

Garden City Public Schools

Financial Statements

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Garden City Public Schools
Members of the Board of Education and Administration
June 30, 2023

Members of the Board of Education

Jaime Beccaccio – President

Sarah Roffi – Vice President

Lynette Childress – Treasurer

Darlene Jablonowski – Secretary

Scott George – Trustee

Margie Sanders – Trustee

Jill Buterbaugh – Trustee

Administration

Derek Fisher – Superintendent

Steven Wisniewski – Chief Financial Officer

Independent Auditors' Report

Management and the Board of Education
Garden City Public Schools
Garden City, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garden City Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Garden City Public Schools' basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Garden City Public Schools, as June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, 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 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023. 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 Project Funds, with all other funds presented in one column as nonmajor governmental funds.

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

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements
Notes to the Financial Statements

Required Supplementary Information

Budgetary Information for Major Funds
Schedule of the School District's Proportionate Share of the Net Pension and OPEB Liabilities
Schedule of the School District's Pension and OPEB Contributions
Schedule of Changes in Total OPEB Liability and Related Ratios
Schedule of the School District's Single Employer Plan 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 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 reconciliations.

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, 2023 and 2022.

	Governmental Activities	
	June 30,	
	2023	2022
	(in millions)	
Assets & Deferred Outflows		
Current and other assets	\$ 45.0	\$ 56.5
Capital assets	55.2	38.6
Deferred Outflows	37.8	23.0
Total assets & deferred outflows	138.0	118.1
Liabilities		
Current liabilities	12.7	7.5
Long-term liabilities	177.1	138.3
Deferred Inflows	18.3	44.4
Total liabilities & deferred inflows	208.1	190.2
Net Position		
Net investment in capital assets	8.3	6.8
Restricted	6.2	5.8
Unrestricted (deficit)	(84.6)	(84.7)
Total net position	\$ (70.1)	\$ (72.1)

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 (\$70.1) million at June 30, 2023. Capital assets, net of related debt totaling approximately \$8.3 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, (\$84.6) million, was unrestricted. The (\$84.6) 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 2023 and 2022.

	Governmental Activities	
	June 30,	
	2023	2022
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.2	\$ 0.2
Operating grants and contributions	37.1	32.3
General revenue:		
Property taxes	8.4	8.1
State aid	25.8	22.3
Other	1.6	1.0
Total revenue	<u>73.1</u>	<u>63.9</u>
Functions/program expenses		
Instruction	41.1	32.0
Supporting services	25.8	19.9
Food services	1.8	1.6
Community services and other	-	0.2
Interest and long-term debt	2.4	1.9
Total functions/program costs	<u>71.1</u>	<u>55.6</u>
Change in net position	2.0	8.3
Beginning net position (deficit)	<u>(72.1)</u>	<u>(80.4)</u>
Ending net position (deficit)	<u>\$ (70.1)</u>	<u>\$ (72.1)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$71.1 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 \$37.1 million). We paid for the remaining public benefit portion of our governmental activities with \$8.4 million in taxes, \$25.8 million in state foundation allowance, and \$1.6 million with our other revenue (*i.e.*, interest and general entitlements).

Garden City Public Schools

Management's Discussion and Analysis

The School District experienced a \$2.0 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 \$32,225,205, which is a decrease of approximately \$16.6 million from last years' fund balance. The primary reasons for the decrease was due to a decrease in the 2020 Capital Projects Fund of \$17.9 million partially offset by increases in the Sinking and Food Service Funds. The 2020 Capital Projects Fund balance decrease was related to construction-in-progress for projects that began during fiscal year 2021 and continued through 2023. The General Fund balance increased by approximately \$479,000. The Sinking Fund Balance, The Student Activities and Scholarships Fund Balance, The Food Service Fund Balance, and the Debt Fund Balance increased by approximately \$423,000 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 2023. 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 2022-23 school year was adopted prior to the State adopting the School Aid budget. The best available estimates were made at the time of the adoption but the budget was amended in June to reflect updated revenue, pupil counts and expenditures to align with actual amounts.

Significant amendments between the original and final budgets adopted during the year included a \$207,000 decrease in Local revenue, a \$4.5 million increase in State Aid revenue, a \$1.3 million increase in Federal Revenue and a \$1.1 million decrease in Incoming Transfers & Other revenue. The increase in State Aid revenue was primarily due to an increase in UAAL retiree payments, Section 97A funding and a slight increase in student enrollment. The increase in Federal Revenue was primarily due to ESSER funding and the increase in Incoming Transfers & Other revenue was primarily due to an increase in tax collections related to the Wayne County Regional Enhancement Millage

Garden City Public Schools

Management's Discussion and Analysis

On the expenditure side of the budget, amendments between the original and final budgets totaled a \$4.7 million increase in projected costs primarily due to an increase in COVID-related federal grants totaling \$4.4 million. The variance between the final estimated June 30, 2023 fund balance and the actual June 30, 2023 fund balance was \$24,740.

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 \$500,000 decrease in operating transfer in. Amendments to expenditures totaled a similar decrease of \$500,000 related to updates in staffing estimates.

The variance between budgeted Special Education Fund revenue and actual Special Education Fund revenue was \$1.8 million. The change on the revenue was primarily due to lower than estimated reimbursement of program costs. The variance between budgeted Special Education Fund expenditures and actual Special Education Fund expenditures was \$571,000, primarily due to lower than estimated program costs.

Garden City Public Schools

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the School District had \$55.2million 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 \$16.6 million.

	<u>2023</u>	<u>2022</u>
Construction in progress	\$ 33,809,148	\$ 19,314,899
Building and site improvements	63,636,271	60,554,966
Equipment and furniture	6,600,435	5,457,647
Buses and other vehicles	<u>2,123,795</u>	<u>2,063,180</u>
Total capital assets	72,360,501	68,075,793
Less accumulated depreciation	<u>(50,991,420)</u>	<u>(48,794,802)</u>
Net capital assets	<u>\$ 55,178,229</u>	<u>\$ 38,595,890</u>

This year's capital asset additions included building and site improvements, furniture, and equipment. 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 \$54.2 million in bonds outstanding versus \$56.0 million in the previous year. Those bonds consisted of the following:

	<u>2023</u>	<u>2022</u>
2016 General Obligation Bonds	\$ 12,070,000	\$ 13,595,000
2020 Building & Site Bonds	29,070,000	29,070,000
2022 Building & Site Bonds	<u>13,030,000</u>	<u>13,330,000</u>
Total	<u>\$ 54,170,000</u>	<u>\$ 55,995,000</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 2023 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 2020, voters in Wayne County renewed a Regional Enhancement Millage for a period of six years ending in December 2027. The District's share of this millage was approximately \$1.2 million in fiscal year 2023 and is expected to be less in 2023-24 based on projected enrollment data and a change in the distribution formula to include public school academies.

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 2023-24 budget adopted in June 2023 was based on an estimate of students that will be enrolled in October 2023. 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 has made significant progress towards long-term fiscal health, as the District's accumulated equity fund balance in the General Fund remained above 18% at approximately \$10.2 million.

The COVID-19 pandemic has created considerable challenges to predicting the revenues and expenditures required to operate the School District in 2022-23 and beyond. The District has received over \$4.4 million dollars in Federal funding in 2022-23 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 only been used strategically for specific purposes.

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 Steve Wisniewski, 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, 2023

	<u>Governmental Activities</u>
Assets	
Cash	\$ 35,415,589
Accounts receivable	10,256
Due from other governmental units	9,402,914
Inventory	29,608
Prepaid items	211,398
Capital assets not being depreciated	33,809,148
Capital assets - net of accumulated depreciation	<u>21,369,081</u>
Total assets	<u>100,247,994</u>
Deferred Outflows of Resources	
Deferred amount relating to net pension liability	29,212,226
Deferred amount relating to net OPEB liability	8,254,595
Deferred amount relating to total OPEB liability - single employer plan	6,588
Deferred amount on debt refunding	<u>319,516</u>
Total deferred outflows of resources	<u>37,792,925</u>

See Accompanying Notes to the Financial Statements

Garden City Public Schools
Statement of Net Position
June 30, 2023

	Governmental Activities
Liabilities	
Accounts payable	\$ 3,777,039
Due to other governmental units	1,402,860
Payroll deductions and withholdings	9,280
Accrued expenditures	518,399
Accrued salaries payable	5,033,888
Unearned revenue	2,042,468
Long-term liabilities	
Debt due within one year	1,930,000
Debt due in more than one year	61,904,377
Net pension liability	106,984,253
Net OPEB liability	5,860,132
Total OPEB liability - single employer plan	374,603
Total liabilities	189,837,299
Deferred Inflows of Resources	
Deferred amount on net pension liability	5,205,459
Deferred amount on net OPEB liability	12,945,026
Deferred amount on total OPEB liability - single employer plan	104,937
Total deferred inflows of resources	18,255,422
Net Position	
Net investment in capital assets	8,333,321
Restricted for	
Food service	1,286,740
Debt service	837,860
Sinking fund	4,085,587
Unrestricted (deficit)	(84,595,310)
Total net position	\$ (70,051,802)

See Accompanying Notes to the Financial Statements

Garden City Public Schools
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs				
Governmental activities				
Instruction	\$ 41,322,572	\$ -	\$ 20,395,127	\$ (20,927,445)
Supporting services	25,848,411	-	14,927,216	(10,921,195)
Food services	1,840,853	143,401	1,786,246	88,794
Community services and other	19,509	38,112	-	18,603
Interest and fiscal charges on long-term debt	1,996,147	-	-	(1,996,147)
	<u>\$ 71,027,492</u>	<u>\$ 181,513</u>	<u>\$ 37,108,589</u>	<u>(33,737,390)</u>
General revenues				
				3,296,675
				4,009,194
				1,143,641
				25,772,976
				995,665
				587,731
				<u>35,805,882</u>
				2,068,492
				<u>(72,120,294)</u>
				<u>\$ (70,051,802)</u>

See Accompanying Notes to the Financial Statements

Garden City Public Schools
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Special Education Fund	2020 Capital Projects Fund	2022 Capital Projects Fund		
Assets						
Cash	\$ 10,398,428	\$ -	\$ 6,558,245	\$ 11,334,907	\$ 7,124,009	\$ 35,415,589
Accounts receivable	10,256	-	-	-	-	10,256
Due from other funds	41,668	1,425,151	-	6,018,031	249,418	7,734,268
Due from other governmental units	9,320,862	-	-	-	82,052	9,402,914
Inventory	13,002	-	-	-	16,606	29,608
Prepaid items	211,398	-	-	-	-	211,398
Total assets	<u>\$ 19,995,614</u>	<u>\$ 1,425,151</u>	<u>\$ 6,558,245</u>	<u>\$ 17,352,938</u>	<u>\$ 7,472,085</u>	<u>\$ 52,804,033</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 386,208	\$ 65,071	\$ 212,279	\$ 3,011,662	\$ 101,819	\$ 3,777,039
Due to other funds	2,147,521	-	6,031,722	-	27,977	8,207,220
Due to other governmental units	1,402,860	-	-	-	-	1,402,860
Payroll deductions and withholdings	9,280	-	-	-	-	9,280
Accrued expenditures	106,073	-	-	-	-	106,073
Accrued salaries payable	3,673,808	1,360,080	-	-	-	5,033,888
Unearned revenue	2,042,468	-	-	-	-	2,042,468
Total liabilities	<u>9,768,218</u>	<u>1,425,151</u>	<u>6,244,001</u>	<u>3,011,662</u>	<u>129,796</u>	<u>20,578,828</u>

See Accompanying Notes to the Financial Statements

Garden City Public Schools
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Special Education Fund	2020 Capital Projects Fund	2022 Capital Projects Fund		
Fund Balances						
Non-spendable:						
Inventory	\$ 13,002	\$ -	\$ -	\$ -	\$ 16,606	\$ 29,608
Prepaid items	211,398	-	-	-	-	211,398
Restricted for:						
Food service	-	-	-	-	1,270,134	1,270,134
Debt service	-	-	-	-	1,250,186	1,250,186
Capital projects	-	-	314,244	14,341,276	-	14,655,520
Sinking Fund	-	-	-	-	4,085,587	4,085,587
Committed for:						
Student activities and scholarships	-	-	-	-	719,776	719,776
Unassigned	<u>10,002,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,002,996</u>
Total fund balances	<u>10,227,396</u>	<u>-</u>	<u>314,244</u>	<u>14,341,276</u>	<u>7,342,289</u>	<u>32,225,205</u>
Total liabilities and fund balances	<u>\$ 19,995,614</u>	<u>\$ 1,425,151</u>	<u>\$ 6,558,245</u>	<u>\$ 17,352,938</u>	<u>\$ 7,472,085</u>	<u>\$ 52,804,033</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, 2023

Total fund balances for governmental funds	\$ 32,225,205
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	33,809,148
Capital assets - net of accumulated depreciation	21,369,081
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	319,516
Deferred inflows of resources resulting from net pension liability	(5,205,459)
Deferred inflows of resources resulting from net OPEB liability	(12,945,026)
Deferred outflows of resources resulting from net pension liability	29,212,226
Deferred outflows of resources resulting from net OPEB liability	8,254,595
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(412,326)
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	(106,984,253)
Net OPEB liability	(5,860,132)
Compensated absences	(2,014,433)
Bonds and notes payable	<u>(61,819,944)</u>
Net position of governmental activities	<u>\$ (70,051,802)</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, 2023

	General Fund	Special Revenue Fund	Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Special Education Fund	2020 Capital Projects Fund	2022 Capital Projects Fund		
Revenues						
Local sources	\$ 4,278,969	\$ -	\$ 372,397	\$ 424,783	\$ 5,763,020	\$ 10,839,169
State sources	43,413,838	-	-	-	68,213	43,482,051
Federal sources	6,777,408	403,000	-	-	1,718,033	8,898,441
Interdistrict sources	<u>2,151,328</u>	<u>7,724,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,876,323</u>
 Total revenues	<u>56,621,543</u>	<u>8,127,995</u>	<u>372,397</u>	<u>424,783</u>	<u>7,549,266</u>	<u>73,095,984</u>
Expenditures						
Current						
Education						
Instruction	28,991,229	10,082,717	-	-	-	39,073,946
Supporting services	20,689,833	3,660,319	-	-	374,142	24,724,294
Food services	-	-	-	-	1,818,897	1,818,897
Community services	19,276	-	-	-	-	19,276
Intergovernmental payments	54,997	-	-	-	-	54,997
Facilities acquisition	-	-	18,243,587	6,601	456,740	18,706,928
Capital outlay	689,796	161,248	-	-	13,280	864,324
Debt service						
Principal	-	-	-	-	1,825,000	1,825,000
Interest and other expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,638,338</u>	<u>2,638,338</u>
 Total expenditures	<u>50,445,131</u>	<u>13,904,284</u>	<u>18,243,587</u>	<u>6,601</u>	<u>7,126,397</u>	<u>89,726,000</u>
 Excess (deficiency) of revenues over expenditures	<u>6,176,412</u>	<u>(5,776,289)</u>	<u>(17,871,190)</u>	<u>418,182</u>	<u>422,869</u>	<u>(16,630,016)</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, 2023

	General Fund	Special Revenue Fund	Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Special Education Fund	2020 Capital Projects Fund	2022 Capital Projects Fund		
Other Financing Sources (Uses)						
Transfers in	\$ 167,255	\$ 5,864,452	\$ -	\$ -	\$ -	\$ 6,031,707
Transfers out	<u>(5,864,452)</u>	<u>(88,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,952,615)</u>
Total other financing sources (uses)	<u>(5,697,197)</u>	<u>5,776,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,092</u>
Net change in fund balances	479,215	-	(17,871,190)	418,182	422,869	(16,550,924)
Fund balances - beginning	<u>9,748,181</u>	<u>-</u>	<u>18,185,434</u>	<u>13,923,094</u>	<u>6,919,420</u>	<u>48,776,129</u>
Fund balances - ending	<u>\$ 10,227,396</u>	<u>\$ -</u>	<u>\$ 314,244</u>	<u>\$ 14,341,276</u>	<u>\$ 7,342,289</u>	<u>\$ 32,225,205</u>

See Accompanying Notes to the Financial Statements

Garden City Public Schools
Proprietary Fund
Internal Service Fund
Statement of Net Position
June 30, 2023

	Internal Service Fund
Assets	
Due from other funds	\$ 472,952
Deferred outflows of resources	
Deferred amount relating to total OPEB liability - single employer plan	6,588
Liabilities	
Total OPEB liability	374,603
Deferred inflows of resources	
Deferred amount relating to total OPEB liability - single employer plan	104,937
Net position restricted for OPEB	\$ -

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, 2023

Net change in fund balances - Total governmental funds	\$ (16,550,924)
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	(2,196,618)
Capital outlay	18,778,957
Expenses are recorded when incurred in the statement of activities.	
Interest	14,618
Compensated absences	(326,855)
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	(39,512,623)
Net change in the deferred inflows and outflows of resources related to the net pension liability	35,216,787
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	(1,466,769)
Net change in the deferred inflows and outflows of resources related to the net OPEB liability	5,659,346
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	1,825,000
Deferred amount on refunding	(39,939)
Amortization of premiums	667,512
Change in net position of governmental activities	\$ 2,068,492

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, 2023

	Internal Service Fund
Expenses	
Other post employment benefits	\$ (79,092)
Other Financing Uses	
n	<u>(79,092)</u>
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, 2023

	<u>Internal Service Fund</u>
Cash flows from operating activities	
Charges to other funds	\$ 79,092
Transfers out	<u>(79,092)</u>
Net cash provided by operating activities	<u>-</u>
Cash - beginning of year	<u>-</u>
Cash - end of year	<u><u>\$ -</u></u>
 Reconciliation of operating income to net cash from operating activities	
Operating income	\$ -
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Due from other funds	79,092
Total OPEB liability - deferred outflows of resources	9,011
Total OPEB liability	(16,878)
Total OPEB liability - deferred inflows of resources	<u>(71,225)</u>
 Net cash provided by operating activities	 <u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

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 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

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

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.

2022 Capital Projects Fund – The 2022 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, 2023

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, 2023, 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	1.8285

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 refunding 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, 2023

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. 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 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.

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

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. 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.

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

Upcoming Accounting and Reporting Changes

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

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

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.

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Instructional staff	\$ 5,189,837	\$ 5,331,902	\$ 142,065
School administration	3,280,717	3,320,799	40,082
Pupil transportation services	1,220,018	1,251,562	31,544
Athletic activities	535,489	539,864	4,375
Other	4,245	7,419	3,174
Transfers out	4,599,996	5,864,452	1,264,456
Student Activities and Scholarships	350,000	374,142	24,142
Special Education Fund			
Instruction	10,003,874	10,082,717	78,843
Supporting services	3,541,190	3,660,319	119,129
Capital outlay	144,571	161,248	16,677
Food services	1,639,612	1,832,177	192,565

Compliance - Bond Proceeds

The Capital Project Funds 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.

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

The following is a summary of the revenue and expenditures in the funds from the inception of the funds through the current fiscal year:

	2020 Capital Projects Fund		2022 Capital Projects Fund
Revenues	\$ 36,528,831		\$ 14,690,242
Expenditures	36,214,587		348,966

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)	\$ 28,851,554
Investments in securities, mutual funds, and similar vehicles	6,558,245
Petty cash and cash on hand	5,790
Total	\$ 35,415,589

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	\$ 6,558,245	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, 2023, the net asset value of the School District's investment in MILAF + Portfolio was \$6,558,245. 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 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

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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, \$5,609,810 of the School District's bank balance of \$5,859,810 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.

Note 4 – Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ 19,314,899	\$ 16,731,794	\$ 2,237,545	\$ 33,809,148
Capital assets being depreciated				
Buildings and site improvements	60,554,966	3,081,305	-	63,636,271
Equipment and furniture	5,457,647	1,142,788	-	6,600,435
Buses and other vehicles	2,063,180	60,615	-	2,123,795
Total capital assets being depreciated	68,075,793	4,284,708	-	72,360,501
Less accumulated depreciation for				
Buildings and site improvements	42,295,405	1,734,537	-	44,029,942
Equipment and furniture	5,076,504	284,405	-	5,360,909
Buses and other vehicles	1,422,893	177,676	-	1,600,569
Total accumulated depreciation	48,794,802	2,196,618	-	50,991,420
Net capital assets being depreciated	19,280,991	2,088,090	-	21,369,081
Net capital assets	\$ 38,595,890	\$ 18,819,884	\$ 2,237,545	\$ 55,178,229

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

Governmental activities	
Instruction	\$ 1,537,633
Supporting services	658,985
Total governmental activities	<u>\$ 2,196,618</u>

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Construction Contracts

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

	Total Contract	Remaining Construction Commitment at Year End	Total Paid to date at Year end
Burger TC Renovation	\$ 2,301,534	\$ 1,752,327	\$ 549,207
Cambridge Renovation	8,007,473	440,087	7,567,386
Douglass Renovation	75,996	2,677	73,319
Farmington Renovation	92,243	3,436	88,807
GHCS Renovation	18,445,824	420,410	18,025,414
GCMS Renovation	13,607,197	6,630,413	6,976,784
Lathers Renovation	78,872	3,199	75,673
Memorial Renovation	1,213,390	760,831	452,559
Total	<u>\$ 43,822,529</u>	<u>\$ 10,013,380</u>	<u>\$ 33,809,149</u>

Note 5 – Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Receivable Fund	Payable Fund	Amount
2022 Capital Projects Fund	2020 Capital Projects Fund	\$ 6,018,031
General Fund	2020 Capital Projects Fund	13,691
General Fund	Nonmajor Governmental Funds	27,977
Special Education Fund	General Fund	1,425,151
Nonmajor Governmental Funds	General Fund	249,418
Internal Service Fund	General Fund	472,952
		<u>\$ 8,207,220</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.

Interfund transfers consist of the following:

	Transfers Out			Total
	General Fund	Special Education Fund	Internal Service Fund	
Transfers in				
General Fund	\$ -	\$ 88,163	\$ 79,092	\$ 167,255
Special Education Fund	<u>5,864,452</u>	<u>-</u>	<u>-</u>	<u>5,864,452</u>
	<u>\$5,864,452</u>	<u>\$ 88,163</u>	<u>\$ 79,092</u>	<u>\$6,031,707</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>\$ 2,042,468</u>
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Note 7 – Long-Term Debt4-21

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.

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Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	\$ 55,995,000	\$ -	\$ 1,825,000	\$ 54,170,000	\$ 1,850,000
Premium on bonds	8,317,456	-	667,512	7,649,944	-
Total bonds payable	<u>64,312,456</u>	<u>-</u>	<u>2,492,512</u>	<u>61,819,944</u>	<u>1,850,000</u>
Other liabilities					
Compensated absences	1,687,578	403,034	76,179	2,014,433	80,000
Other postemployment benefits	391,481	20,218	37,096	374,603	-
Total other liabilities	<u>2,079,059</u>	<u>423,252</u>	<u>113,275</u>	<u>2,389,036</u>	<u>80,000</u>
Total	<u>\$ 66,391,515</u>	<u>\$ 423,252</u>	<u>\$ 2,605,787</u>	<u>\$ 64,208,980</u>	<u>\$ 1,930,000</u>

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

\$22,085,000 of 2016 refunding bond due in annual installments of \$1,465,000 to \$1,540,000 through 5/1/2031, interest at 5.00%	\$ 12,070,000
\$29,320,000 of 2020 Building & Site bond due in annual installments of \$100,000 to \$2,450,000 through 5/1/2046, interest at 3.00 - 5.00%	29,070,000
\$13,330,000 of 2022 Building & Site bond due in annual installments of \$310,000 to \$835,000 through 5/1/2048, interest at 4.00 - 5.00%	<u>13,030,000</u>
Total general obligation bonded debt	<u>\$ 54,170,000</u>

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

	Principal	Interest	Total
Year Ending June 30,			
2024	\$ 1,850,000	\$ 2,594,450	\$ 4,444,450
2025	1,945,000	2,501,950	4,446,950
2026	2,000,000	2,406,700	4,406,700
2027	2,015,000	2,309,700	4,324,700
2028	2,090,000	2,211,950	4,301,950
2029- 2033	10,215,000	9,485,200	19,700,200
2034 - 2038	10,260,000	7,098,250	17,358,250
2039 - 3043	12,935,000	4,412,950	17,347,950
2044 - 2048	10,860,000	1,300,962	12,160,962
Total	<u>\$ 54,170,000</u>	<u>\$ 34,322,112</u>	<u>\$ 88,492,112</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$1,250,186 to pay this debt. Future debt and interest will be payable from future tax levies. Compensated absences will be liquidated with funds from the General Fund and the Special Education Fund. The other post-employment benefits will be paid from the Internal Service Fund.

Compensated Absences

Accrued compensated absences at year end, consist of \$635,331 of vacation hours earned and vested, and \$1,379,102 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.

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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 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:

	Beginning Balance	Additions	Deductions	Ending Balance
Deferred amount on refunding	<u>\$ 359,455</u>	<u>\$ -</u>	<u>\$ 39,939</u>	<u>\$ 319,516</u>

Note 8 – 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 9 – Pension Plans

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employers, 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.

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

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percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021, valuation will be amortized over an 17-year period beginning October 1, 2021, and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2022.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.14%
Member Investment Plan	3.0 - 7.0%	20.14%
Pension Plus	3.0 - 6.4%	17.22%
Pension Plus 2	6.2%	19.93%
Defined Contribution	0.0%	13.73%

Required contributions to the pension plan from the School District were \$9,682,068 for the year ending September 30, 2022.

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

At June 30, 2023, the School District reported a liability of \$106,984,253 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. 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, 2022, the School District's proportion was 0.284 percent, which was a decrease of less than .001 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized pension expense of \$13,546,146, for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total pension contribution expense of \$9,460,235.

Section 147c of the State School Aid Act (MCL 388.1747c) was amended to include a one-time distribution to districts, intermediate

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districts, and other participating entities of MPSERS, which is referred to as Section 147c(2). Section 147c(2) is required to be forwarded to the state's ORS as additional assets being contributed to the retirement system. This funding is a one-time, state payment toward the MPSERS unfunded liability and not part of the actuarially determined contributions and therefore not included in the above pension expense, pension contributions or related deferred inflows/outflows of resources. For the period ending June 30, 2023, the School District recognized in their financial statements an additional amount related to Section 147c(2) of \$2,780,498 in total pension expense and offset in state revenues.

At June 30, 2023, 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	\$ 1,070,216	\$ (239,205)	\$ 831,011
Changes of assumptions	18,383,728	-	18,383,728
Net difference between projected and actual earnings on pension plan investments	250,878	-	250,878
Changes in proportion and differences between the School District contributions and proportionate share of contributions	604,419	(191,948)	412,471
Total to be recognized in future	20,309,241	(431,153)	19,878,088
School District contributions subsequent to the measurement date	8,902,985	(4,774,306)	4,128,679
Total	\$ 29,212,226	\$ (5,205,459)	\$ 24,006,767

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The District will offset the contribution expense in the year ended June 30, 2024, 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)

	2023	2024	2025	2026
	\$ 6,027,278	4,209,103	3,511,222	6,130,485
		\$ 19,878,088		

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.

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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: 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: RP-2014 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, 2018, valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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 is 4.3922.

Recognition period for assets in years is 5.000.

Full actuarial assumptions are available in the 2022 MPERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	<u>100.0%</u>	

**Long-term rates of return are net of administrative expenses and 2.2% inflation.*

Rate of Return

For the plan year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18)%. The money-weighted rate of return

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expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.00%	6.00%	7.00%
\$ 141,179,468	\$ 106,984,253	\$ 78,805,855

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

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

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

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

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

Note 10 – Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employers, 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.

Garden City Public Schools Notes to the Financial Statements June 30, 2023

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

Benefits Provided

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

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of 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, 2021, valuation will be amortized over an 17-year period beginning October 1, 2021, and ending September 30, 2038.

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The schedule below summarizes OPEB contribution rates in effect for plan year 2022.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.23%

Required contributions to the OPEB plan from the School District were \$2,107,520 for the year ended September 30, 2022.

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

At June 30, 2023, the School District reported a liability of \$5,860,132 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. 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, 2022, the School District's proportion was .2767 percent, which was a decrease of 0.0112 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized OPEB expense of (\$2,267,872) for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total OPEB contribution expense of \$1,928,237.

At June 30, 2023, 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	\$ -	\$ (11,477,753)	\$ (11,477,753)
Changes of assumptions	5,223,323	(425,313)	4,798,010
Net difference between projected and actual earnings on OPEB plan investments	458,015	-	458,015
Changes in proportion and differences between the School District contributions and proportionate share of contributions	880,287	(1,041,960)	(161,673)
Total to be recognized in future	6,561,625	(12,945,026)	(6,383,401)
School District contributions subsequent to the measurement date	1,692,970	-	1,692,970
Total	\$ 8,254,595	\$ (12,945,026)	\$ (4,690,431)

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, 2024. Other amounts reported as deferred outflows of resources and deferred

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

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)

2023	\$	(2,132,255)	
2024		(1,890,237)	
2025		(1,936,890)	
2026		(194,209)	
2027		(206,778)	
Thereafter		(23,032)	
	\$	(6,383,401)	

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, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%

- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
- 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: RP-2014 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 Assumption: 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018, valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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 is 6.2250.

Recognition period for assets in years is 5.0000.

Garden City Public Schools
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June 30, 2023

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Oppportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return

For the plan year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99)%. The money-weighted rate of return

expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 6.00%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ 9,829,807	\$ 5,860,132	\$ 2,517,172

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 2,453,943	\$ 5,860,132	\$ 9,683,646

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2022 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

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

Note 11 – 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, 2022, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	32
Active employees	105
	137

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, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that June 30, 2022 rolled forward to June 30, 2023

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, 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: 4.13%
- 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, 2023

Mortality rates were based on the MP-2021 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 – June 30, 2022.

Discount rate

The discount rate used to measure the total OPEB liability was 4.13%. 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	\$	4,078
Interest		16,140
Differences between expected and actual experience		(34,762)
Changes in assumptions		(417)
Benefit payments		<u>(1,917)</u>
Net change in total OPEB liability		(16,878)
Total OPEB liability - beginning		<u>391,481</u>
Total OPEB liability - ending (a)	\$	<u>374,603</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
\$ 396,353	\$ 374,603	\$ 354,608

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
\$ 369,191	\$ 374,603	\$ 381,012

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

For the year ended June 30, 2023 the employer recognized OPEB expense of (\$77,175). 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	\$ -	\$ (78,009)	\$ (78,009)
Changes of assumptions	<u>6,588</u>	<u>(26,928)</u>	<u>(20,340)</u>
Total	<u>\$ 6,588</u>	<u>\$ (104,937)</u>	<u>\$ (98,349)</u>

Garden City Public Schools
Notes to the Financial Statements
June 30, 2023

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)

2024	\$		(48,187)
2025			(36,348)
2026			(13,814)
	\$		(98,349)

Payable to the OPEB Plan

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

Note 12 – Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Garden City Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 4,433,614	\$ 4,226,375	\$ 4,278,969	\$ 52,594
State sources	38,623,975	43,144,622	43,413,838	269,216
Federal sources	5,365,490	6,697,287	6,777,408	80,121
Interdistrict sources	1,708,500	2,003,032	2,151,328	148,296
	<u>50,131,579</u>	<u>56,071,316</u>	<u>56,621,543</u>	<u>550,227</u>
Expenditures				
Instruction				
Basic programs	19,601,787	22,218,136	22,053,252	(164,884)
Added needs	7,067,998	6,964,252	6,937,977	(26,275)
Supporting services				
Pupil	4,571,184	5,189,837	5,331,902	142,065
Instructional staff	2,369,662	2,658,798	2,489,968	(168,830)
General administration	642,350	742,034	669,900	(72,134)
School administration	3,104,413	3,280,717	3,320,799	40,082
Business	1,166,514	1,693,267	1,154,596	(538,671)
Operations and maintenance	3,245,910	3,912,670	3,859,327	(53,343)
Pupil transportation services	1,521,535	1,220,018	1,251,562	31,544
Central	1,627,844	2,267,885	2,064,496	(203,389)
Athletic activities	421,956	535,489	539,864	4,375
Other	35,500	4,245	7,419	3,174
Community services	281,180	27,707	19,276	(8,431)
Intergovernmental payments	62,000	54,997	54,997	-
Capital outlay	720,350	747,867	689,796	(58,071)
	<u>46,440,183</u>	<u>51,517,919</u>	<u>50,445,131</u>	<u>(1,072,788)</u>

Garden City Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	<u>\$ 3,691,396</u>	<u>\$ 4,553,397</u>	<u>\$ 6,176,412</u>	<u>\$ 1,623,015</u>
Other Financing Sources (Uses)				
Transfers in	1,600,000	500,919	167,255	(333,664)
Transfers out	<u>(5,000,000)</u>	<u>(4,599,996)</u>	<u>(5,864,452)</u>	<u>1,264,456</u>
Total other financing sources (uses)	<u>(3,400,000)</u>	<u>(4,099,077)</u>	<u>(5,697,197)</u>	<u>1,598,120</u>
Net change in fund balance	291,396	454,320	479,215	24,895
Fund balance - beginning	<u>9,748,181</u>	<u>9,748,181</u>	<u>9,748,181</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,039,577</u>	<u>\$ 10,202,501</u>	<u>\$ 10,227,396</u>	<u>\$ 24,895</u>

Garden City Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - Special Education Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal sources	\$ 510,925	\$ 403,000	\$ 403,000	\$ -
Interdistrict sources	9,561,274	9,561,274	7,724,995	(1,836,279)
Total revenues	<u>10,072,199</u>	<u>9,964,274</u>	<u>8,127,995</u>	<u>(1,836,279)</u>
Expenditures				
Current				
Education				
Instruction	9,856,141	10,003,874	10,082,717	78,843
Supporting services	3,503,931	3,541,190	3,660,319	119,129
Capital outlay	<u>112,127</u>	<u>144,571</u>	<u>161,248</u>	<u>16,677</u>
Total expenditures	<u>13,472,199</u>	<u>13,689,635</u>	<u>13,904,284</u>	<u>214,649</u>
Excess (deficiency) of revenues over expenditures	<u>(3,400,000)</u>	<u>(3,725,361)</u>	<u>(5,776,289)</u>	<u>(2,050,928)</u>
Other Financing Sources (Uses)				
Transfers in	4,986,442	4,600,000	5,864,452	1,264,452
Transfers out	<u>(1,586,442)</u>	<u>(874,639)</u>	<u>(88,163)</u>	<u>(786,476)</u>
Total other financing sources (uses)	<u>3,400,000</u>	<u>3,725,361</u>	<u>5,776,289</u>	<u>2,050,928</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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of net pension liability (%)	0.2845%	0.2850%	0.2850%	0.2816%	0.2715%	0.2775%	0.3044%	0.3386%	0.3581%	
B. School District's proportionate share of net pension liability	\$ 106,984,253	\$ 67,471,630	\$ 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	\$ 26,978,675	\$ 26,178,688	\$ 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	25.22%	38.80%	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	60.77%	72.60%	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 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	\$ 9,460,235	\$ 9,653,470	\$ 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>9,460,235</u>	<u>9,653,470</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	
D. School District's covered payroll	\$28,315,152	\$26,827,908	\$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	33.41%	35.98%	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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of the net OPEB liability (%)	0.27670%	0.28780%	0.28270%	0.29130%	0.26930%	0.27820%				
B. School District's proportionate share of the net OPEB liability	\$ 5,860,132	\$ 4,393,363	\$ 15,145,289	\$ 20,908,045	\$ 21,405,290	\$ 24,634,886				
C. School District's covered payroll	\$ 26,978,675	\$ 26,178,688	\$ 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	460.38%	595.87%	166.22%	122.05%	107.24%	92.27%				
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%				

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	\$ 1,928,237	\$ 2,111,512	\$ 2,100,472	\$ 2,019,030	\$ 1,747,916	\$ 2,165,813				
B. Contributions in relation to statutorily required contributions	<u>1,928,237</u>	<u>2,111,512</u>	<u>2,100,472</u>	<u>2,019,030</u>	<u>1,747,916</u>	<u>2,165,813</u>				
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
D. School District's covered payroll	\$28,315,152	\$26,827,908	\$25,759,141	\$25,427,455	\$24,630,882	\$23,316,252				
E. Contributions as a percentage of covered payroll	6.81%	7.87%	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, 2023

Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 4,078	\$ 6,470	\$ 6,130	\$ 7,692	\$ 8,245	\$ 16,165
Interest	16,140	10,945	13,645	17,129	18,729	29,581
Differences between expected and actual experience	(34,762)	(64,605)	(27,550)	(78,081)	(45,664)	(356,624)
Changes in assumptions	(417)	(49,014)	15,223	21,122	-	4,470
Benefit payments	(1,917)	(15,836)	(21,515)	(27,065)	(41,159)	(53,655)
Net change in total OPEB liability	(16,878)	(112,040)	(14,067)	(59,203)	(59,849)	(360,063)
Total OPEB liability - beginning	391,481	503,521	517,588	576,791	636,640	996,703
Total OPEB liability - ending	<u>\$ 374,603</u>	<u>\$ 391,481</u>	<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, 2023

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2019	\$ 99,186	\$ 53,655	\$ 45,531	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
2022	97,049	15,836	81,213	N/A	N/A
2023	79,144	1,917	77,227	N/A	N/A

Notes to Schedule of Contributions

Valuation date: June 30, 2022

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

**Garden City Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023**

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	Food Service	Student Activities and Scholarships	2016 Refunding Bond	Sinking Fund	
Assets					
Cash	\$ 1,307,369	\$ 728,238	\$ 1,056,588	\$ 4,031,814	\$ 7,124,009
Due from other funds	-	2,047	193,598	53,773	249,418
Due from other governmental units	82,052	-	-	-	82,052
Inventory	16,606	-	-	-	16,606
Total assets	<u>\$ 1,406,027</u>	<u>\$ 730,285</u>	<u>\$ 1,250,186</u>	<u>\$ 4,085,587</u>	<u>\$ 7,472,085</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 101,819	\$ -	\$ -	\$ -	\$ 101,819
Due to other funds	17,468	10,509	-	-	27,977
Total liabilities	<u>119,287</u>	<u>10,509</u>	<u>-</u>	<u>-</u>	<u>129,796</u>
Fund Balances					
Non-spendable					
Inventory	16,606	-	-	-	16,606
Restricted for					
Food service	1,270,134	-	-	-	1,270,134
Debt service	-	-	1,250,186	-	1,250,186
Sinking fund	-	-	-	4,085,587	4,085,587
Committed	-	719,776	-	-	719,776
Total fund balances	<u>1,286,740</u>	<u>719,776</u>	<u>1,250,186</u>	<u>4,085,587</u>	<u>7,342,289</u>
Total liabilities and fund balances	<u>\$ 1,406,027</u>	<u>\$ 730,285</u>	<u>\$ 1,250,186</u>	<u>\$ 4,085,587</u>	<u>\$ 7,472,085</u>

**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, 2023**

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Student Activities and Scholarships	2016 Refunding Bond	Sinking Fund	
Revenues					
Local sources	\$ 143,401	\$ 372,063	\$ 4,034,771	\$ 1,212,785	\$ 5,763,020
State sources	68,213	-	-	-	68,213
Federal sources	1,718,033	-	-	-	1,718,033
Total revenues	<u>1,929,647</u>	<u>372,063</u>	<u>4,034,771</u>	<u>1,212,785</u>	<u>7,549,266</u>
Expenditures					
Current					
Education					
Supporting services	-	374,142	-	-	374,142
Food services	1,818,897	-	-	-	1,818,897
Facilities acquisition	-	-	-	456,740	456,740
Capital outlay	13,280	-	-	-	13,280
Debt service					
Principal	-	-	1,825,000	-	1,825,000
Interest and other expenditures	-	-	2,634,325	4,013	2,638,338
Total expenditures	<u>1,832,177</u>	<u>374,142</u>	<u>4,459,325</u>	<u>460,753</u>	<u>7,126,397</u>
Excess (deficiency) of revenues over expenditures	<u>97,470</u>	<u>(2,079)</u>	<u>(424,554)</u>	<u>752,032</u>	<u>422,869</u>
Net change in fund balances	97,470	(2,079)	(424,554)	752,032	422,869
Fund balances - beginning	<u>1,189,270</u>	<u>721,855</u>	<u>1,674,740</u>	<u>3,333,555</u>	<u>6,919,420</u>
Fund balances - ending	<u>\$ 1,286,740</u>	<u>\$ 719,776</u>	<u>\$ 1,250,186</u>	<u>\$ 4,085,587</u>	<u>\$ 7,342,289</u>

Garden City Public Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2023

Year Ending June 30,	2016 Refunding	2020 Building & Site Bond	2022 Building & Site Bond	Total
2024	\$ 1,540,000	\$ -	\$ 310,000	\$ 1,850,000
2025	1,525,000	-	320,000	1,845,000
2026	1,515,000	100,000	335,000	1,950,000
2027	1,530,000	150,000	335,000	2,015,000
2028	1,515,000	150,000	350,000	2,015,000
2029	1,500,000	225,000	360,000	2,085,000
2030	1,480,000	300,000	375,000	2,155,000
2031	1,465,000	390,000	395,000	2,250,000
2032	-	475,000	415,000	890,000
2033	-	1,280,000	435,000	1,715,000
2034	-	1,345,000	455,000	1,800,000
2035	-	1,410,000	475,000	1,885,000
2036	-	1,480,000	495,000	1,975,000
2037	-	1,555,000	515,000	2,070,000
2038	-	1,630,000	535,000	2,165,000
2039	-	1,710,000	555,000	2,265,000
2040	-	1,795,000	585,000	2,380,000
2041	-	1,885,000	615,000	2,500,000
2042	-	1,980,000	645,000	2,625,000
2043	-	2,060,000	675,000	2,735,000
2044	-	2,140,000	705,000	2,845,000
2045	-	2,225,000	735,000	2,960,000
2046	-	2,335,000	770,000	3,105,000
2047	-	2,450,000	805,000	3,255,000
2048	-	-	835,000	835,000
Total	\$ 12,070,000	\$ 29,070,000	\$ 13,030,000	\$ 54,170,000
Principal payments due the first day of	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	
Interest rate	5.00%	3.00% - 5.00%	4.00% - 5.00%	
Original issue	\$ 22,085,000	\$ 29,070,000	\$ 13,030,000	