

**Garden City Public Schools**

**Financial Statements**

**June 30, 2021**



## Table of Contents

<u>Section</u>		<u>Page</u>
1	<b>Members of the Board of Education and Administration</b>	1 – 1
2	<b>Independent Auditors' Report</b>	2 – 1
3	<b>Management's Discussion and Analysis</b>	3 – 1
4	<b>Basic Financial Statements</b>	
	District-wide Financial Statements	
	Statement of Net Position	4 – 1
	Statement of Activities	4 – 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 – 4
	Reconciliation of the Balance Sheet of	
	Governmental Funds to the Statement of Net Position	4 – 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 7
	Reconciliation of the Statement of Revenues, Expenditures and	
	Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 9
	Proprietary Fund	
	Internal Service Fund	
	Statement of Net Position	4 – 10
	Statement of Revenues, Expenses, and Changes in Fund Net Position	4 – 11
	Statement of Cash Flows	4 – 12
	Notes to the Financial Statements	4 – 13

<u>Section</u>		<u>Page</u>
5	<b>Required Supplementary Information</b>	
	Budgetary Comparison Schedule – General Fund	5 – 1
	Budgetary Comparison Schedule – Special Education Fund	5 – 3
	Schedule of the School District’s Proportionate Share of the Net Pension Liability	5 – 4
	Schedule of the School District’s Pension Contributions	5 – 5
	Schedule of the School District’s Proportionate Share of the Net OPEB Liability	5 – 6
	Schedule of the School District’s OPEB Contributions	5 – 7
	Schedule of Changes in Total OPEB Liability and Related Ratios	5 – 8
	Schedule of the School District’s Contributions – Single Employer Plan	5 – 9
6	<b>Other Supplementary Information</b>	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 – 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balance	6 – 2
	Schedule of Outstanding Bonded Indebtedness	6 – 3

**Garden City Public Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2021**

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Members of the Board of Education

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Lynette Childress – Treasurer

Patrick McNally – Secretary

Jaime Beccaccio – Trustee

Margie Sanders – Trustee

Jen VanDeWater – Trustee

Administration

Derek Fisher – Superintendent

Drew McMechan – Chief Financial Officer



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## Independent Auditors' Report

Management and the Board of Education  
Garden City Public Schools  
Garden City, 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 Garden City Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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

## **Adoption of New Accounting Standard**

As described in Note 1 to the financial statements, during the year ended June 30, 2021, the School District adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

## **Required Supplementary Information**

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

## **Other Information**

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

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021 on our consideration of Garden City Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Garden City Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garden City Public Schools' internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Ann Arbor, MI  
October 26, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# Garden City Public Schools

## Management's Discussion and Analysis

This section of the Garden City Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Garden City Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund, Special Education Fund and Capital Projects Fund, with all other funds presented in one column as non-major funds.

Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)

#### Basic Financial Statements

District-wide Financial Statements      Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplementary Information)  
Budgetary Information for Major Funds

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

Other Supplementary Information

### ***Reporting the School District as a Whole - District-wide Financial Statements***

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position (deficit) and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. We refer to these statements as the district-wide statements.

These district-wide statements report the School District's net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, and athletics. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

### ***Reporting the School District's Most Significant Funds - Fund Financial Statements***

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. State law and bond covenants require that certain funds be established. However, the School District establishes other funds to help it control and manage money for particular purposes (the Debt and Food Service Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

**Governmental Funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation.

# Garden City Public Schools

## Management's Discussion and Analysis

### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2021 and 2020.

TABLE 1	Governmental Activities June 30,	
	2021	2020
	(in millions)	
Assets & Deferred Outflows		
Current and other assets	\$ 57.9	\$ 56.8
Capital assets	25.4	22.8
Deferred Outflows	31.7	36.5
Total assets & deferred outflows	115.0	116.1
Liabilities		
Current liabilities	10.1	8.0
Long-term liabilities	167.4	170.8
Deferred Inflows	17.9	20.0
Total liabilities & deferred inflows	195.4	198.8
Net Position		
Net investment in capital assets	5.2	4.5
Restricted	4.5	39.5
Unrestricted (deficit)	(90.1)	(126.7)
Total net position	\$ (80.4)	\$ (82.7)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was (\$80.4) million at June 30, 2021. Capital assets, net of related debt totaling approximately \$5.2 million, compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net position for day-to-day operations. The remaining amount of net position, (\$90.1) million, was unrestricted. The (\$90.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

# Garden City Public Schools

## Management's Discussion and Analysis

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal years 2021 and 2020.

TABLE 2

	Governmental Activities June 30,	
	2021	2020
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.2	\$ 0.6
Operating grants and contributions	31.8	27.4
General revenue:		
Property taxes	7.8	6.7
State aid	23.7	23.3
Other	0.4	1.1
Total revenue	<u>63.9</u>	<u>59.1</u>
Functions/program expenses		
Instruction	38.4	35.5
Supporting services	20.9	20.4
Food services	0.8	1.4
Community services and other	0.5	0.6
Interest and long-term debt	1.6	0.8
Total functions/program costs	<u>62.2</u>	<u>58.7</u>
Change in net position	1.7	0.4
Beginning net position (deficit)	(82.7)	(83.1)
Prior period adjustment (GASB 84)	0.6	-
Ending net position (deficit)	<u>\$ (80.4)</u>	<u>\$ (82.7)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$62.2 million. Certain activities were partially funded from those who benefited from the programs (*i.e.*, Charges for Services of \$0.2 million), or by other governments and organizations that subsidized certain programs with grants and contributions, (*i.e.*, Operating Grants and Contributions of \$31.8 million). We paid for the remaining

# Garden City Public Schools

## Management's Discussion and Analysis

public benefit portion of our governmental activities with \$7.8 million in taxes, \$23.7 million in state foundation allowance, and \$0.4 million with our other revenue (*i.e.*, interest and general entitlements).

The School District experienced a \$6.4 million increase in net position. More detailed information is presented in the reconciliation of the statement of revenue, expenditures, and changes in fund balances (deficit) of governmental funds to the statement of activities.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

### **The School District's Funds**

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$47,547,505, which is a decrease of \$1.2 million from last years restated fund balance. The primary reasons for the decrease was due to spending related to the 2020 voter-approved bond. The Capital Projects Fund balance decreased by approximately \$4.1 million related to construction-in-progress for projects that began during fiscal year 2021. The General Fund balance increased by \$1.9 million. The increase was related to savings in expenditures from operating virtual-only instruction for half of the school year combined with increases in per pupil funding through State Aid. The Sinking Fund Balance, The Student Activities and Scholarships Fund Balance, The Food Service Fund Balance, and the Debt Fund Balance increased by approximately \$969,000 combined.

### **General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

During the year, the budget was amended in a legally permissible manner. The budget for the 2020-21 school year was especially challenging due to the uncertainty at the State level related to the impact of the COVID-19 pandemic. When the School District adopted the initial budget, estimates included a State-wide reduction in funding equivalent to \$700 per pupil, which was the amount of reduction required through the statutory proration language. The prior year 2019-20 State School Aid Fund Budget was not adopted until after June 30, 2020. Since the prior year's budget had not

# Garden City Public Schools

## Management's Discussion and Analysis

been adopted by the State at the start of the 2020-21 school year, the 2020-21 school budget had not been adopted by the State either. Once the State budget was adopted, the result was an increase in per pupil funding and a change in the pupil count formula that resulted in a short-term increase in pupil count for the District.

Significant amendments between the original and final budgets adopted during the year included a \$4.0 million increase in State Aid revenue, a \$3.7 million increase in Federal Revenue, a \$150,000 increase in Incoming Transfers & Other revenue, a \$345,000 decrease in Local revenue, and a \$406,000 decrease in Other Operating Transfers. The increase in State Aid revenue was related to the budget uncertainty regarding per pupil funding during the initial budgeting phase mentioned above, an increase in At-Risk grant funding, and an increase in retirement passthrough revenue. The increase in Federal Revenue was due to multiple COVID-19 related grants, including ESSER I, ESSER Equity, Corona Virus Relief Funds, and GEER. The increase in Incoming Transfers & Other revenue was primarily due to an increase of \$150,000 in tax collections related to the Wayne County Regional Enhancement Millage. The decrease in Local revenue was due to a reduction in program revenue, such as Childcare, Transportation fees, and Athletics fees, impacted by the COVID-19 pandemic. The decrease on Other Operating Transfers was related to updated estimates related to transfer of funds for operating the Burger Center Program.

On the expenditure side of the budget, amendments between the original and final budgets totaled a \$6 million increase in projected costs primarily due to an increase in COVID-related federal grants totaling \$3.5 million, an increase of \$1.2 million in other State and Federal grants, and an increase in collectively bargained salaries and benefits totaling approximately \$1.2 million. The variance between the final estimated June 30, 2021 fund balance and the actual June 30, 2021 fund balance was \$1,121,256.

### **Special Education Special Revenue Fund Budgetary Highlights**

The program is operated by the School District for Wayne County RESA to provide instructional and non-instructional services for autistic impaired students from Wayne County. During the year, the budget was amended in a legally permissible manner. Revenue was amended to include a \$156,000 decrease in Act 18 Revenue. Amendments to expenditures totaled an \$563,000 decrease related to updates in staffing estimates.

The variance between budgeted Special Education Fund revenue and actual Special Education Fund revenue was \$29,000. The change on the revenue was primarily due to an unbudgeted grant from Wayne RESA for special program expenditures. The variance between budgeted Special Education Fund expenditures and actual Special Education Fund expenditures was \$101,000, primarily due to an unbudgeted grant from Wayne RESA for special program expenditures.

# Garden City Public Schools

## Management's Discussion and Analysis

### Capital Assets and Debt Administration

#### *Capital Assets*

As of June 30, 2021, the School District had \$25.4 million invested in a broad range of capital assets, including construction in progress, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$2,600,000.

	<u>2021</u>	<u>2020</u>
Construction in progress	\$ 4,111,094	\$ 332,757
Building and site improvements	60,554,966	59,680,144
Equipment and furniture	5,417,777	5,428,116
Buses and other vehicles	<u>2,115,138</u>	<u>2,251,246</u>
Total capital assets	68,087,881	67,359,506
Less accumulated depreciation	<u>(46,773,102)</u>	<u>(44,894,942)</u>
Net capital assets	<u>\$ 25,425,873</u>	<u>\$ 22,797,321</u>

This year's capital asset additions included building improvements, furniture and equipment, and a vehicle. We present more detailed information about our capital assets in the notes to the financial statements.

#### *Debt*

At the end of this year, the School District had \$44.3 million in bonds outstanding versus \$45.8 million in the previous year. Those bonds consisted of the following:

	<u>2021</u>	<u>2020</u>
2016 General Obligation Bonds	\$ 15,075,000	\$ 16,520,000
2020 Building & Site Bonds	<u>29,195,000</u>	<u>29,320,000</u>
Total	<u>\$ 44,270,000</u>	<u>\$ 45,840,000</u>

# Garden City Public Schools

## Management's Discussion and Analysis

The School District's general obligation bond rating was rated by S&P as an AA due to the District's participation in the School Bond Qualification and Loan Program. The District received an underlying rating from S&P of A-. We present more detailed information about our long-term liabilities in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2021 fiscal year budget. Approximately 75 percent of total General Fund revenue is from the state aid. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. In November 2016, voters in Wayne County passed a Regional Enhancement Millage for a period of six years ending in December 2022. The District's share of this millage was approximately \$1.5 million in fiscal year 2021 and is expected to be less in 2021-2022 based on projected enrollment data and a change in the distribution formula to include public school academies. Voters passed a renewal of this millage on November 3, 2020.

One of the most important factors affecting the budget is our student count. The District has been experiencing declining enrollment for a decade. That trend is expected to continue for several more years based on birth rates in Wayne County. The initial 2022 budget adopted in June 2021 was based on an estimate of students that will be enrolled in October 2022. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. The District was able to continue making significant progress towards long-term fiscal health during 2020-2021, as the District's accumulated equity fund balance in the General Fund increased by approximately \$1.9 million to \$10.4 million.

The COVID-19 pandemic has created considerable challenges to predicting the revenues and expenditures required to operate the School District in 2021-2022 and beyond. The District has received over \$3.5 million dollars in Federal funding in 2020-21 to help offset the added costs of dealing with the impacts of the pandemic. While enrollment continues to be uncertain, the School District maintains a healthy fund balance, which to date, has not been required to meet the financial challenges of dealing with the impacts of the pandemic.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it receives. If you have any questions about this report or need additional information, contact Andrew McMechan, Chief Financial Officer, Garden City Public Schools, 1333 Radcliff, Garden City, MI 48135.



## BASIC FINANCIAL STATEMENTS

**Garden City Public Schools**  
**Statement of Net Position**  
**June 30, 2021**

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	Governmental Activities
<b>Assets</b>	
Cash	\$ 49,715,971
Taxes receivable	14,267
Accounts receivable	244,261
Due from other governmental units	7,782,321
Inventory	10,975
Prepaid items	91,951
Capital assets not being depreciated	4,111,094
Capital assets - net of accumulated depreciation	21,314,779
Total assets	83,285,619
<b>Deferred Outflows of Resources</b>	
Deferred amount relating to net pension liability	22,935,471
Deferred amount relating to net OPEB liability	8,315,685
Deferred amount relating to total OPEB liability - single employer plan	24,826
Deferred amount on debt refunding	399,394
Total deferred outflows of resources	31,675,376

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	\$ 3,419,821
Due to other governmental units	671,988
Due to agency fund activities	
Payroll deductions and withholdings	8,962
Accrued expenditures	436,412
Accrued salaries payable	4,833,655
Unearned revenue	624,842
Long-term liabilities	
Debt due within one year	2,280,344
Debt due in more than one year	51,571,484
Net pension liability	97,898,845
Net OPEB liability	15,145,289
Total OPEB liability - single employer plan	503,521
Total liabilities	177,395,163
<b>Deferred Inflows of Resources</b>	
Deferred amount on net pension liability	5,370,590
Deferred amount on net OPEB liability	12,363,513
Deferred amount on total OPEB liability - single employer plan	185,483
Total deferred inflows of resources	17,919,586
<b>Net Position</b>	
Net investment in capital assets	5,196,586
Restricted for	
Food service	734,001
Debt service	1,279,295
Sinking fund	2,449,100
Unrestricted (deficit)	(90,012,736)
Total net position	\$ (80,353,754)

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 38,272,284	\$ 20,500	\$ 18,639,587	\$ (19,612,197)
Supporting services	20,945,124	-	11,960,993	(8,984,131)
Food services	847,194	20,561	1,157,400	330,767
Community services and other	482,769	146,624	-	(336,145)
Interest and fiscal charges on long-term debt	1,644,235	-	-	(1,644,235)
	<u>\$ 62,191,606</u>	<u>\$ 187,685</u>	<u>\$ 31,757,980</u>	<u>(30,245,941)</u>
General revenues				
				3,120,447
				3,630,205
				1,086,021
				23,747,075
				59,866
				327,954
				31,971,568
				1,725,627
				(82,079,381)
				\$ (80,353,754)

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021**

	General Fund	Special Education Fund	2020 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 10,185,027	\$ -	\$ 34,526,278	\$ 5,004,666	\$ 49,715,971
Taxes receivable	-	-	-	14,267	14,267
Accounts receivable	22,765	-	-	221,496	244,261
Due from other funds	2,866,075	1,299,154	-	441,533	4,606,762
Due from other governmental units	7,751,149	24,691	-	6,481	7,782,321
Inventory	10,975	-	-	-	10,975
Prepaid items	91,951	-	-	-	91,951
	<u>20,927,942</u>	<u>1,323,845</u>	<u>34,526,278</u>	<u>5,688,443</u>	<u>62,466,508</u>
Total assets	<u>\$ 20,927,942</u>	<u>\$ 1,323,845</u>	<u>\$ 34,526,278</u>	<u>\$ 5,688,443</u>	<u>\$ 62,466,508</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 3,146,330	\$ 71,548	\$ 135,917	\$ 66,026	\$ 3,419,821
Due to other funds	2,404,865	-	2,689,138	176,937	5,270,940
Due to other governmental units	671,988	-	-	-	671,988
Payroll deductions and withholdings	8,962	-	-	-	8,962
Accrued expenditures	88,795	-	-	-	88,795
Accrued salaries payable	3,581,358	1,252,297	-	-	4,833,655
Unearned revenue	624,842	-	-	-	624,842
	<u>10,527,140</u>	<u>1,323,845</u>	<u>2,825,055</u>	<u>242,963</u>	<u>14,919,003</u>
Total liabilities	<u>10,527,140</u>	<u>1,323,845</u>	<u>2,825,055</u>	<u>242,963</u>	<u>14,919,003</u>

See Accompanying Notes to the Financial Statements

**Garden City Public Schools  
Governmental Funds  
Balance Sheet  
June 30, 2021**

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>2020 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances					
Non-spendable:					
Inventory	\$ 10,975	\$ -	\$ -	\$ -	\$ 10,975
Prepaid items	91,951	-	-	-	91,951
Restricted for:					
Food service	-	-	-	734,001	734,001
Debt service	-	-	-	1,626,912	1,626,912
Capital projects	-	-	31,701,223	-	31,701,223
Sinking Fund	-	-	-	2,449,100	2,449,100
Committed for:					
Student activities and scholarships	-	-	-	635,467	635,467
Unassigned	<u>10,297,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,297,876</u>
Total fund balances	<u>10,400,802</u>	<u>-</u>	<u>31,701,223</u>	<u>5,445,480</u>	<u>47,547,505</u>
Total liabilities and fund balances	<u>\$ 20,927,942</u>	<u>\$ 1,323,845</u>	<u>\$ 34,526,278</u>	<u>\$ 5,688,443</u>	<u>\$ 62,466,508</u>

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2021**

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<b>Total fund balances for governmental funds</b>	<b>\$ 47,547,505</b>
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	4,111,094
Capital assets - net of accumulated depreciation	21,314,779
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	399,394
Deferred inflows of resources resulting from net pension liability	(5,370,590)
Deferred inflows of resources resulting from net OPEB liability	(12,363,513)
Deferred outflows of resources resulting from net pension liability	22,935,471
Deferred outflows of resources resulting from net OPEB liability	8,315,685
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(347,617)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(97,898,845)
Net OPEB liability	(15,145,289)
Compensated absences	(1,521,924)
Bonds and notes payable	(52,304,560)
Capital leases	(25,344)
<b>Net position of governmental activities</b>	<b><u>\$ (80,353,754)</u></b>

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2021**

	General Fund	Special Education Fund	2020 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 3,777,698	\$ -	\$ 31,023	\$ 4,862,713	\$ 8,671,434
State sources	38,141,455	-	-	74,068	38,215,523
Federal sources	5,584,131	470,753	-	1,103,051	7,157,935
Interdistrict sources	1,983,177	7,889,164	-	-	9,872,341
	<u>49,486,461</u>	<u>8,359,917</u>	<u>31,023</u>	<u>6,039,832</u>	<u>63,917,233</u>
<b>Expenditures</b>					
Current					
Education					
Instruction	25,837,092	9,418,596	-	-	35,255,688
Supporting services	16,417,717	2,928,228	-	149,509	19,495,454
Food services	-	-	-	835,401	835,401
Community services	476,049	-	-	-	476,049
Intergovernmental payments	54,000	-	-	-	54,000
Facilities acquisition	-	-	4,172,587	479,718	4,652,305
Capital outlay	723,892	155,934	-	7,323	887,149
Debt service					
Principal	-	-	-	1,570,000	1,570,000
Interest and other expenditures	-	-	-	2,028,896	2,028,896
	<u>43,508,750</u>	<u>12,502,758</u>	<u>4,172,587</u>	<u>5,070,847</u>	<u>65,254,942</u>
Excess (deficiency) of revenues over expenditures	<u>5,977,711</u>	<u>(4,142,841)</u>	<u>(4,141,564)</u>	<u>968,985</u>	<u>(1,337,709)</u>

See Accompanying Notes to the Financial Statements



**Garden City Public Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2021**

	General Fund	Special Education Fund	2020 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 961,152	\$ 5,014,480	\$ -	\$ -	\$ 5,975,632
Transfers out	<u>(5,014,480)</u>	<u>(871,639)</u>	<u>-</u>	<u>-</u>	<u>(5,886,119)</u>
Total other financing sources (uses)	<u>(4,053,328)</u>	<u>4,142,841</u>	<u>-</u>	<u>-</u>	<u>89,513</u>
Net change in fund balances	1,924,383	-	(4,141,564)	968,985	(1,248,196)
Fund balances - beginning, as restated	<u>8,476,419</u>	<u>-</u>	<u>35,842,787</u>	<u>4,476,495</u>	<u>48,795,701</u>
Fund balances - ending	<u>\$ 10,400,802</u>	<u>\$ -</u>	<u>\$ 31,701,223</u>	<u>\$ 5,445,480</u>	<u>\$ 47,547,505</u>

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

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<b>Net change in fund balances - Total governmental funds</b>	\$ (1,248,196)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(2,119,497)
Capital outlay	4,748,049
Expenses are recorded when incurred in the statement of activities.	
Interest	(194,194)
Compensated absences	(7,989)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(4,658,454)
Net change in the deferred inflows and outflows of resources related to the net pension liability	537,578
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	5,762,756
Net change in the deferred inflows and outflows of resources related to the net OPEB liability	(3,296,778)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balances. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Repayments of long-term debt	1,623,497
Deferred amount on refunding	(39,939)
Amortization of premiums	618,794
<u>Change in net position of governmental activities</u>	<u>\$ 1,725,627</u>

**Garden City Public Schools**  
**Proprietary Fund**  
**Internal Service Fund**  
**Statement of Net Position**  
**June 30, 2021**

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	<u>Internal Service Fund</u>
<b>Assets</b>	
Due from other funds	\$ 664,178
<b>Deferred outflows of resources</b>	
Deferred amount relating to total OPEB liability - single employer plan	<u>24,826</u>
<b>Liabilities</b>	
Total OPEB liability	<u>503,521</u>
<b>Deferred inflows of resources</b>	
Deferred amount relating to total OPEB liability - single employer plan	<u>185,483</u>
<b>Net position restricted for OPEB</b>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Proprietary Fund**  
**Internal Service Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2021**

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	<u>Internal Service Fund</u>
<b>Expenses</b>	
Other post employment benefits	\$ (89,513)
<b>Other Financing Uses</b>	
Transfers out	<u>(89,513)</u>
Net income	-
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Proprietary Fund**  
**Internal Service Fund**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

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	Internal Service Fund
<b>Cash flows from operating activities</b>	
Charges to other funds	\$ 89,513
Transfers out	(89,513)
Net cash provided by operating activities	-
Cash - beginning of year	-
Cash - end of year	\$ -
 <b>Reconciliation of operating income to net cash from operating activities</b>	
Operating income	\$ -
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Due from other funds	89,513
Total OPEB liability - deferred outflows of resources	(5,996)
Total OPEB liability	(14,067)
Total OPEB liability - deferred inflows of resources	(69,450)
 <b>Net cash provided by operating activities</b>	\$ -

See Accompanying Notes to the Financial Statements

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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

**Reporting Entity**

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

**District-wide Financial Statements**

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

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

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

**Fund Financial Statements**

Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The proprietary statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The only proprietary fund maintained is an Internal Service Fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The School District reports the following major governmental funds:

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

Special Education Fund – The Special Education Fund consists of those activities involved in operating the programs necessary to provide for the education of students identified as needing special education services. The Fund's revenue sources include property taxes, federal and state sources, and inter-governmental reimbursements.

2020 Capital Projects Fund – The 2020 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites,

buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and the Student Activities and Scholarships Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on the 2016 refunding issue of long-term debt.

Sinking Fund – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Internal Service Fund – The School District's proprietary fund is the Internal Service Fund. The purpose of the fund is to finance services provided to other funds of the School District on a cost-reimbursement basis. The Internal Service Fund maintained by the School District accounts for early retirement incentives and other postemployment benefits. It is funded through charges primarily from the General Fund.

**Assets, Liabilities and Net Position or Equity**

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

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

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

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	6.4000
Sinking Fund	1.9059

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

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of February 28 are purchased by the County of Wayne and remitted to the School District by June 30.

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

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

*Capital Assets* – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	25-50 years
Equipment and furniture	5-20 years
Buses and other vehicles	5-8 years

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



**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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This amount will reduce the net pension and OPEB liabilities in the following year.

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Compensated Absences – The liability for compensated absences reported in the district-wide financial statements consists of earned but unused accumulated vacation and sick leave benefits and early retirement incentive obligations. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Other Postemployment Benefits – Single Employer Plan – The liability for other postemployment benefits reported in the district-wide statements consists of contractual obligations for the School District to reimburse eligible retirees for health insurance premiums.

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

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

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

Postemployment Benefits Other Than Pensions – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

**Assigned** – amounts intended to be used for specific purposes, as determined by Board of Education. The Board of Education has the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

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

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

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

The School District has adopted a minimum fund balance policy. The fund balance policy prescribes the minimum fund balance as 15 percent of the current fiscal year's total budgeted expenditures. This is deemed to be a prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. The District is in compliance with their policy.

**Use of Estimates**

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

**Eliminations and Reclassifications**

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

**Adoption of New Accounting Standards**

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**Upcoming Accounting and Reporting Changes**

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

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

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

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 Leases. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use

subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

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

**Note 2 – Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

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

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

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
School administration	\$ 2,765,364	\$ 2,903,079	\$ 137,715
Capital outlay	702,850	723,892	21,042
Transfers out	5,000,000	5,014,480	14,480
Special Education Fund			
Instruction	9,289,207	9,418,596	129,389
Supporting services	2,971,883	2,928,228	(43,655)

**Compliance - Bond Proceeds**

The 2020 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the fund from the inception of the fund through the current fiscal year:

	2020 Capital Projects Fund
Revenues	\$ 36,113,964
Expenditures	4,412,741

**Compliance Sinking Funds**

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

**Note 3 – Deposits and Investments**

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 15,184,897
Investments in securities, mutual funds, and similar vehicles	34,526,278
Petty cash and cash on hand	<u>4,796</u>
<b>Total</b>	<b><u>\$ 49,715,971</u></b>

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
MAX Class	<u>\$ 34,526,278</u>	6 Month Ave	AAAm	Standard & Poor's

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

As of June 30, 2021, the net asset value of the School District's investment in MILAF + Portfolio was \$34,526,278. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk – This is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's policy minimized interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investment operating funds primarily in short-term securities, liquid asset funds, money market mutual funds, or similar instrument pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District does not have an investment policy further limiting its investment choices. The School District does not have a policy for credit risk and does not have any investments held at year end subject to credit risk.

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

Concentration of credit risk – The School District places no limit on the amount the School District may invest in any one issuer. The School District does not have investments in any one issuer of more than 5 percent of the School District's total investments.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$50,405,210 of the School District's bank balance of \$50,794,429 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk of investments and does not have investments with custodial credit risk.

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 4 – Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ 332,757	\$ 4,748,049	\$ 969,712	\$ 4,111,094
Capital assets being depreciated				
Buildings and site improvements	59,680,144	874,822	-	60,554,966
Equipment and furniture	5,428,116	-	10,339	5,417,777
Buses and other vehicles	2,251,246	94,890	230,998	2,115,138
Total capital assets being depreciated	67,359,506	969,712	241,337	68,087,881
Less accumulated depreciation for				
Buildings and site improvements	38,950,793	1,664,640	-	40,615,433
Equipment and furniture	4,606,967	263,921	10,339	4,860,549
Buses and other vehicles	1,337,182	190,936	230,998	1,297,120
Total accumulated depreciation	44,894,942	2,119,497	241,337	46,773,102
Net capital assets being depreciated	22,464,564	(1,149,785)	-	21,314,779
Net capital assets	\$ 22,797,321	\$ 3,598,264	\$ 969,712	\$ 25,425,873

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

<b>Governmental activities</b>	
Instruction	\$ 1,483,648
Supporting services	635,849
Total governmental activities	<u>\$ 2,119,497</u>

**Construction Contracts**

As of year end, the School District has the following construction contracts in progress:

	Total Contract	Remaining Construction Commitment at Year End	Contract Payable at Year End
GCHS Renovation	\$ 11,397,213	\$ 9,101,184	\$ 2,296,029
GCHS Stadium Renovation	2,136,145	1,751,139	385,006

**Note 5 – Interfund Receivables, Payables, and Transfers**

Individual interfund receivable and payable balances at year end were:

Receivable Fund	Payable Fund	Amount
General Fund	2020 Capital Projects Fund	\$ 2,689,138
General Fund	Nonmajor Governmental Funds	176,937
Special Education Fund	General Fund	1,299,154
Nonmajor Governmental Funds	General Fund	441,533
Internal Service Fund	General Fund	664,178
		<u>\$ 5,270,940</u>

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

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

Interfund transfers consist of the following:

	Transfers Out			Total
	General Fund	Special Education Fund	Internal Service Fund	
<u>Transfers in</u>				
General Fund	\$ -	\$ 871,639	\$ 89,513	\$ 961,152
Special Education Fund	<u>5,014,480</u>	-	-	<u>5,014,480</u>
	<u>\$5,014,480</u>	<u>\$ 871,639</u>	<u>\$ 89,513</u>	<u>\$5,975,632</u>

Transfers from the General Fund to the Special Education Fund were for excess costs related to operations of the Special Education Fund. The transfers from the Special Education Fund to the General Fund were for indirect costs related to operating the Special Education Fund. The transfers from the Internal Service Fund to the General Fund were for reimbursement of expenditures paid for by the General Fund.

**Note 6 – Unearned Revenue**

Governmental funds report revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 624,842</u>
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**Note 7 – Leases**

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

Year ending June 30, 2021	\$ 26,005
Less amount representing interest	<u>(661)</u>
Present value of minimum lease payments	<u>\$ 25,344</u>

The assets acquired through capital leases are as follows:

Machinery and equipment	\$ 241,849
Less accumulated depreciation	<u>(217,664)</u>
Total	<u>\$ 24,185</u>

**Note 8 – Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences, retirement incentives, and certain risk liabilities.



**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
<b>Bonds payable</b>					
General obligation bonds	\$ 45,840,000	\$ -	\$ 1,570,000	\$ 44,270,000	\$ 1,605,000
Premium on bonds	<u>8,653,354</u>	<u>-</u>	<u>618,794</u>	<u>8,034,560</u>	<u>-</u>
Total bonds payable	<u>54,493,354</u>	<u>-</u>	<u>2,188,794</u>	<u>52,304,560</u>	<u>1,605,000</u>
<b>Other liabilities</b>					
Capital leases	78,841	-	53,497	25,344	25,344
Compensated absences	1,513,935	659,133	651,144	1,521,924	650,000
Other postemployment benefits	<u>517,588</u>	<u>19,775</u>	<u>33,842</u>	<u>503,521</u>	<u>-</u>
Total other liabilities	<u>2,110,364</u>	<u>678,908</u>	<u>738,483</u>	<u>2,050,789</u>	<u>675,344</u>
<b>Total</b>	<u>\$ 56,603,718</u>	<u>\$ 678,908</u>	<u>\$ 2,927,277</u>	<u>\$ 54,355,349</u>	<u>\$ 2,280,344</u>

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

\$22,085,000 of 2016 refunding bond due in annual installments of \$1,335,000 to \$1,540,000 through 5/1/2031, interest at 5.00%	\$ 15,075,000
\$29,320,000 of 2020 Building & Site bond due in annual installments of \$125,000 to \$2,450,000 through 5/1/2046, interest at 3.00 - 5.00%	<u>29,195,000</u>
<b>Total general obligation bonded debt</b>	<u>\$ 44,270,000</u>

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

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2022	\$ 1,605,000	\$ 2,132,050	\$ 3,737,050
2023	1,525,000	2,054,300	3,579,300
2024	1,540,000	1,978,050	3,518,050
2025	1,625,000	1,901,050	3,526,050
2026	1,665,000	1,821,800	3,486,800
2027 - 2031	9,030,000	7,865,900	16,895,900
2032 - 2036	7,070,000	5,838,250	12,908,250
2037 - 3041	9,000,000	3,887,250	12,887,250
2042 - 2046	<u>11,210,000</u>	<u>1,666,850</u>	<u>12,876,850</u>
<b>Total</b>	<u>\$ 44,270,000</u>	<u>\$ 29,145,500</u>	<u>\$ 73,415,500</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$1,626,912 pay this debt. Future debt and interest will be payable from future tax levies. Capital leases and compensated absences will be liquidated with funds from the General Fund and the Special Education Fund. The notes will be liquidated with funds from the General Fund and the other post-employment benefits will be paid from the Internal Service Fund.

**Compensated Absences**

Accrued compensated absences at year end, consist of \$474,151 of vacation hours earned and vested, and \$1,047,773 in accrued sick time benefits. The amount anticipated to be paid out per the next year is included within the amounts listed as due within one year.

**Deferred Amount on Refunding**

The 2016 advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$599,089. This amount is reported in the accompanying statement of

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

net position as a deferred inflow of resources and is being charged to activities through fiscal year 2031.

Debt refunding activity is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Deferred amount on refunding	\$ 439,333	\$ -	\$ 39,939	\$ 399,394

**Note 9 – Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District participates in the Michigan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, errors and omissions, cyber liability and employee injuries (workers' compensation); the School District is insured for vision and dental claims.

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

**Note 10 – Pension Plans**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300

of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Contributions**

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

Pension Contribution Rates

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

Required contributions to the pension plan from the School District were \$7,832,031 for the year ending September 30, 2020.

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

At June 30, 2021, the School District reported a liability of \$97,898,845 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .2850 percent, which was an increase of .0034 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized pension expense of \$12,124,446 for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total pension contribution expense of \$8,480,490.

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 1,495,814	\$ (208,951)	\$ 1,286,863
Changes of assumptions	10,848,136	-	10,848,136
Net difference between projected and actual earnings on pension plan investments	411,327	-	411,327
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>2,148,496</u>	<u>(1,467,366)</u>	<u>681,130</u>
Total to be recognized in future	14,903,773	(1,676,317)	13,227,456
School District contributions subsequent to the measurement date	<u>8,031,698</u>	<u>(3,694,273)</u>	<u>4,337,425</u>
Total	<u>\$ 22,935,471</u>	<u>\$ (5,370,590)</u>	<u>\$ 17,564,881</u>

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

recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2021	\$ 5,339,487
2022	4,541,862
2023	2,583,497
2024	<u>762,610</u>
	<u>\$ 13,227,456</u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.80% net of investment expenses
  - Pension Plus Plan: 6.80% net of investment expenses
  - Pension Plus 2 Plan: 6.0% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006

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

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

Recognition period for assets is 5 years.

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

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of

return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

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

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

**Rate of Return**

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

**Discount Rate**

A discount rate of 6.80% was used to measure the total pension liability (6.8% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
\$ 126,713,447	\$ 97,898,845	\$ 74,017,962

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

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

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

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

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

**Note 11 – Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

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

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses

in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Contributions**

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

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

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

Required contributions to the OPEB plan from the School District were \$1,997,385 for the year ended September 30, 2020.

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

At June 30, 2021, the School District reported a liability of \$15,145,289 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .2827 percent, which was a decrease of .0086 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized OPEB expense of (\$367,185) for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total OPEB contribution expense of \$2,100,472.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (11,284,656)	\$ (11,284,656)
Changes of assumptions	4,993,703	-	4,993,703
Net difference between projected and actual earnings on OPEB plan investments	126,404	-	126,404
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,298,193	(1,078,857)	219,336
Total to be recognized in future	6,418,300	(12,363,513)	(5,945,213)
School District contributions subsequent to the measurement date	1,897,385	-	1,897,385
Total	\$ 8,315,685	\$ (12,363,513)	\$ (4,047,828)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred



**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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

2021	\$		(1,622,456)
2022			(1,446,264)
2023			(1,109,447)
2024			(862,187)
2025			(904,859)
			(904,859)
	\$		(5,945,213)

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 12

- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

*Other Assumptions:*

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

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

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

Recognition period for assets is 5 years.

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on 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*
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
	<u>100.0%</u>	

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

**Rate of Return**

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan

investment expense, was 5.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

1% Decrease	Current Discount Rate	1% Increase
5.95%	6.95%	7.95%
\$ 19,455,846	\$ 15,145,289	\$ 11,516,163

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

The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 11,377,210	\$ 15,145,289	\$ 19,431,015

**OPEB Plan Fiduciary Net Position**

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

**Payables to the OPEB Plan**

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

**Note 12 – Postemployment Benefits Other Than Pensions (OPEB) – Single Employer Plan**

**Plan Description**

The Garden City School District administers the School District's Retiree Benefits Plan – a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for certain employees of the School District.

**Benefits Provided**

The Plan provides healthcare benefits to cover the costs of MPSERS hospitalization for certain retirees. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

**Employees covered by benefit terms**

At June 30, 2020, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	53
Active Employees	107
	160

The OPEB plan is closed to new members.

**Contributions**

The plan is 'pay as you go', therefore no contributions are made. Plan members are not required to contribute to the plan.

**Net OPEB liability**

The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

- Inflation rate: Implicit in expected payroll increases
- Salary increases: 1.0% average, including inflation
- Investment rate of return: N/A; this plan is not pre-funded
- 20-year Aa Municipal bond rate: 2.18%
- Mortality:
  - Employees and retirees: Public Teachers 2010 Employee and Healthy Retiree, Headcount weighted
  - Spouses: Public General 2010 Employee and Healthy Retiree, Headcount weighted

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

Mortality rates were based on the MP-2019 Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

**Discount rate**

The discount rate used to measure the total OPEB liability was 2.18%. The projection of cash flows used to determine the discount rate assumed that School District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Total OPEB Liability	
Service cost	\$ 6,130
Interest	13,645
Differences between expected and actual experience	(27,550)
Changes in assumptions	15,223
Benefit payments	<u>(21,515)</u>
Net change in total OPEB liability	(14,067)
Total OPEB liability - beginning	<u>517,588</u>
Total OPEB liability - ending (a)	<u>\$ 503,521</u>

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were

calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

1% Decrease	Current Discount Rate	1% Increase
<u>\$ 538,009</u>	<u>\$ 503,521</u>	<u>\$ 472,671</u>

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>\$ 491,466</u>	<u>\$ 503,521</u>	<u>\$ 518,240</u>

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2021 the employer recognized OPEB expense of \$20,556. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (185,483)	\$ (185,483)
Changes of assumptions	<u>24,826</u>	<u>-</u>	<u>24,826</u>
Total	<u>\$ 24,826</u>	<u>\$ (185,483)</u>	<u>\$ (160,657)</u>

**Garden City Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

2022	\$		(87,773)
2023			(61,045)
2024			(11,839)
	<u>\$</u>		<u>(160,657)</u>

**Payable to the OPEB Plan**

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

**Note 13 – Change in Accounting Principle**

As indicated in Note 1, Governmental Accounting Standards Board Statement 84 has been adopted. The standard requires this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2020 by \$668,174, restating it from (\$82,747,555) to (\$82,079,381). The impact of this change increases the beginning fund balance in the statement of revenues, expenditures and changes in fund balances as of July 1, 2020 by the Student Activities and Scholarships fund balance of \$668,174, restating it from \$0 to \$668,174.

## REQUIRED SUPPLEMENTARY INFORMATION

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**Garden City Public Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 4,052,254	\$ 3,706,585	\$ 3,777,698	\$ 71,113
State sources	35,135,250	39,097,156	38,141,455	(955,701)
Federal sources	2,346,121	6,052,749	5,584,131	(468,618)
Interdistrict sources	<u>1,887,700</u>	<u>2,036,750</u>	<u>1,983,177</u>	<u>(53,573)</u>
Total revenues	<u>43,421,325</u>	<u>50,893,240</u>	<u>49,486,461</u>	<u>(1,406,779)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	15,917,387	19,004,540	18,863,726	(140,814)
Added needs	6,523,392	7,878,359	6,973,366	(904,993)
Supporting services				
Pupil	3,430,376	3,726,211	3,316,569	(409,642)
Instructional staff	2,150,759	2,523,502	2,230,847	(292,655)
General administration	552,755	569,909	548,188	(21,721)
School administration	2,699,878	2,765,364	2,903,079	137,715
Business	1,059,186	1,030,756	923,923	(106,833)
Operations and maintenance	3,279,054	3,919,478	3,625,816	(293,662)
Pupil transportation services	1,511,317	1,059,824	847,325	(212,499)
Central	1,370,846	1,682,680	1,655,067	(27,613)
Athletic activities	414,735	418,870	355,700	(63,170)
Other	38,000	38,000	11,203	(26,797)
Community services	663,996	665,661	476,049	(189,612)
Intergovernmental payments	62,000	62,000	54,000	(8,000)
Capital outlay	<u>385,645</u>	<u>702,850</u>	<u>723,892</u>	<u>21,042</u>
Total expenditures	<u>40,059,326</u>	<u>46,048,004</u>	<u>43,508,750</u>	<u>(2,539,254)</u>

**Garden City Public Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>\$ 3,361,999</u>	<u>\$ 4,845,236</u>	<u>\$ 5,977,711</u>	<u>\$ 1,132,475</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	551,390	957,891	961,152	3,261
Transfers out	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(5,014,480)</u>	<u>14,480</u>
Total other financing sources (uses)	<u>(4,448,610)</u>	<u>(4,042,109)</u>	<u>(4,053,328)</u>	<u>11,219</u>
Net change in fund balance	(1,086,611)	803,127	1,924,383	1,121,256
Fund balance - beginning	<u>8,476,419</u>	<u>8,476,419</u>	<u>8,476,419</u>	<u>-</u>
Fund balance - ending	<u>\$ 7,389,808</u>	<u>\$ 9,279,546</u>	<u>\$ 10,400,802</u>	<u>\$ 1,121,256</u>



**Garden City Public Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Special Education Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Revenues</b>				
Federal sources	\$ 380,000	\$ 470,753	\$ 470,753	\$ -
Interdistrict sources	8,107,599	7,860,355	7,889,164	28,809
Total revenues	<u>8,487,599</u>	<u>8,331,108</u>	<u>8,359,917</u>	<u>28,809</u>
<b>Expenditures</b>				
Current				
Education				
Instruction	10,113,208	9,289,207	9,418,596	129,389
Supporting services	2,823,001	2,971,883	2,928,228	(43,655)
Capital outlay	-	112,127	155,934	43,807
Total expenditures	<u>12,936,209</u>	<u>12,373,217</u>	<u>12,502,758</u>	<u>129,541</u>
Excess (deficiency) of revenues over expenditures	<u>(4,448,610)</u>	<u>(4,042,109)</u>	<u>(4,142,841)</u>	<u>(100,732)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,000,000	5,000,000	5,014,480	14,480
Transfers out	<u>(551,390)</u>	<u>(957,891)</u>	<u>(871,639)</u>	<u>(86,252)</u>
Total other financing sources (uses)	<u>4,448,610</u>	<u>4,042,109</u>	<u>4,142,841</u>	<u>100,732</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. School District's proportion of net pension liability (%)	28.50000%	28.16000%	0.27150%	0.27750%	0.30440%	0.33860%	0.35806%			
B. School District's proportionate share of net pension liability	\$97,898,845	\$93,240,391	\$81,619,809	\$71,909,590	\$75,948,014	\$82,700,478	\$78,867,095			
C. School District's covered payroll	\$25,173,892	\$25,518,028	\$22,954,273	\$22,729,732	\$24,518,412	\$28,234,957	\$30,446,145			
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	25.71%	27.37%	28.12%	31.61%	32.28%	34.14%	38.60%			
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%			

**Note Disclosures**

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

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

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

	For the Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	\$ 8,480,490	\$ 7,907,228	\$ 7,393,185	\$ 6,508,626	\$ 4,261,426	\$ 4,506,288	\$ 6,456,147			
B. Contributions in relation to statutorily required contributions	<u>8,480,490</u>	<u>7,907,228</u>	<u>7,393,185</u>	<u>6,508,626</u>	<u>4,261,426</u>	<u>4,506,288</u>	<u>6,456,147</u>			
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
D. School District's covered payroll	\$25,759,141	\$25,427,455	\$24,630,882	\$23,316,252	\$22,724,285	\$23,660,641	\$29,029,317			
E. Contributions as a percentage of covered payroll	32.92%	31.10%	30.02%	27.91%	18.75%	19.05%	22.24%			

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. School District's proportion of the net OPEB liability (%)	28.27000%	29.13000%	0.26930%	0.27820%						
B. School District's proportionate share of the net OPEB liability	\$ 15,145,289	\$ 20,908,045	\$ 21,405,290	\$ 24,634,886						
C. School District's covered payroll	\$ 25,173,892	\$ 25,518,028	\$ 22,954,273	\$ 22,729,732						
D. School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	166.22%	122.05%	107.24%	92.27%						
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%						

**Note Disclosures**

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

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

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

	For the Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	\$ 2,100,472	\$ 2,019,030	\$ 1,747,916	\$ 2,165,813						
B. Contributions in relation to statutorily required contributions	<u>2,100,472</u>	<u>2,019,030</u>	<u>1,747,916</u>	<u>2,165,813</u>						
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
D. School District's covered payroll	\$25,759,141	\$25,427,455	\$24,630,882	\$23,316,252						
E. Contributions as a percentage of covered payroll	8.15%	7.94%	7.10%	9.29%						

**Garden City Public Schools**  
**Required Supplementary Information**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Single Employer OPEB Plan**  
**June 30, 2021**

Fiscal year ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 6,130	\$ 7,692	\$ 8,245	\$ 16,165
Interest	13,645	17,129	18,729	29,581
Differences between expected and actual experience	(27,550)	(78,081)	(45,664)	(356,624)
Changes in assumptions	15,223	21,122	-	4,470
Benefit payments	<u>(21,515)</u>	<u>(27,065)</u>	<u>(41,159)</u>	<u>(53,655)</u>
Net change in total OPEB liability	(14,067)	(59,203)	(59,849)	(360,063)
Total OPEB liability - beginning	<u>517,588</u>	<u>576,791</u>	<u>636,640</u>	<u>996,703</u>
Total OPEB liability - ending	<u>\$ 503,521</u>	<u>\$ 517,588</u>	<u>\$ 576,791</u>	<u>\$ 636,640</u>

GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Garden City Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Contributions - Single Employer Plan**  
**Single Employer OPEB Plan**  
**June 30, 2021**

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 139,866	\$ 53,655	\$ 86,211	N/A	N/A
2019	99,186	41,159	58,027	N/A	N/A
2020	100,501	27,065	73,436	N/A	N/A
2021	88,308	21,515	66,793	N/A	N/A

**Notes to Schedule of Contributions**

Valuation date: June 30, 2020

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	7 years
Asset valuation method	N/A - plan is not pre-funded
Inflation	Capped reimbursement amounts - no inflation assumed
Healthcare cost trend rates	8.25% graded to 4.50% by 0.25% per year
Salary increases	1.00%
Investment rate of return	N/A - plan is not pre-funded
20-year Aa Municipal bond rate	2.18%
Retirement age	Various
Mortality	Employees and retirees: Public Teachers 2010 Employee and Healthy Retiree, Headcount weighted Spouses: Public General 2010 Employee and Healthy Retiree, Headcount weighted

## OTHER SUPPLEMENTARY INFORMATION

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**Garden City Public Schools  
Other Supplemental Information  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2021**

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	Food Service	Student Activities and Scholarships	2016 Refunding Bond	Sinking Fund	
<b>Assets</b>					
Cash	\$ 544,468	\$ 812,904	\$ 1,458,497	\$ 2,188,797	\$ 5,004,666
Taxes receivable	-	-	10,980	3,287	14,267
Accounts receivable	221,496	-	-	-	221,496
Due from other funds	26,582	-	157,935	257,016	441,533
Due from other governmental units	6,481	-	-	-	6,481
<b>Total assets</b>	<b><u>\$ 799,027</u></b>	<b><u>\$ 812,904</u></b>	<b><u>\$ 1,627,412</u></b>	<b><u>\$ 2,449,100</u></b>	<b><u>\$ 5,688,443</u></b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 65,026	\$ 500	\$ 500	\$ -	\$ 66,026
Due to other funds	-	176,937	-	-	176,937
<b>Total liabilities</b>	<b><u>65,026</u></b>	<b><u>177,437</u></b>	<b><u>500</u></b>	<b><u>-</u></b>	<b><u>242,963</u></b>
<b>Fund Balances</b>					
<b>Restricted for</b>					
Food service	734,001	-	-	-	734,001
Debt service	-	-	1,626,912	-	1,626,912
Sinking fund	-	-	-	2,449,100	2,449,100
<b>Committed</b>	<b><u>-</u></b>	<b><u>635,467</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>635,467</u></b>
<b>Total fund balances</b>	<b><u>734,001</u></b>	<b><u>635,467</u></b>	<b><u>1,626,912</u></b>	<b><u>2,449,100</u></b>	<b><u>5,445,480</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 799,027</u></b>	<b><u>\$ 812,904</u></b>	<b><u>\$ 1,627,412</u></b>	<b><u>\$ 2,449,100</u></b>	<b><u>\$ 5,688,443</u></b>

**Garden City Public Schools  
Other Supplemental Information  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2021**

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Student Activities and Scholarships	2016 Refunding Bond	Sinking Fund	
<b>Revenues</b>					
Local sources	\$ 20,561	\$ 116,802	\$ 3,638,782	\$ 1,086,568	\$ 4,862,713
State sources	54,349	-	19,719	-	74,068
Federal sources	1,103,051	-	-	-	1,103,051
	<u>1,177,961</u>	<u>116,802</u>	<u>3,658,501</u>	<u>1,086,568</u>	<u>6,039,832</u>
<b>Expenditures</b>					
Current					
Education					
Supporting services	-	149,509	-	-	149,509
Food services	835,401	-	-	-	835,401
Facilities acquisition	-	-	-	479,718	479,718
Capital outlay	7,323	-	-	-	7,323
Debt service					
Principal	-	-	1,570,000	-	1,570,000
Interest and other expenditures	-	-	2,021,804	7,092	2,028,896
	<u>842,724</u>	<u>149,509</u>	<u>3,591,804</u>	<u>486,810</u>	<u>5,070,847</u>
Excess (deficiency) of revenues over expenditures	<u>335,237</u>	<u>(32,707)</u>	<u>66,697</u>	<u>599,758</u>	<u>968,985</u>
Fund balances - beginning, as restated	<u>398,764</u>	<u>668,174</u>	<u>1,560,215</u>	<u>1,849,342</u>	<u>4,476,495</u>
Fund balances - ending	<u>\$ 734,001</u>	<u>\$ 635,467</u>	<u>\$ 1,626,912</u>	<u>\$ 2,449,100</u>	<u>\$ 5,445,480</u>

**Garden City Public Schools**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2021**

Year Ending June 30,	2020 Capital Projects Fund		2016 Refunding		Total
2022	\$	125,000	\$	1,480,000	\$ 1,605,000
2023		-		1,525,000	1,525,000
2024		-		1,540,000	1,540,000
2025		100,000		1,525,000	1,625,000
2026		150,000		1,515,000	1,665,000
2027		150,000		1,530,000	1,680,000
2028		225,000		1,515,000	1,740,000
2029		300,000		1,500,000	1,800,000
2030		390,000		1,480,000	1,870,000
2031		475,000		1,465,000	1,940,000
2032		1,280,000		-	1,280,000
2033		1,345,000		-	1,345,000
2034		1,410,000		-	1,410,000
2035		1,480,000		-	1,480,000
2036		1,555,000		-	1,555,000
2037		1,630,000		-	1,630,000
2038		1,710,000		-	1,710,000
2039		1,795,000		-	1,795,000
2040		1,885,000		-	1,885,000
2041		1,980,000		-	1,980,000
2042		2,060,000		-	2,060,000
2043		2,140,000		-	2,140,000
2044		2,225,000		-	2,225,000
2045		2,335,000		-	2,335,000
2046		2,450,000		-	2,450,000
<b>Total</b>	<b>\$</b>	<b>29,195,000</b>	<b>\$</b>	<b>15,075,000</b>	<b>\$ 44,270,000</b>
Principal payments due the first day of		May		May	
Interest payments due the first day of		May and November		May and November	
Interest rate		4.00% - 5.00%		3.00% - 5.00%	
Original issue	\$	22,085,000	\$	29,320,000	