,715	31,100

488,622 113,134 548,486 466,452 31,100

1,009	-	-	1,009	1,009	-
-------	---	---	-------	-------	---

488,622 113,134 549,495 467,461 31,100

26,683	-	-	26,683	26,683	-
758,051	-	-	758,051	758,051	-
17,725	-	-	17,725	17,725	-
50,818	-	-	50,818	50,818	-
	-	-	853,277	853,277	-

19,500	17,855	2,855	2,855	-	-
65,000	49,981	1,981	1,981	-	-
20,475	-	-	14,000	17,995	3,995
65,000	-	-	56,000	65,000	9,000
	67,836	4,836	74,836	82,995	12,995

143,605	131,996	31,996	31,996	-	-
176,322	-	-	97,000	176,322	79,322
	131,996	31,996	128,996	176,322	79,322

continued...

MILAN AREA SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number
U.S. Department of Education (concluded)			
Special Education Cluster:			
IDEA Flow-through	84.027A	WISD	200450-1920
IDEA Flow-through	84.027A	WISD	200450-2021
IDEA Pre-school Grant	84.173A	WISD	190460-2021
 Title III, Part A - English Language	 84.365A	 WISD	 2010580-2021
Title II:			
Title II, Part A - Supporting Effective Instruction	84.367	MDE	200520-1920
Title II, Part A - Supporting Effective Instruction	84.367	MDE	210520-2021
 Title IV:			
Title IV, Part A - Student Support	84.424	MDE	200750-1920
Title IV, Part A - Student Support	84.424	MDE	210750-2021
 COVID-19 - Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief (ESSER) Program - Formula	84.425D	MDE	203710-1920
Elementary and Secondary School Emergency Relief (ESSER) Program - Equity	84.425D	MDE	203720-1920
 Total U.S. Department of Education			
 Total Federal Financial Assistance			

See notes to schedule of expenditures of federal awards.



Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2020	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue at June 30, 2021
\$ 519,192	\$ 519,192	\$ 385,413	\$ 385,413	\$ -	\$ -
580,658	-	-	405,853	525,886	120,033
19,306	-	-	19,306	19,306	-
	519,192	385,413	810,572	545,192	120,033
6,289	-	-	-	1,167	1,167
98,910	70,742	12,742	12,742	-	-
74,519	-	-	42,000	74,519	32,519
	70,742	12,742	54,742	74,519	32,519
14,106	7,291	7,291	7,291	-	-
17,220	-	-	-	14,747	14,747
	7,291	7,291	7,291	14,747	14,747
117,527	-	-	117,527	117,527	-
18,804	-	-	18,804	18,804	-
	-	-	136,331	136,331	-
	797,057	442,278	1,212,768	1,031,273	260,783
\$ 1,285,679	\$ 555,412	\$ 2,615,540	\$ 2,352,011	\$ 291,883	

concluded.

MILAN AREA SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Milan Area Schools (the "District") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. RECONCILIATION TO BASIC FINANCIAL STATEMENTS

A reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit act compliance schedule of expenditures of federal awards is as follows:

Federal revenues as reported in the financial statements	\$ 2,444,811
Federal assistance received as beneficiary	<u>(92,800)</u>
Expenditures per schedule of expenditures of federal awards	<u>\$ 2,352,011</u>

MILAN AREA SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH AGENCIES

The District receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
CCISD	Copper Country Intermediate School District
WISD	Washtenaw Intermediate School District

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

October 12, 2021

Board of Education
Milan Area Schools
Milan, 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 **Milan Area Schools** (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2021.

Internal Control Over Financial Reporting

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

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

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

Rehmann is an independent member of Nexia International.



📍 675 Robinson Road, Jackson, MI 49203 ☎ 517.787.6503

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

Rehmann Lobson LLC



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

October 12, 2021

Board of Education
Milan Area Schools
Milan, Michigan

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Rehmann is an independent member of Nexia International.



675 Robinson Road, Jackson, MI 49203 517.787.6503

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

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.

Rehmann Lobson LLC

MILAN AREA SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs and type of auditor's report issued on compliance for each major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified
84.027 & 84.173	Special Education Cluster (IDEA)	Unmodified

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

Auditee qualified as low-risk auditee? yes X no

MILAN AREA SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

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MILAN AREA SCHOOLS

Summary Schedule of Prior Audit Findings

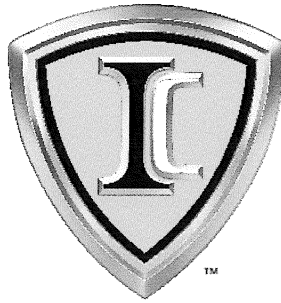
For the Year Ended June 30, 2021

2020-001 – Material Audit Adjustments

The audit identified the need for material adjustments to the District's accounting records, which had a material effect on the District's financial statements. This finding was resolved.

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INTEGRATED CE S BUS

Sales Proposal For:

Milan Area Schools

Presented By:

MIDWEST TRANSIT EQUIPMENT

\$97,354.00

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
PB10500	Base Chassis, Model INTEGRATED CE S BUS with 276.00 Wheelbase, N/A CA, and 139.00 Axle to Frame.
1570	TOW HOOK, FRONT (2) Frame Mounted
1CAC	FRAME RAILS High Strength Low Alloy Steel (50,000 PSI Yield); 10.125" x 3.062" x 0.312" (257.2mm x 77.8mm x 8.0mm); 480.1" (12195mm) Maximum OAL
1LNT	CROSSING GATE, FRONT Omit Item
1LTV	BUMPER, FRONT Contoured, Steel, Heavy Duty
1SAM	CROSSMEMBER, REAR, AF (2)
1WJE	WHEELBASE RANGE 276" (700cm) Only
1WRP	TOW HOOK, REAR (2) Mounted on Lower Rail Flange
2ASH	AXLE, FRONT NON-DRIVING {Meritor MFS-10-122A} I-Beam Type, 10,000-lb Capacity
3ADB	SUSPENSION, FRONT, SPRING Parabolic Taper Leaf, Shackle Type, 10,000-lb Capacity, with Shock Absorbers
4100	BRAKE SYSTEM, HYDRAULIC {Wabco} Split System, with Automatic Adjustment and Four Channel ABS
4EBS	AIR DRYER {Bendix AD-9} with Heater
4EVD	DUST SHIELDS, FRONT BRAKE for Hydraulic Brakes
4EVE	DUST SHIELDS, REAR BRAKE for Hydraulic Brakes
4GBJ	BRAKE, PARKING {Bosch} DSSA Type, 12" x 3"; for Hydraulic Brake Chassis; Foot Operated in Cab; Differential Mounted
4JNX	TRACTION CONTROL, HYDRAULIC Automatic; Hydraulic Brake System, with Electronic Stability Control
4SPN	AIR COMPRESSOR {Cummins} 18.7 CFM, with Tank for Air Source on Hydraulic Chassis, with Air Pressure Gauge, Low Pressure Alarm and Wiring
4WGT	PARKING BRAKE INTERLOCK Parking Brake Cannot be Released Until Ignition Switch is in "ON" Position and Service Brake Pedal is Applied, Use with Hydraulic Brake Chassis Only
4WXP	GVWR LIMITATION FOR BUS with Hydraulic Brakes, Limited to 29,800-lbs Maximum to meet FMVSS 105 Requirements, for Conventional Bus
4XCW	BRAKES, FRONT {Meritor Quadrauc} Hydraulic Disc Type, with Four 70mm Diameter Pistons, 12,000-lb Capacity
4XCX	BRAKES, REAR {Meritor Quadrauc} Hydraulic Disc Type, with Four 70mm Diameter Pistons, 21,000-lb Capacity per Axle
5708	STEERING COLUMN Tilting
5CAL	STEERING WHEEL 2-Spoke, 18" Dia., Black
5PRR	STEERING GEAR {TRW (Ross) TAS66} Power
6DGA	DRIVELINE SYSTEM {Dana Spicer} SPL100, for 4x2/6x2
7BMK	EXHAUST SYSTEM Horizontal Aftertreatment System, Frame Mounted Under Right Rail, for Single Long Horizontal Tail Pipe
7WBL	TAIL PIPE (1) Horizontal, Long, Exits Left Side Through Bumper
8000	ELECTRICAL SYSTEM 12-Volt, Standard Equipment
8GXH	ALTERNATOR {Leece-Neville AVI160P2007} Brush Type, 12 Volt, 210 Amp Capacity, Pad Mount
8MSG	BATTERY SYSTEM {Fleetrite} Maintenance-Free, (3) 12-Volt 1980CCA Total, Top Threaded Stud

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
8TTK	BATTERY BOX Steel, with Sliding Tray, 25.25" Wide, for Standard Batteries, 1-3 Battery Capacity, Mounted Left Side Behind Front Axle Perpendicular to Frame Rail
8TTN	BATTERY BOX COVER Plastic, Front Cover for Frame Mounted Battery Box Compartment
8TUT	COLLISION MITIGATION SYSTEM Omit
8VAZ	HORN, ELECTRIC (2) Trumpet Style, Mounted on Top of Mega-Bracket
8WPB	HEADLIGHTS Halogen, Composite Aero Design, with Daytime Running Lights
8WWJ	INDICATOR, LOW COOLANT LEVEL with Audible Alarm
8WXB	HEADLIGHT WARNING BUZZER Sounds When Head Light Switch is on and Ignition Switch is in "Off" Position
8WXC	BRAKE WARNING INDICATOR Light and Audible Alarm; Parking Brake/Motion Warning System for Engaged Parking Brake
8XAH	CIRCUIT BREAKERS Manual-Reset (Main Panel) SAE Type III with Trip Indicators, Replaces All Fuses
8XDX	BK WARN IND,PARK BK NOT SET Visual and Audible Alarm, Active Upon Ignition Off and Parking Brake Not Set, Reminder to Set Parking Brake
8XKL	STARTING MOTOR {Mitsubishi Electric Automotive America 90P47} 12-Volt, with Soft-Start
9AAE	LOGOS EXTERIOR, ENGINE Badges
9WAB	HOOD TILT ASSIST {EASY TILT} Mechanical
9WAY	FRONT END Tilting, Fiberglass, with Three Piece Construction
10020	CHASSIS PAINT Full Chassis
10060	PAINT SCHEMATIC, PT-1 Single Color, Design 100
10788	PAINT TYPE Urethane, One or Two Colors, Other than Imron or International.
10AAV	OVER THE AIR PROGRAMMING {Navistar} for Cummins Engines
10XAJ	PROMOTIONAL PACKAGE LED EXT {Sound Off/OptiLuxx} LED Lights
10XAK	PROMOTIONAL PACKAGE 7 Year Unlimited Miles/km Warranty, Limited Time Program for Allison 2500 Series Transmission on School and Commercial Buses (Supplied directly through Allison)
11001	CLUTCH Omit Item (Clutch & Control)
12703	ANTI-FREEZE Red, Extended Life Coolant; To -40 Degrees F/ -40 Degrees C, Freeze Protection
12ERT	ENGINE, DIESEL {Cummins B6.7 250} EPA 2021, 250HP @ 2400 RPM, 660 lb-ft Torque @ 1600 RPM, 2600 RPM Governed Speed, 250 Peak HP (Max), School Bus Only
12TJA	FAN DRIVE {Warner Electric FC550} On/Off Type, Electronically Activated and Controlled
12UGN	THROTTLE, HAND CONTROL Electronic
12UYE	RADIATOR Aluminum, 2-Row, Cross Flow, Over Under System, 717 SqIn Louvered, with 313 SqIn Charge Air Cooler, Includes In-Tank Oil Cooler
12VBR	AIR CLEANER with Service Protection Element
12VJB	EMISSION, CALENDAR YEAR {Cummins B6.7} EPA, OBD and GHG Certified for Calendar Year 2022
12VVN	CRUISE CONTROL Electronic
12VWH	GOVERNOR Electronic Road Speed Type; for Electronic Engines and Bus Models; with 55 MPH Default
12WSY	BLOCK HEATER, ENGINE {Phillips} 120V/750W, for Cummins ISB/B6.7 Engines
12WZE	CARB IDLE COMPLIANCE Federal, Does Not Comply with California Clean Air Idle Regulations

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
12XCS	CARB EMISSION WARR COMPLIANCE Federal, Does Not Comply with CARB Emission Warranty
13ART	TRANSMISSION, AUTOMATIC {Allison 2500 PTS} 5th Generation Controls, Wide Ratio, 5-Speed with Overdrive, Less PTO Provision, Less Retarder, with 33,000-lb GVW and GCW Max, School Bus
13WLN	TRANSMISSION OIL Synthetic; 20 thru 28 Pints
13WVV	NEUTRAL AT STOP Allison Transmission Shifts to Neutral When Service Brake is Depressed and Vehicle is at Stop; Remains in Neutral Until Service Brake is Released
13WYY	SHIFT CONTROL PARAMETERS {Allison} 1000 or 2000 Series Transmissions, Performance Programming
14AJJ	AXLE, REAR, SINGLE {Dana Spicer S140} Single Reduction, 19,800-lb Capacity, 190 Wheel Ends . Gear Ratio: 5.57
14TBS	SUSPENSION, REAR, AIR, SINGLE {International IROS} 21,000-lb Capacity, 9.25" Ride Height, with Shock Absorbers
15SZM	FUEL TANK Top Draw, Steel, Rectangular, 65 US Gal (246L), Includes Protective Cage, for Low Profile Fuel Filler Assembly and Vent Hosing, Mounted Between Frame Rails and Behind Rear Axle
15WEP	DEF TANK 16.5 US Gal (62.5L) Capacity, Frame Mounted Outside Right Rail, Behind 0 Bow
16010	COWL Flat Back
16HBA	GAUGE CLUSTER English with English Electronic Speedometer
16HKT	IP CLUSTER DISPLAY On Board Diagnostics Display of Fault Codes in Gauge Cluster
16HLJ	GAUGE, DEF FLUID LEVEL
16VCD	DASH INSULATOR
27DTU	WHEELS, FRONT {Accuride 29001} DISC; 22.5x7.50 Rims, Powder Coat Steel, 5-Hand Hole, 10-Stud, 285.75mm BC, Hub-Piloted, Flanged Nut, with Steel Hubs
28DTU	WHEELS, REAR {Accuride 29001} DUAL DISC; 22.5x7.50 Rims, Powder Coat Steel, 5-Hand Hole, 10-Stud, 285.75mm BC, Hub-Piloted, Flanged Nut, with Steel Hubs
47AGG	BODY, BUS Conventional; 78" Headroom, 32'8" Body Length, +9 Section Front, 72 Passenger, 276 WB
47AJB	BODY CERTIFICATION TAG Mylar Label
47AJC	BODY TAG, METAL Capacity to Include the Total Number of Passengers
47APR	HEADLINER, BODY Conventional; 25'11"-34'11" Body Length, Perforated Full Length with Sound Insulation Full Length
47APW	FASTENERS, HEADLINER Rivets
47ARH	BOWS, ROOF 14 ga., One Piece Construction
47ARP	LIGHT BARS Plastic
47ASG	SKIRT, BODY for Conventional, 14 1/2", 16ga
47AXT	RUB RAILS, BODY (4) Conventional; Steel, 31'2", 31'11", 32'8", 33'5", 34'2", 34'11", Body Length, Includes Snow Rail
47AYB	BODY, REAR Includes Emergency Door
47AZE	SIDE SHEET, BODY, EXTERIOR Conventional, 16ga., Smooth, 31'2", 31'11", 32'8", 33'5", 34'2", 34'11", Body Length
47AZL	FLOOR, BODY with Wheel Wells
47AZZ	RAILS, WRAP-AROUND Just Below Window Line

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
47BAK	BUMPER, REAR Painted, 12" High, 3/16" Thick
47BAR	SUPPORTS, REAR BUMPER Bolted to Frame
47BBH	LINING, SIDE INTERIOR, LOWER Embossed Steel, Clear Coated
47BBZ	SEALER Extra; Sidewall to Floor, In Wheel Pocket Area, and Rear Wall to Floor
47BKK	LETTERS, SCHOOL BUS FRONT/REAR Decal; "SCHOOL BUS"; with 8" Black Reflective Letters, 3M Fluorescent Diamond Grade, Yellow On Front and Rear Cap
47BLD	STEP, FRONT ENTRANCE DOOR 27 1/4" Depth; 14ga Steel, Formed Treads, Naviflex Finish
47DAE	FASTENERS, REAR DOOR Lag Screws, Rear Door To Body
47DAJ	COVER, REAR DOOR INSIDE HANDLE Partial Coverage
47DBP	DOOR, ENTRANCE, FRONT Air, Outward Opening, with Split Pane Glass
47DDE	HANDLE, ASSIST, ENTRANCE DOOR Outside Entrance
47DDH	HOLD BACK, REAR DOOR Stationary, No Cables, with Plastic Cover
47DDU	LATCH, REAR DOOR One Point Slide Bar, Cam Operated, with One Inch Stroke
47DNN	SWITCH, LOCATION Left of Driver; Includes Master Flasher, Amber Flasher, and 2 Position Door Control
47EBM	HOLD DOWN, BATTERY For (2) Standard Size Batteries
47KDC	MONITOR, POST TRIP INSPECTION {Leave No Student Behind} Accessory Controlled, with Push Button Alarm Disable at Rear of Bus in Light Bar Prompts Driver to Walk to Back of Bus to Disable Alarm
47KKM	TIE DOWNS, BODY with Grade 8 Bolts, Every Body Section, with Reinforcements
47LAU	INSULATION, ROOF AND SIDES 1.50", All Models
47MBA	UNDERCOAT, BODY Fire Resistant, Water Based, TT-C-730 Spec
47MJR	LETTERS, DOOR, REAR Decals; "EMERGENCY DOOR", 2" Black Letters Inside and Outside
47MTY	WIRING DIAGRAM Schematic, Electrical
47MVA	LETTERS, HEADER Decal; "WATCH YOUR STEP", 1" Black, Above Windshield
47MVC	LETTERS, STEPWELL Decal, "WATCH YOUR STEP", 2.5" Black, Behind Door on Step Riser
47NAB	PAINT COLOR, RUB RAILS 0001 Canyon Black
47NGP	LETTERS, FUEL I.D. Paint; "DIESEL FUEL", 2" Black, Adjacent to Fuel Filler Door
47NGW	SEAL, RUB RAILS Top Edge, All Rails
47NJA	PAINT COLOR, BODY EXTERIOR 4421 School Bus Yellow
47NJM	PAINT FLASHER BACKGRD 0001 Canyon Black
47NJS	PAINT COLOR, BUMPER Rear, 0001 Canyon Black
47NKL	PAINT, RUB RAIL Flange to Flange
47NKM	PAINT COLOR, BODY INTERIOR 9384 Spring White
47NLR	HANDLE, EXTERIOR, REAR Emergency Door; Black
47NMG	OPERATING INSTR, REAR Decal, Inside Rear Emergency Door
47NNA	LETTERS, E/E WINDOW, LEFT (01) Decal Set, "EMERGENCY EXIT", Black Inside and Outside
47NNY	LETTERS, E/E WINDOW, RIGHT (01) Decal Set, "EMERGENCY EXIT", Black, Inside and Outside

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
47NTH	LOGO, ROOF LINE Decal; Wing and Shield, Above First Passenger Window Both Sides
47NTY	PAINT HOOD AND FENDER To Match Body Exterior
47NWG	STRIPING, BELTLINE {3M} Decal, 6" Yellow Fluorescent Diamond Grade, Centered Between Top and Second Rub Rail
47NWH	STRIPING, ROOF HATCH, REAR {3M} Decal, Perimeter, 1" Yellow Fluorescent Diamond Grade
47NWR	STRIPING, REAR END {3M} 2" Yellow Fluorescent Diamond Grade
47NWT	STRIPING, ROOF HATCH, FRONT {3M} Decal, Perimeter, 1" Yellow Fluorescent Diamond Grade
47NXD	STRIPING, E/E WINDOW, RIGHT {3M} (01) Perimeter, 1" Yellow Fluorescent Diamond Grade
47NXG	STRIPING, E/E WINDOW, LEFT {3M} (01) Perimeter, 1" Yellow Fluorescent Diamond Grade
47NXN	STRIPING, PERIMETER, REAR {3M} Emergency Door, 1" Yellow Fluorescent Diamond Grade
47PCG	HANDLE, ASSIST Windshield Side Mounted, Left and Right, Body Color, with Certain Mirrors Only
47PLX	LETTERS, DEF, I.D. Decal; "DEF ONLY", 1" Black, on DEF Filler Door
47SBS	SUB FLOOR, PLYWOOD Conventional; B-C Exterior Grade, Less Sealed Edges, 5/8", 5 Ply, for 31'2", 31'11", 32'8", 33'5", 34'2", 34'11", Body Length
47SPK	ALPHA/NUMERIC DECAL GUIDE Quantity 091-100
48ACN	SEAT BELT, DRIVER, COLOR with Blaze Orange Seat Belt Webbing
48ANT	WINDOW, DRIVER Laminated, Clear
48APL	WINDOW, STOPS 12" Opening, Only with 78" Headroom
48ARU	WINDOW, SASH (20) 27" Sections, 9"x 23" Opening
48ASP	WINDOW, SASH +9 SECTIONS (2) 9" x 32 1/4" Opening
48AUN	WINDOW, PASSENGER, TINT Conventional; 28% Light, Laminated Glass, 78" Headroom, with 31'2", 31'11", 32'8", 33'5", 34'2", 34'11" Body Length
48BAG	WINDOW, E/E, LEFT (01) Vertical Hinge
48BDG	POUCH, CRASH BARRIER Full Width, Sewn Into Front Side of Barrier AFT of Driver Seat
48BJA	COLOR, WINDOW FRAME, PASS Passenger Window, Natural Aluminum Finish
48BKN	WINDOW, E/E, RIGHT (01) Vertical Hinge
48GHC	HEATER, DRIVER 90,000 BTU, with Defroster and without Rear Heat Duct
48GYV	HEATER, DEFLECTOR Kit, for Driver Heater
48PAV	WHEEL POCKET COVER Plastic, ABS
48PAY	aisle POSITION Center, for balanced seating
48PAZ	WINDSHIELD 3 Flat Pieces, 73% Light
48PBB	FLOOR COVERING, COLOR Black
48PKC	HOSE CLAMPS, HEATER HOSE Constant Torque for Heater System
48PKN	FAN, DEFOG FAR RIGHT (01) Black, Mounted Right Above Windshield, Forward Entrance Door, 2-Speed Switch in Panel
48PKS	FAN, DEFOG RIGHT CENTER 6.50" Diameter, Black, Mounted Over Windshield, 15" Right of Centerline, 2-Speed Switch in Panel

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
48PMC	HEATER, PASS, LT MIDSHIP 1ST 50,000 BTU
48PMJ	HEATER, PASS, LT REAR 84,500 BTU
48PMS	HEATER, STEPWELL 50,000 BTU
48PPM	HEATER CUT OFF, VALVE Ball, with Butterfly Handle
48PPS	ROOF VENT, FRONT Static
48PSH	SEAT, DRIVER {Magnum 200} Mechanical Suspension
48PTR	ARM REST, DRIVER, RIGHT for Magnum 200 Seat
48PUP	FLOOR COVERING, TRIM Omit
48PUT	NUTS, BELT MOUNTING Standard Nuts For Seat Belt Mounting
48PVA	UPHOLSTERY, DRIVER SEAT, STYLE Plain, with Cloth Insert
48PVK	UPHOLSTERY, DRIVER SEAT, COLOR Drivers Seat, Brown
48PWA	UPHOLSTERY, PASS SEATS, COLOR Brown, for Seats, Barriers and Head Bumpers
48PWN	UPHOLSTERY, DRIVER SEAT, TYPE Vinyl, 42 oz.
48PXA	UPHOLSTERY, BARRIER, TYPE (1-2) Vinyl, 42 oz.
48RAE	BARRIER, CRASH, AFT ENTRY DOOR 39", 1 Leg
48RAL	BARRIER, CRASH, AFT DRIVER 39", 1 Leg
48RDL	FAN, DEFOG LEFT OF DRIVER 6.50" Diameter, Black, Mounted Left of Driver Above Windshield, 2 Speed Switch in Panel
48RET	PANEL, MODESTY, AFT ENTR DOOR Mounted Under Barrier
48RGR	HAND RAIL, ENTRANCE DOOR, AFT Stainless Steel, 4", Above Step
48RHV	PANEL, MODESTY, AFT OF DRIVER Mounted Under Barrier, with Holes for Air Circulation
48RLX	CUSHION, SEAT 15" Depth
48RRA	UPHOLSTERY, SEAT, STITCHING Single
48SAD	SEAT,PASS,LT,26",2 LEG (01)
48SBG	UPHOLSTERY, PASS SEATS, TYPE Vinyl, 42 Ounce
48SBN	DRYER, AIR DOOR for Ambient Air
48SDU	SEAT,PASS,LT,39",2 LEG (11)
48SKN	SEAT,PASS,RT,39",2 LEG (12)
48UJP	ROOF HATCH, REAR {Transpec 1675} (1) Triple Roof, with Power Vent
48USV	SEAT BACK, PASSENGER High Back
48UWV	FLOOR COVERING, TYPE Koroseal, One Piece, Vinyl, All Body Lengths, Black
48UZN	ROOF HATCH, FRONT {Specialty Hybrid Adv H1975-025-191-0F} Emergency Exit with Outside Release, Alarm, English Decals
48VVR	STEP TREADS {Koroseal} Pebble White Nosing Only, with Non-Metal Backing, used with Formed Treaded Steps
49086	BODY PLAN, APPROVED VARIATION Number 086

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
49AAW	LIGHT, ENTRY DOOR Light Mounted in Skirt Behind Entrance Door, Wired To Step Light
49AMD	SWITCH, DRIVER PANEL, TYPE Rocker
49AMJ	ALARM, BACKING {Ecco #575} 107 db
49AMT	CIRCUIT, PROTECTION Breakers, Manual Reset in Lieu of Fuses
49AMY	SWITCH, REAR DOOR BUZZER for Emergency Door
49ANH	SWITCH, MAGNETIC, DISCONNECT Master, Ignition Operated, All Body Circuits
49ANU	SOURCE, POWER 12 VDC, Mounted In Dash
49APB	LIGHTS, DOME Rectangular Recessed Type, Stagger Mounted in Light Bar
49APT	LIGHT, DRIVER Mounted in Wiring Access Panel in Ceiling in Light Bar, Left of Driver, Switch Located in Switch Panel
49ARM	SWITCH, DOME LIGHT, REAR Separate, for Rear Row Dome Lights, Last Light on Each Side
49ATV	LIGHT, INDIC, WARNING LIGHTS Red and Amber
49BCM	FLASHER SYSTEM (8) Warning Lights, 8-Lamp System, Electronic Relay Flasher, Sequential Operation, Red Lights Activate after Ambers Lights with Door Open
49BCR	LIGHT, EXTERIOR, CHECK Automatically Activates Lights for Pre Trip Inspection
49BDL	MONITOR, LIGHT SYSTEM {Sound Off/OptiLuxx} with 16 LED or Incandescent Indicator Lights
49BVD	SWITCH, BATTERY Shut-Off, 300A Weather Resistant, In Battery Compartment
49BVJ	MIRROR, CROSS VIEW, EXTERIOR (2) {Mirror Lite High Definition Busboy} Stainless Steel, Heated
49BYT	LIGHTS, STOP (2) {Sound Off/OptiLuxx} and Tail; 7" Round LED, Red
49BYV	LIGHTS, MARKER, FRONT & REAR (8) {Sound Off/OptiLuxx} LED, Rectangular, Armored, (4) Amber Front and (4) Red Rear
49BYZ	LIGHTS, DIRECTIONAL, REAR (2) {Sound Off/OptiLuxx} LED, 7" Round Amber
49BZG	LIGHTS, BACK UP (2) {Sound Off/OptiLuxx} LED, 7" Round Clear
49CKT	FUEL FILLER PIPE Low Profile Neck Cap and Vent Hosing, for Use with Right Side Fill for Between the Rail Fuel Tanks, for Above the Floor Fuel Fill, for 25 GPM Fill Rate Only
49EGC	MIRROR, INSIDE 6" x 30", Clear Safety Glass, Metal Back, Round Corners
49ELD	STOP ARM, FRONT Electric, Composite Blade, 18" Octagon, Double Sided, 1/2" White Border, Hi Intensity Grade, LED Lights "STOP"
49ENK	VISOR, INTERIOR, LEFT FRONT 6" x 30", Transparent, For Left Windshield
49ETX	KIT, FIRST AID No. 927, 10 UNIT, Michigan
49EVL	SWITCH, NOISE SUPPRESSION Actuator Legend States, "NOISE SUPP ", for Separate Solenoid, with Red Switch in Panel
49EWM	LIGHT, STROBE ECCO 6550C, Low Profile, Double Flash, 4.9" High
49GBV	WINDSHIELD WIPERS (2) Cowl Mounted
49GDA	LATCH, DOOR BULKHEAD Spring Latch, for Bulkhead Mounted Safety Compartment or Destination Sign Access Doors
49GED	SAFETY TRIANGLES Warning Reflectors, Mounted on Floor Between Driver Seat and Drivers Crash Barrier/ Stanchion/Partition

Vehicle Specifications
2023 INTEGRATED CE S BUS (PB105)

October 19, 2021

<u>Code</u>	<u>Description</u>
49GGE	FIRE EXTINGUISHER, DRIVER AREA 5 lb 2A-40BC Minimum, with Flexible Hose and Metal Nozzle
49GHN	REFLECTORS, REAR (2) 3", Red, Adhesive Back
49GHR	REFLECTORS, SIDE, REAR (2) 3", Red, Adhesive Back
49GHV	REFLECTORS, SIDE, FRONT (2) 3", Amber; Adhesive Back, 1 Aft Drivers Window Left, 1 Aft Entrance Door Right
49GHX	REFLECTORS, SIDE, INTERMEDIATE (2) 3" Amber, 1 Each Side, Below The Third Rub Rail From the Top, Adhesive Back
49GKC	FUSEES, DRIVER AREA Stand-Up Type, Two Sets of Three, 30 Min. in Red Metal Case
49GKZ	FUEL FILLER DOOR with Non-Locking Latch
49GUM	INSPECTION PLATE Fuel Sending Unit 8" x 8" Steel
49GUX	MUD FLAPS, FRONT WHEELS (2) Rubber
49GUY	MUD FLAPS, REAR WHEELS (2) Anti-Spray, Anti-Sail
49GWW	WINDSHIELD WASHER Kit; 6 Quart Capacity, Bottle
49JAC	DEF FILLER DOOR with Non-Locking Latch
49JBS	LIGHTS, CLUSTER {Sound Off/OptiLuxx} Oval, 4 Internal LEDs per Light; Amber Front and Red Rear
49JBV	LIGHT, LICENSE PLATE {Sound Off/OptiLuxx} LED, with Mounting Gasket
49JBX	LIGHT, STEP {Sound Off/OptiLuxx} 4" Round LED, White, Wired to Ignition, Operated by Entrance Door
49JGB	COMPARTMENT, OVER WINDSHIELD Centered, with Single Piece Panel and Door
49NGJ	LIGHTS, WARNING (8) {Sound Off/OptiLuxx} (4) 7" Round Red Strobing LED and (4) 7" Round Amber Strobing LED, 2 Front, 2 Rear Each Color
49PSY	LIGHTS, DIRECTIONAL, SIDE {Sound Off/OptiLuxx} (2) Slim-Line LED Armored, Amber, (1) Each Side First Section Aft Entrance Door
49TBU	BODY PLAN, NON-SPECIAL NEEDS Conventional; 32' 8" Body Length, +9 Section Front, 71 Passenger, 276" WB, DX0015A000
49UBA	STATE OF OPERATION Michigan
49XAE	MIRROR, REAR VIEW, EXTERIOR {Mirror Lite Super Nickels} Stainless Steel, Motorized Head, Heated
49ZNE	LIGHTS, MARKER, SIDE, INTERMED {Sound Off/OptiLuxx} LED, Amber, Slim-Line, Armored, Intermediate, Centered, Required for Units 30 Foot or Longer
49ZNG	LIGHTS, STOP & TAIL ADDITIONAL (2) {Sound Off/OptiLuxx} 4" Round LED, Red, with Flange
7372115809	(2) TIRE, FRONT 10R22.5 Load Range G AH37 (HANKOOK), 517 rev/mile, 75 MPH, All-Position
7372115809	(4) TIRE, REAR 10R22.5 Load Range G AH37 (HANKOOK), 517 rev/mile, 75 MPH, All-Position

Services Section:

40126	WARRANTY Standard for CE, RE, BE School Bus Models, Effective with Vehicles Built March 1, 2017 or Later, CTS-3304H
40RAG	SERVICES, TOWING {Navistar} Service Call to 60-Month/Unlimited Mileage to the Nearest IC Bus Dealer for Navistar Warrantable Failure as Contract Defined; Includes Engine Failure if Supplier Declines Tow Coverage & ESC Supplied thru Navistar; \$275 (USA) Maximum Benefit per Incident
49GVN	WARRANTY 5-Year, Limited WINTER FRONT COVER BLOCK HTR PLUG IN REAR

NOTICE OF CHANGE OF A REGULAR MEETING OF THE MILAN AREA SCHOOLS BOARD OF EDUCATION

Milan Area Schools
100 Big Red Drive
Milan, MI 48160
(734) 439-5050

PLEASE TAKE NOTICE OF THE FOLLOWING:

Date of Original Meeting: Wednesday, November 10, 2021
Location of Original Meeting: Milan High School Theater
200 Big Red Drive, Milan MI, 48160
Time of Original Meeting: 7:00 PM

Date of Rescheduled Meeting: Tuesday, November 9, 2021
Location of Rescheduled Meeting: Milan High School Theater
200 Big Red Drive, Milan MI, 48160
Time of Rescheduled Meeting: 7:00 PM