

**School District of the City of Saginaw  
Saginaw, Michigan**



**Management's Discussion and Analysis  
and  
Basic Financial Statements  
and  
Supplementary Information  
For the Fiscal Year Ended June 30, 2023**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**

**Members of the Board of Education and Administration  
of the  
School District of the City of Saginaw  
Saginaw, Michigan  
For the Fiscal Year Ended June 30, 2023**

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***Administration***

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Ramont M. Roberts, Ph.D.  
*Superintendent*

Tamara M. Johnson  
*Executive Director of Financial Services*

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## Independent Auditors' Report

Management and the Board of Education  
The School District of the City of Saginaw  
Saginaw, Michigan

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School District of the City of Saginaw, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The School District of the City of Saginaw's 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 The School District of the City of Saginaw, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The School District of the City of Saginaw, 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 The School District of the City of Saginaw's 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 The School District of the City of Saginaw's 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 The School District of the City of Saginaw's 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, and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the

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

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The School District of the City of Saginaw's 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 18, 2023, on our consideration of The School District of the City of Saginaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 The School District of the City of Saginaw's 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 The School District of the City of Saginaw's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 18, 2023



# **MANAGEMENT'S DISCUSSION and ANALYSIS**



# School District of the City of Saginaw

## Management's Discussion and Analysis

### Year Ended June 30, 2023

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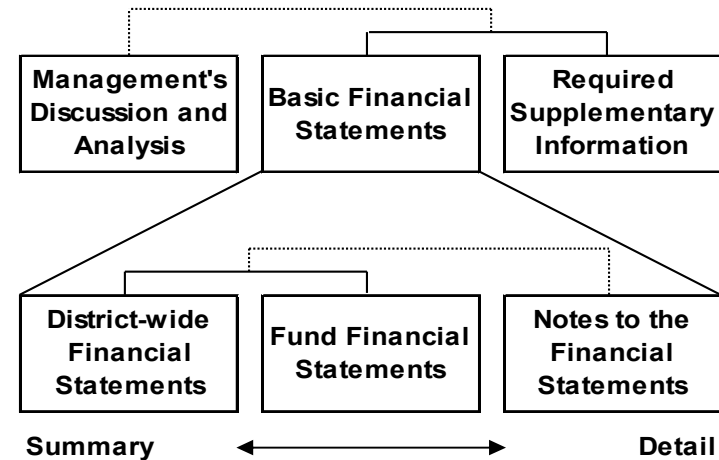
The discussion and analysis of the School District of the City of Saginaw's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to provide, in layman's terms, a look at the district's performance and past and current position. Readers should also review the notes to the financial statements, and financial statements to enhance their understanding of the district's financial performance.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000.

#### Overview of the Financial Statements

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements, and required supplementary information. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
**School District of the City of Saginaw**  
**Organization of Annual Financial Report**



The basic financial statements include two kinds of statements that present different views of the district.

#### **District-wide Financial Statements**

The district-wide financial statements are full accrual basis statements and provide information about the district's *overall* financial status. They are used to help determine whether or not the District is better off or worse off as the result of the year's activities. The *Statement of Net position* reports all of the district's assets and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the district are reported in this statement. All of the current year's revenues and expenditures are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

# School District of the City of Saginaw

## Management's Discussion and Analysis

### Year Ended June 30, 2023

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The two district-wide statements report the district's *net position* and how they have changed. Net position – the difference between the district's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional non-financial factors such as changes in the district's property tax base, the quality of the education provided, and the condition of District's buildings.

In the district-wide statements, the district's activities are classified as *governmental activities*. This includes most of the District's basic services, such as regular and special education, food service, athletics, transportation, and administration. Property taxes and state aid finance most of these services.

#### **Fund Financial Statements**

The fund financial statements focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the district's major instructional and instructional support activities are reported in the *General Fund*. Additional activities are reported in their relevant funds including: *Special Revenue Funds* for *Food Service*, *Debt Service Funds*, *Capital Project Funds*, and *Fiduciary Funds*.

In the fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

#### **Financial Analysis of the District as a Whole**

The net position of the district at June 30, 2023 amounted to a deficit of \$29.7 million. Figure A-2 shows a condensed breakdown of the net position.

The largest portions of the District's net position reflect investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding, and the net position relative to the bond issues. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves would not be used to liquidate these liabilities. The remaining net position (deficit) represent resources that are subject to external restrictions on how they may be used.

**School District of the City of Saginaw**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2023**

**Figure A-2**  
**Condensed Statement of Net Position**  
**(in millions)**

	June 30, 2023	June 30, 2022	Change
Current assets	\$ 142.2	\$ 147.0	\$ (4.8)
Noncurrent assets	100.6	61.5	39.1
Deferred outflows	<u>47.0</u>	<u>25.9</u>	<u>21.1</u>
<b>Total assets and Deferred outflows</b>	<u>289.8</u>	<u>234.4</u>	<u>55.4</u>
Current liabilities	28.8	18.5	10.3
Noncurrent liabilities	269.2	223.6	45.6
Deferred inflows	<u>21.5</u>	<u>52.8</u>	<u>(31.3)</u>
<b>Total liabilities and Deferred inflows</b>	<u>319.5</u>	<u>294.9</u>	<u>24.6</u>
Net position			
Net investment			
in capital assets	13.1	8.7	4.4
Restricted	1.5	0.2	1.3
Unrestricted	<u>(44.3)</u>	<u>(69.4)</u>	<u>25.1</u>
<b>Total net position</b>	<u>\$ (29.7)</u>	<u>\$ (60.5)</u>	<u>\$ 30.8</u>

The net position deficit of the District improved by \$30.8 million in the current year due to an excess of revenues over expenses. Additionally, the District had an increase of \$55.4 million in assets and deferred outflows and an increase in liabilities and deferred inflows of \$24.6 million.

**Figure A-3**  
**Condensed Statement of Activities**  
**(in millions)**

	June 30, 2023	June 30, 2022	Difference
Revenues			
Program revenues			
Charges for services	\$ 0.8	\$ 1.2	\$ (0.4)
Operating grants/contri	67.4	59.6	7.8
General revenues			
Property taxes	18.8	18.3	0.5
State formula aid	38.6	33.3	5.3
Other	<u>2.1</u>	<u>(1.9)</u>	<u>4.0</u>
Total revenues	<u>127.7</u>	<u>110.5</u>	<u>17.2</u>
Expenses			
Instruction	50.1	43.2	6.9
Support services	35.6	28.8	6.8
Community services	0.2	0.2	-
Food services	6.4	4.8	1.6
Student activities	0.6	0.8	(0.2)
Interest on long-term debt	<u>4.0</u>	<u>4.0</u>	<u>-</u>
Total expenses	<u>96.9</u>	<u>81.8</u>	<u>15.1</u>
Change in net position	30.8	28.7	2.1
Net position - July 1	<u>(60.5)</u>	<u>(89.2)</u>	<u>28.7</u>
Net position - June 30	<u>\$ (29.7)</u>	<u>\$ (60.5)</u>	<u>\$ 30.8</u>

# School District of the City of Saginaw

## Management's Discussion and Analysis

### Year Ended June 30, 2023

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Figure A-3 shows the breakdown of this change. The Statement of Activities presented later in the district-wide financial statements, provides greater detail on the District's annual activity. The total cost of the District's governmental activities for the year was \$96.9 million. Those activities are primarily funded by grants and contributions which totaled \$67.4 million and \$38.6 million of state aid was also used to fund programs. Direct services charges to the users of activities totaled \$0.8 million. The remaining "public benefit" portion was paid for with other funding sources include property taxes of \$18.8 million and other sources include the effect of temporary losses on investments.

A substantial portion (30%) of the District's revenues are received from state formula aid. This means that the financial stability of the District rests primarily with the economic health of the State of Michigan.

52% of the District's resources are spent on instruction and 37% are spent on pupil support services.

#### Financial Analysis of the District's Funds

The financial performance of the district as a whole is reflected in its governmental funds as well. The combined governmental funds equity decreased by \$15.0 million during the 2022-23 fiscal year. The primary reasons for the decrease in fund balance are:

#### Factors Decreasing Fund Balance

- ◆ A main contributor to the decrease in fund balance was due to significant spending related to the 2021 Capital Projects Fund. Spending in this funded equaled \$40.7 million. We had an increase in fund balance for the General Fund of \$24.8 million which is directly related to the Education Stabilization Funds which were established in the 20-21 fiscal year for costs related to COVID and COVID shut downs within the district.

#### General Fund Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. As a matter of practice, the District amends its budget periodically during the school year. These revisions are made in order to deal with unexpected changes in revenues and expenditures. The following analysis describes the reasons for the difference in the budgeted expenditure and actual results during the year. Amounts are expressed to the nearest million.

*Revenues* – There was a \$17.8 million General Fund budget to actual variance for revenues during this fiscal year. Much of this was due to the method used to budget the federal revenues as required by the Michigan Department of Education. Other factors include:

- ◆ *Local sources* of revenues include tax revenues which were less than budgeted amounts by \$0.1 million.
- ◆ The *state source* revenues were \$3.3 million less than budgeted primarily due to deferring At Risk funds, Special Education funds and funds not used in the GSRP grant which does not end until September 30<sup>th</sup> and limitations in spending grants due to COVID.
- ◆ The *Federal source* revenues were \$14.5 million less than budgeted. This was due to the budgeting of the entire grant which would not have been received by the end of the fiscal year for grants such as Title I and Title II part A and ESSER.

*Expenditures* – Actual expenditures were under budget by \$17.8 million in the total General Fund. The significant changes by functional category are as follows:

- ◆ The *instruction* actual spending was under budget by \$10.5 million due to the method of budgeting used for the federal funds.

# School District of the City of Saginaw

## Management's Discussion and Analysis

### Year Ended June 30, 2023

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- ♦ The *supporting services* expenditures were under budget by \$7.0 million. This is primarily due to the grant budgeting for the instructional staff. In addition, there were some general fund vacancies that could not be filled that account for the differences in other areas such as pupil services and staff services.
- ♦ The *community services* category is under budget by \$320 thousand due to the budgetary method used for grant funds.

The other financing uses expenditures were close to the budgeted amounts and mainly consist of transfers to cover other funds including the transfers out to the debt service fund.

#### **Budget Changes**

Changes from the original and final budget occur due to changes in the funding from state and federal sources. Additional changes in funding also effects the expenditures related to grants and general revenues.

#### **Capital Asset and Debt Administration**

*Capital Assets* – By the end of 2023, the district had invested \$100.6 million (after depreciation) in a broad range of capital assets, including land, buildings and improvements, and other vehicles, and furniture and equipment. More detailed information about capital assets can be found in the Notes to the financial statements.

The District's capital projects funds are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring major equipment necessary for providing educational programs for all students within the District.

*Debt Administration* – On August 3, 2004 the taxpayers of the District approved a \$70,000,000 bond for improvement of the District's facilities. The bonds were issued in three series.

- ♦ The first series was issued in October of 2004 for \$22,130,000. In December 2014, the 2004 series was defeased by refunding bonds. This should result in an economic gain to the taxpayers of \$1.6 million over the remaining life of the bond through 2034.
- ♦ The second series was issued in June of 2006 for \$28,160,000. In March 2016, the 2006 series bond was defeased by refunding bonds. This resulted in an economic gain of \$2.7 million over the remaining life of the bond through 2036.
- ♦ In June of 2008, the third series were issued for \$19,540,000. In May 2017, the 2008 series bond was defeased by refunding bonds. This resulted in an economic gain of \$1.9 million over the remaining life of the bond through 2038.

On November 3, 2020 the taxpayers of the District approved a \$99,500,000 bond for construction, renovations and technology that will build, rebuild or revamp several of the district's schools. The current Arthur Hill High School building will become the new site of the Saginaw Arts and Sciences Academy, and Saginaw High School will be repurposed as a middle school. A new high school will be built where SASA currently stands in Saginaw. A new Handley Elementary School building will create a "gifted" campus at the Arthur Hill site together with the new SASA. On February 18, 2021, the District issued bonds with a face value of \$83,700,000 and premium of \$16,423,232 to provide for the above projects which are expected to be completed in the coming years.

More detailed information about the district's long-term debt is presented in the notes to the financial statements.

# School District of the City of Saginaw

## Management's Discussion and Analysis

### Year Ended June 30, 2023

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The district currently holds a Standard & Poor's "BBB+" rating on its bonded deb.

#### Other Considerations

The District conforms to the pronouncements of GASB (Governmental Accounting Standards Board) which apply to all state and local governmental entities. Upcoming pronounces include:

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.

#### Economic Factors and Next Year's Budget and Rates

One of the most important factors when setting the District's budget is the uncertainty of the State's financial outlook. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the current fiscal

year is 10 percent and 90 percent of the February of the previous and September of the current fiscal year student counts, respectively. The 2023-24 budget was adopted in June 2023 based on estimated counts. This budget also took into consideration an anticipated per pupil increase to the foundation allowance. The budget also anticipates changes in compensation and related benefits. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations. Any reduction could result in further budget cuts.

#### Requests for Information

This financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director of Financial Services, School District of the City of Saginaw, 550 Millard Street, Saginaw, Michigan, 48607-1193, (989) 399-6521.



# **BASIC FINANCIAL STATEMENTS**

**School District of the City of Saginaw**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash	\$ 61,869,166
Investments	59,616,515
Accounts receivable	647
Due from other governmental units	19,865,121
Inventory	101,390
Prepaid expenses	697,256
Total Current Assets	<u>142,150,095</u>
<b>Non-Current Assets</b>	
Capital assets not being depreciated	
Land	4,440,727
Construction in progress	45,570,046
Capital assets - net of accumulated depreciation	
Buildings and additions	99,984,028
Equipment and furniture	5,101,291
Buses and other vehicles	1,065,855
Less: accumulated depreciation	<u>(55,573,341)</u>
Total Non-Current Assets	<u>100,588,606</u>
Total Assets	<u>242,738,701</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount relating to net pension liability	36,733,368
Deferred amount relating to the net OPEB	9,791,686
Deferred amount on refunding	<u>479,511</u>
Total Deferred Outflows of Resources	<u>47,004,565</u>

See Accompanying Notes to the Financial Statements



**School District of the City of Saginaw**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities
<b>Liabilities and Deferred Inflows of Resources</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 8,082,073
Checks written against future deposits	4,192,422
Due to other governmental units	3,199,288
Accrued payroll and related liabilities	4,844,628
Unearned revenue	3,819,879
Current portion of debt	3,781,294
Accrued interest	836,000
Total Current Liabilities	<u>28,755,584</u>
<b>Non-Current Liabilities</b>	
Compensated absences	505,153
Debt due in more than one year	133,489,554
Net pension liability	128,089,092
Net OPEB liability	7,128,454
Total Non-Current Liabilities	<u>269,212,253</u>
Total Liabilities	<u>297,967,837</u>
<b>Deferred Inflows of Resources</b>	
Deferred amount relating to net pension liability	6,474,075
Deferred amount relating to the net OPEB liability	15,028,928
Total Deferred Inflows of Resources	<u>21,503,003</u>
<b>Net Position</b>	
Net investment in capital assets	13,121,458
Restricted for:	
Debt service	915,054
Food service	566,846
Unrestricted:	
Unrestricted (deficit)	<u>(44,330,932)</u>
Total Net Position	<u><u>\$ (29,727,574)</u></u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Statement of Activities**  
**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 50,026,202	\$ 80,365	\$ 43,392,694	\$ (6,553,143)
Supporting services	35,636,586	559,541	18,438,165	(16,638,880)
Community services	221,395	131,150	430,702	340,457
Food services	6,392,216	58,047	5,119,111	(1,215,058)
Student activities	565,136	-	-	(565,136)
Interest and other charges	4,045,053	-	-	(4,045,053)
<b>Total Governmental activities</b>	<b>\$ 96,886,588</b>	<b>\$ 829,103</b>	<b>\$ 67,380,672</b>	<b>(28,676,813)</b>
General Revenues				
				9,883,355
Property taxes - levied for operations				8,882,232
Property taxes - levied for debt retirement				38,560,720
State aid - Unrestricted				1,468,080
Investment earnings				676,496
Other				
Total general revenues				59,470,883
Change in net position				30,794,070
Net position - July 1				(60,521,644)
Net position - June 30				<u>\$ (29,727,574)</u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 58,882,942	\$ -	\$ 2,986,224	\$ 61,869,166
Investments	-	59,616,515	-	59,616,515
Accounts receivable	647	-	-	647
Due from other governmental units	19,682,649	-	182,472	19,865,121
Inventory	101,390	-	-	101,390
Prepaid expenditures	697,256	-	-	697,256
Total assets	<u>\$ 79,364,884</u>	<u>\$ 59,616,515</u>	<u>\$ 3,168,696</u>	<u>\$ 142,150,095</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,728,767	\$ 6,266,198	\$ 63,108	\$ 8,058,073
Checks written against future deposits	-	4,192,422	-	4,192,422
Due to other governmental units	3,088,726	-	110,562	3,199,288
Accrued payroll and related liabilities	4,840,719	-	3,909	4,844,628
Unearned revenue	3,819,879	-	-	3,819,879
Total liabilities	<u>13,478,091</u>	<u>10,458,620</u>	<u>177,579</u>	<u>24,114,290</u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>				
Non-spendable				
Inventory	\$ 101,390	\$ -	\$ -	\$ 101,390
Prepaid items	697,256	-	-	697,256
Restricted				
Food service	-	-	566,846	566,846
Debt service	-	-	1,751,054	1,751,054
Capital projects	-	49,157,895	-	49,157,895
Committed				
Vocational education	889,432	-	-	889,432
Student activities	-	-	547,079	547,079
Assigned				
Capital projects	41,642,349	-	126,138	41,768,487
Budgeted excess expenditures	2,285,105	-	-	2,285,105
Unassigned				
General education	20,271,261	-	-	20,271,261
Total fund balances	65,886,793	49,157,895	2,991,117	118,035,805
Total liabilities and fund balances	\$ 79,364,884	\$ 59,616,515	\$ 3,168,696	\$ 142,150,095

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**June 30, 2023**

<b>Total Fund Balances - Governmental Funds</b>		\$ 118,035,805
Total net position reported 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		
Land	4,440,727	
Construction in progress	45,570,046	
Buildings and improvements	99,984,028	
Furniture and other equipment	5,101,291	
Buses and other vehicles	1,065,855	
Less: accumulated depreciation	<u>(55,573,341)</u>	100,588,606
Deferred outflows (inflows) of resources		
Deferred outflows of resources resulting from debt refunding	479,511	
Deferred outflows of resources resulting from the net pension liability	36,733,368	
Deferred outflows of resources resulting from the net OPEB liability	9,791,686	
Deferred inflows of resources resulting from the net pension liability	(6,474,075)	
Deferred inflows of resources resulting from the net OPEB liability	<u>(15,028,928)</u>	25,501,562
Certain liabilities are not due and payable in the current period and are not reported in the funds		
Unemployment		(24,000)
Interest on long-term debt		(836,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities		
Bonds payable	(119,965,000)	
Bond premium	(17,181,903)	
Bond discount	42,349	
Compensated absences	(671,447)	
Net pension liability	(128,089,092)	
Net OPEB liability	<u>(7,128,454)</u>	<u>(272,993,547)</u>
<b>Total Net Position - Governmental Activities</b>		<b>\$ <u>(29,727,574)</u></b>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

	General Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 10,421,013	\$ 1,329,016	\$ 10,031,688	\$ 21,781,717
Intermediate sources	4,840,389	-	-	4,840,389
State sources	57,799,712	-	188,670	57,988,382
Federal sources	38,139,729	-	4,930,441	43,070,170
Total revenues	111,200,843	1,329,016	15,150,799	127,680,658
<b>Expenditures</b>				
Current				
Instruction	49,665,503	-	-	49,665,503
Supporting services	36,151,095	-	-	36,151,095
Community services	224,290	-	-	224,290
Food services	-	-	6,356,801	6,356,801
Student activities	-	-	565,136	565,136
Facility improvements	-	40,657,126	343,892	41,001,018
Debt service				
Principal	-	-	3,425,000	3,425,000
Interest	-	-	5,281,819	5,281,819
Bank fees	-	-	2,200	2,200
Total expenditures	86,040,888	40,657,126	15,974,848	142,672,862
Excess (deficiency) of revenues over expenditures	25,159,955	(39,328,110)	(824,049)	(14,992,204)
<b>Other financing sources (uses)</b>				
Transfer from other funds	-	-	375,000	375,000
Transfer to other funds	(375,000)	-	-	(375,000)
Total other financing sources (uses)	(375,000)	-	375,000	-
Net change in fund balances	24,784,955	(39,328,110)	(449,049)	(14,992,204)
Fund balances - July 1	41,101,838	88,486,005	3,440,166	133,028,009
Fund balances - June 30	\$ 65,886,793	\$ 49,157,895	\$ 2,991,117	\$ 118,035,805

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2023**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (14,992,204)</b>
Total change in net position reported for governmental activities in the statement of activities differs 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.	
Capitalized capital outlay	41,001,018
Depreciation	(1,879,699)
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	20,901
Interest	25,000
Unemployment	8,000
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	(48,547,950)
Net change in deferrals of resources related to the net pension liability	44,901,487
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 pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(1,919,351)
Net change in deferrals of resources related to the net OPEB liability	7,537,902
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	3,425,000
Change in deferred amount on debt refunding	(42,193)
Amortization of premium	1,264,172
Amortization of discount	(8,013)
<b>Change in net position of governmental activities</b>	<b>\$ 30,794,070</b>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

	Private Purpose Trust Funds	Scholarship Custodial Fund	Total Fiduciary Funds
<b>Assets</b>			
Cash	\$ 14,627	\$ 781,098	\$ 795,725
Investments	783,388	1,380,741	2,164,129
Loans receivable	-	20,122	20,122
Total assets	798,015	2,181,961	2,979,976
<b>Net position</b>			
Restricted for trust purposes	798,015	-	798,015
Assets held for scholarships and loans	-	2,181,961	2,181,961
Total net position	\$ 798,015	\$ 2,181,961	\$ 2,979,976

See Accompanying Notes to the Financial Statements



**School District of the City of Saginaw**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2023**

	Private Purpose Trust Funds	Scholarship Custodial Fund	Total Fiduciary Funds
<b>Additions</b>			
Local sources	\$ 67,035	\$ 51,954	\$ 118,989
<b>Deductions</b>			
Scholarships and awards	59,159	28,990	88,149
Change in net position	7,876	22,964	30,840
Net position - July 1	790,139	2,158,997	2,949,136
Net position - June 30	\$ 798,015	\$ 2,181,961	\$ 2,979,976

See Accompanying Notes to the Financial Statements



# **NOTES TO THE FINANCIAL STATEMENTS**

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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

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

**Reporting Entity**

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

**District-wide Financial Statements**

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

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

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 funds and fiduciary 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 120 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.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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

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

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.

General fund expenditures are classified in accordance with the latest edition of the Accounting Manual for Michigan School Districts, issued by the Michigan Department of Education, as follows:

**Instruction** – Includes the activities dealing directly with the teaching of pupils or the interaction between pupils and teachers. Teaching may be provided through some other approved medium, such as television, telephone, radio, and correspondence. Included here are the activities of aides, assistants of any type, and supplies and materials which assist directly in the instructional process.

**Supporting services** – are those services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and, to a lesser degree, community services. Supporting services exist as adjuncts for the fulfillment of the objectives of instruction, rather than as entities within themselves.

**Community services** – consist of those activities that are not directly relatable to providing education for pupils in a school system. These include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, programs of custody and care of children, civic activities, and community welfare activities.

**Other transactions** – consist of conduit-type (outgoing transfers) payments to other school districts or administrative units in the state or in another state not identified in the above classifications. Interfund transfers consist of transfers from one fund to another fund within the School District.

**2021 Capital Project Funds** - The 2021 Capital Projects Fund is used to record bond proceeds and other revenue and the disbursement of invoices specifically for projects associated with the 2021 bond issue. These funds are kept open until the purpose for which the funds were created have been accomplished.

The school district reports the following funds as non-major governmental funds:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. They are used to segregate the transaction of particular activities from regular revenue and expenditure accounts. The School District maintains full control of these Funds. The special revenue funds maintained by the School District, as mandated by the State of Michigan, are the Food Service fund and the Student Activities fund.

**Capital Project Fund** – is used to account for general District projects that are funded by transfers from the General Fund.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Debt Service Funds** – are used to record tax and interest revenue and the payment of interest, principal, and other expenditures on long-term debt by bond and note issues.

The following debt service funds were used during the year:

2014 Refunding Bond Fund  
2016 Refunding Bond Fund  
2017 Refunding Bond Fund  
2021 Debt Fund

**Fiduciary Funds** – are used to account for assets held by the School District in a trustee capacity or as a custodian. The fiduciary fund types used by the School District are the Private Purpose Trust Funds and Custodial Funds.

**Private Purpose Trust Funds** – are those funds held in a qualifying trust that are not required to be reported. These funds are used for specific purposes (such as endowments or scholarship funds) that were originally defined by the person or organization that gave the funds to the government. The Private Purpose Trust Funds include the activity and assets of the Treanor Trust and Louise G. Hill Trust.

**Scholarship Custodial Fund** – is used to account for funds entrusted to the School District and the funds may only be used for specific purposes. They are accounted for using the accrual basis of accounting. The School District maintains the Scholarship Custodial Fund. The Scholarship Custodial Fund is used to account for funds entrusted to the School District for scholarship loans and awards when the principal and interest of the trust may be spent, and for the receipt of investment earnings may be used for scholarship loans and awards. The Scholarship Fund contains two separate private purpose trust funds which include the General Scholarship Fund, and the Saginaw High School Alumni Memorial Scholarship 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 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	11.2800
Debt Service Funds (Buena Vista only)	6.0500

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries. Approximately 50% of the School District’s tax roll lies within the City of Saginaw.

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

**Due From/To Other Governmental Units** – Consists of amounts due to and from federal, state and local governmental units.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Investments** – Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

**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. General Fund inventory consists of various instructional and custodial supplies, furniture, and gasoline.

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

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

Buildings and additions	15-50 years
Equipment and furniture	5-20 years
Buses and other vehicles	7-15 years

**Deferred Outflows of Resources** – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan

investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

**Compensated Absences** – Sick days are earned by most employees at the rate of one day per month. Unlimited unused sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category. There is no contractual provision for payment of unused vacation.

The liability for compensated absences reported in the District-wide financial statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the termination method, in which leave amounts for employees who currently are eligible to receive termination payments are included. The amount reported is salary related and includes no fringe benefits, since the amount of said benefits would be immaterial.

**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.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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

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

**Deferred Inflows of Resources** – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

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 relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

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

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

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

**Assigned** - amounts intended to be used for specific purposes, as determined by the Board of Education. 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.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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

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

**Use of Estimates**

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

**Other**

**Economic Dependency** – The school district received approximately 90% of their General Fund revenue from the Michigan Department of Education. Due to the significance of this revenue source, the school district is considered to be economically dependent on the Michigan Department of Education.

**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. This statement is effective for the year ending 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.



**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

**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 cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

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

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

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

**Excess of Expenditures over Appropriations**

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Supporting services			
General administration	\$ 1,017,180	\$ 1,083,680	\$ 66,500
Food Service Fund	5,499,379	6,356,801	857,422

**NOTE 3 - Deposits and Investments**

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

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 61,869,166	\$ 795,725	\$ 62,664,891
Investments	59,616,515	2,164,129	61,780,644
	<u>\$ 121,485,681</u>	<u>\$ 2,959,854</u>	<u>\$ 124,445,535</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 64,059,903
Investments	60,383,268
Petty cash and cash on hand	<u>2,364</u>
Total	<u>\$ 124,445,535</u>

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

Investments	Carrying Value	Maturities	Rating	Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
Cash Management Class	\$ 3,109,227	<60 days	AAAm	Moody's
MAX Class	461,282	<60 days	AAAm	Moody's
Equity Mutual Funds	56,345,204	N/A	N/A	N/A
Fixed Income Mutual Funds	467,555	N/A	N/A	N/A
	<u>\$ 60,383,268</u>			

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 \$3,570,509. 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** – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

**Credit risk** – State statutes 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. District 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 has no investment policy that would further limit its investment choices.

**Concentration of credit risk** – The School District has no policy that would limit the amount that may be invested with any one issuer.

**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, \$68,885,433 of the School District's bank balance of \$69,635,433 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Certain investments were donated to the School District to be used to generate income to award scholarships to worthy students. Individual scholarship provisions specify how the investments and related income may be used.

Certain endowments and funds raised for scholarships are directly deposited with the Saginaw Community Foundation and the school district has no rights to the principal investments.

**School District of the City of Saginaw**  
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**NOTE 4 - Fair Value Measurements**

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

The School District has the following recurring fair value measurements as of June 30, 2023:

- Equity and fixed income securities of \$56,812,759 are valued using quoted market prices (Level 1 inputs)

**NOTE 5 - Due From Other Governmental Units**

Due from other governmental units consists of the following as of June 30, 2023:

Federal grants	\$ 8,703,699
State aid	10,733,517
Other	<u>427,905</u>
	<u>\$ 19,865,121</u>

All balances are deemed current and expect to be received in the following year.

**NOTE 6 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 4,440,727	\$ -	\$ -	\$ 4,440,727
Construction in progress	<u>5,113,198</u>	<u>40,456,848</u>	<u>-</u>	<u>45,570,046</u>
Total capital assets not being depreciated	<u>9,553,925</u>	<u>40,456,848</u>	<u>-</u>	<u>50,010,773</u>
Capital assets being depreciated				
Buildings and additions	99,984,028	-	-	99,984,028
Equipment and furniture	4,634,268	467,023	-	5,101,291
Buses and other vehicles	<u>988,708</u>	<u>77,147</u>	<u>-</u>	<u>1,065,855</u>
Total capital assets being depreciated	<u>105,607,004</u>	<u>544,170</u>	<u>-</u>	<u>106,151,174</u>
Less accumulated depreciation for				
Buildings and additions	49,861,655	1,640,084	-	51,501,739
Equipment and furniture	3,052,524	203,457	-	3,255,981
Buses and other vehicles	<u>779,463</u>	<u>36,158</u>	<u>-</u>	<u>815,621</u>
Total accumulated depreciation	<u>53,693,642</u>	<u>1,879,699</u>	<u>-</u>	<u>55,573,341</u>
Net capital assets being depreciated	<u>51,913,362</u>	<u>(1,335,529)</u>	<u>-</u>	<u>50,577,833</u>
Net capital assets	<u>\$ 61,467,287</u>	<u>\$ 39,121,319</u>	<u>\$ -</u>	<u>\$ 100,588,606</u>

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

<b>Governmental activities</b>	
Depreciation expense	
Instruction	\$ 1,519,343
Support services	322,673
Community services	2,268
Food services	<u>35,415</u>
Total governmental activities	<u>\$ 1,879,699</u>

**School District of the City of Saginaw**  
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**Construction Contracts**

At June 30, 2023, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$55.2 million.

**NOTE 7 - Net Investment in Capital Assets**

The composition of net investment in capital assets as of June 30, 2023, was as follows:

	<u>Governmental Activities</u>
Capital assets	
Capital assets not being depreciated	\$ 50,010,773
Capital assets, net of accumulated depreciation	<u>50,577,833</u>
Total capital assets	<u>100,588,606</u>
Unspent bond proceeds	<u>49,157,895</u>
Related debt	
General obligation bonds	119,965,000
Unamortized bond premiums	17,181,903
Unamortized bond discounts	(42,349)
Deferred charge on bond refunding	<u>(479,511)</u>
Total related debt	<u>136,625,043</u>
Net investment in capital assets	<u>\$ 13,121,458</u>

**NOTE 8 - Transfers**

Interfund transfers consist of the following:

	<u>Transfers Out</u>
<u>Transfers in</u>	<u>General Fund</u>
Nonmajor Governmental Funds	<u>\$ 375,000</u>

A General Fund transfer of \$375,500 was made to the Capital Project Fund to help fund future capital projects.

**NOTE 9 - Unearned Revenue**

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

Grant payments received prior to meeting all eligibility requirements	
At Risk	\$ 1,750,451
Mental Health	610,211
Early Literacy	48,663
School Safety	646,580
Partnership Districts	536,338
Other	<u>227,636</u>
Total	<u>\$ 3,819,879</u>

**School District of the City of Saginaw**  
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**NOTE 10 -Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, compensated absences and certain risk liabilities.

Long term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
General obligation bonds	\$ 123,390,000	\$ -	\$ 3,425,000	\$ 119,965,000	\$ 3,615,000
Bond premium	18,446,075	-	1,264,172	17,181,903	-
Bond discount	(50,362)	-	(8,013)	(42,349)	-
	<u>141,785,713</u>	<u>-</u>	<u>4,681,159</u>	<u>137,104,554</u>	<u>3,615,000</u>
Compensated absences	<u>692,348</u>	<u>145,393</u>	<u>166,294</u>	<u>671,447</u>	<u>166,294</u>
Total	<u>\$ 142,478,061</u>	<u>\$ 145,393</u>	<u>\$ 4,847,453</u>	<u>\$ 137,776,001</u>	<u>\$ 3,781,294</u>

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

\$14,525,000 Series 2014 refunding bond due in annual installments of \$700,000 to \$1,140,000 through May 1, 2034, interest at 3.50% to 5.00%	\$ 9,940,000
\$18,865,000 Series 2016 refunding bond due in annual installments of \$850,000 to \$1,395,000 through May 1, 2036, interest at 5.00%	14,085,000
\$15,735,000 Series 2017 refunding bond due in annual installments of \$375,000 to \$2,120,000 through May 1, 2038, interest at 5.00%	14,050,000
\$83,790,000 Series 2021 building and site bond due in annual installments of \$1,685,000 to \$4,825,000 through May 1, 2050, interest at 4.00%	<u>81,890,000</u>
Total general obligation bonded debt	<u>\$ 119,965,000</u>

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

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2024	\$ 3,615,000	\$ 5,126,469	\$ 8,741,469
2025	3,810,000	4,962,568	8,772,568
2026	4,020,000	4,789,919	8,809,919
2027	4,195,000	4,607,818	8,802,818
2028	4,380,000	4,417,669	8,797,669
2029 - 2033	24,960,000	19,042,545	44,002,545
2034 - 2038	27,890,000	13,057,300	40,947,300
2039 - 2043	16,975,000	8,114,000	25,089,000
2044 - 2048	20,655,000	4,436,200	25,091,200
2049 - 2050	<u>9,465,000</u>	<u>571,600</u>	<u>10,036,600</u>
Total	<u>\$ 119,965,000</u>	<u>\$ 69,126,088</u>	<u>\$ 189,091,088</u>

**School District of the City of Saginaw**  
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The general obligation bonds are liquidated from the Debt Service Funds. As of year end, these funds have a fund balance of \$1,751,054. Future debt and interest will be payable from future tax levies.

The total interest expenditure paid during the fiscal year was \$5,281,819.

**Compensated Absences**

Accrued compensated absences at year end consist of \$671,447 of accrued and earned sick time benefits. The entire amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

**Deferred Amount on Refunding**

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$759,474. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2038. Activity in the current year is presented below:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
Deferred amount on refunding	\$ 521,704	\$ -	\$ 42,193	\$ 479,511

**Defeased Debt**

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

The final payment date is May 1, 2034. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2004 Issue Refunded	<u>\$ 10,325,000</u>
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**NOTE 11 - Risk Management**

The School District participates in a Municipal Risk Retention Pool Program through the Middle Cities Risk Management Trust. This program provides substantially all the insurance needs of the School District, including property, general liability, automobile and umbrella. The contributions made by the School District fund the program at rates predicated on expected losses, excess insurance premium contribution and administration costs, including appropriate state assessment. The possibility of additional claims exists but the amount of liability to the School District would be immaterial by the time the aggregate stop-loss coverage is triggered. There also is a possibility of a refund due the School District. Therefore, neither contingent liabilities nor assets have been recognized on the School District's financial statements. For each of the past three years, there have been no changes to the coverage and there have been no insurance settlements which exceed insurance coverage.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. In addition, \$24,000 has been accrued in the district-wide financial statements for known claims incurred from January to June 2023, and is payable in fiscal year 2023-24.

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal District. 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

**School District of the City of Saginaw**  
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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 period ended June 30, 2023.

**NOTE 12 - Pension Plan**

**Plan Description**

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

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

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

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

**Benefits Provided**

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

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

**Contributions**

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

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

**School District of the City of Saginaw**  
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The schedule below summarizes pension contribution rates in effect for fiscal 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 \$11,592,054 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 \$128,089,092 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 .3406 percent, which was an increase of .0046 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 \$15,538,555 for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total pension contribution expense of \$12,368,549.

Section 147c of the State School Aid Act (MCL 388.1747c) was amended to include a one-time distribution to districts, intermediate 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 \$3,341,071 in total pension expense and offset in state revenues.



**School District of the City of Saginaw**  
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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	\$ 1,281,338	\$ (286,394)	\$ 994,944
Changes of assumptions	22,010,296	-	22,010,296
Net difference between projected and actual earnings on pension plan investments	300,369	-	300,369
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>2,180,762</u>	<u>(450,834)</u>	<u>1,729,928</u>
Total to be recognized in future	25,772,765	(737,228)	25,035,537
School District contributions subsequent to the measurement date	<u>10,960,603</u>	<u>(5,736,847)</u>	<u>5,223,756</u>
Total	<u>\$36,733,368</u>	<u>\$ (6,474,075)</u>	<u>\$30,259,293</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	\$ 7,111,561
2024	5,699,008
2025	4,750,206
2026	<u>7,474,762</u>
	<u>\$25,035,537</u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions:**

- Valuation Date: September 30, 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

**School District of the City of Saginaw**  
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- 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 is 4.3922 years.

Recognition period for assets is 5 years.

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

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

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

term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 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)
	100.0%	

*\*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 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

**School District of the City of Saginaw**  
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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%
\$ 169,030,016	\$ 128,089,092	\$ 94,351,927

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

**Payables to the Pension Plan**

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

**NOTE 13 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

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

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

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

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

**Benefits Provided**

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

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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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 a 17-year period beginning October 1, 2021, and ending September 30, 2038.

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 \$2,563,655 for the year ended September 30, 2022.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

**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 \$7,128,454 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 .3366 percent, which was a decrease of .0047 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 \$(2,944,041) for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total OPEB contribution expense of \$2,656,612.

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	\$ -	\$(13,961,911)	\$(13,961,911)
Changes of assumptions	6,353,820	(517,364)	5,836,456
Net difference between projected and actual earnings on OPEB plan investments	557,145	-	557,145
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>789,664</u>	<u>(549,653)</u>	<u>240,011</u>
Total to be recognized in future	7,700,629	(15,028,928)	(7,328,299)
School District contributions subsequent to the measurement date	<u>2,091,057</u>	<u>-</u>	<u>2,091,057</u>
Total	<u>\$ 9,791,686</u>	<u>\$(15,028,928)</u>	<u>\$ (5,237,242)</u>

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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 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	\$(2,768,222)
2024	(2,312,986)
2025	(2,018,938)
2026	(61,048)
2027	(157,491)
Thereafter	<u>(9,614)</u>
	<u><u>\$(7,328,299)</u></u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 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 at 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.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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.

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

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

The long-term expected rate of return on 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/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 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.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

**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%
<u>\$ 11,957,297</u>	<u>\$ 7,128,454</u>	<u>\$ 3,061,970</u>

**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
<u>\$ 2,985,056</u>	<u>\$ 7,128,454</u>	<u>\$ 11,779,501</u>

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

**Payables to the OPEB Plan**

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

**NOTE 14 - 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.



**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**NOTE 15 - Tax Abatements**

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the City of Saginaw. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties

There are no significant abatements made by the School District.



# **REQUIRED SUPPLEMENTARY INFORMATION**

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2023**

	Budgeted Amounts			Over (Under) Final Budget
	Original	Final	Actual	
<b>Revenue from local sources</b>				
General property taxes	\$ 8,300,000	\$ 9,100,000	\$ 9,082,136	\$ (17,864)
Penalties and interest on delinquent taxes	25,000	788,144	801,219	13,075
Transportation	8,000	8,000	14,125	6,125
Earnings on investments	4,000	4,000	139,064	135,064
Athletic event revenue	50,000	66,950	68,805	1,855
Community service fees	60,000	63,000	62,345	(655)
Rental income	80,000	74,750	80,365	5,615
Grants	126,863	125,678	42,451	(83,227)
Other	132,462	122,260	130,503	8,243
Total local sources	8,786,325	10,352,782	10,421,013	68,231
<b>Revenue from intermediate sources</b>				
Special education	348,200	389,601	202,750	(186,851)
Student funding	594,425	664,425	680,264	15,839
Vocational education	3,357,375	3,957,375	3,957,375	-
Total intermediate sources	4,300,000	5,011,401	4,840,389	(171,012)
<b>Revenue from state sources</b>				
Grants - unrestricted				
State school aid	33,321,000	38,436,924	38,560,720	123,796
Grants - restricted				
Unfunded actuarial accrued liability	7,950,000	10,199,959	10,422,357	222,398
At Risk	4,675,543	4,680,616	3,690,437	(990,179)
Special education Headlee obligation	2,438,284	1,691,710	1,691,666	(44)
Great start readiness program	3,617,021	3,981,532	2,224,639	(1,756,893)
Vocational education	320,012	362,032	362,032	-
Partnership	979,022	979,022	508,445	(470,577)
Renaissance zones	16,725	16,725	16,725	-
Other state revenue	509,693	723,043	322,691	(400,352)
Total state sources	53,827,300	61,071,563	57,799,712	(3,271,851)

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2023**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>Revenue from federal sources</b>				
Grants restricted				
Education Stabilization Fund	\$ 36,739,776	\$ 34,739,776	\$ 26,608,181	\$ (8,131,595)
Title I Grants to Local Educational Agencies	12,633,729	12,633,729	8,202,013	(4,431,716)
Supporting Effective Instruction State Grants	1,954,881	1,954,881	726,042	(1,228,839)
Special education - IDEA cluster	1,652,596	1,652,596	1,377,124	(275,472)
Coronavirus Relief Funds	89,203	89,203	89,203	-
Carl Perkins	499,905	499,905	486,732	(13,173)
Title IV Part A	777,393	777,393	596,420	(180,973)
Other federal revenues	545,378	240,763	54,014	(186,749)
Total federal sources	54,892,861	52,588,246	38,139,729	(14,448,517)
Total revenues	121,806,486	129,023,992	111,200,843	(17,823,149)

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2023**

	Budgeted Amounts			(Over) Under Final Budget
Instruction	Original	Final	Actual	
Basic programs				
Elementary	\$ 18,579,757	\$ 18,373,588	\$ 16,765,616	\$ 1,607,972
Middle school	4,201,016	4,866,095	4,000,361	865,734
Senior high school	15,467,287	10,658,796	8,242,852	2,415,944
Other basic programs	3,391,099	3,399,920	2,375,138	1,024,782
Summer school	990,123	2,598,023	1,092,822	1,505,201
Total basic programs	42,629,282	39,896,422	32,476,789	7,419,633
Added needs				
Special education	5,077,511	5,821,403	5,729,620	91,783
Compensatory education	8,363,697	10,180,847	7,285,859	2,894,988
Vocational education	3,390,071	4,307,577	4,173,235	134,342
Total added needs	16,831,279	20,309,827	17,188,714	3,121,113
Total instruction	59,460,561	60,206,249	49,665,503	10,540,746

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2023**

	Budgeted Amounts			(Over) Under
	Original	Final	Actual	Final Budget
<b>Supporting services</b>				
Pupil services				
Truancy	\$ 1,448,907	\$ 457,787	\$ 382,035	\$ 75,752
Guidance services	791,677	1,339,366	1,117,060	222,306
Health services	111,658	258,658	102,392	156,266
Psychological services	221,000	207,144	203,748	3,396
Speech pathology audiology	42,551	33,093	20,568	12,525
Social work services	3,980,439	4,033,235	3,089,981	943,254
Other pupil services	570,856	411,822	290,247	121,575
Total pupil services	7,167,088	6,741,105	5,206,031	1,535,074
Instructional staff				
Improvement of instruction	3,644,656	3,764,507	2,184,456	1,580,051
Library	36,445	254,633	218,233	36,400
Audio visual	5,000	22,500	-	22,500
Technology assisted instruction	216,736	219,443	157,242	62,201
Supervision direction	868,080	2,143,087	1,782,628	360,459
Academic student assessment	73,778	85,829	76,585	9,244
Total instructional staff	4,844,695	6,489,999	4,419,144	2,070,855
General administration				
Board of education	387,799	405,450	415,830	(10,380)
Executive administration	589,443	611,730	667,850	(56,120)
Total general administration	977,242	1,017,180	1,083,680	(66,500)
School administration				
Office of the principal	4,673,357	5,535,693	5,498,776	36,917

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2023**

	Budgeted Amounts		Actual	(Over) Under
	Original	Final		Final Budget
<b>Supporting services (continued)</b>				
Business services				
Fiscal services	\$ 989,492	\$ 1,123,724	\$ 1,093,130	\$ 30,594
Internal services	53,014	88,668	71,552	17,116
Other business services	230,000	230,000	155,892	74,108
Total business services	1,272,506	1,442,392	1,320,574	121,818
Building operations				
Operation and maintenance of plant	10,571,300	11,531,195	9,180,125	2,351,070
Security	1,194,842	1,424,455	1,205,866	218,589
Total building operations	11,766,142	12,955,650	10,385,991	2,569,659
Pupil transportation services	4,302,142	4,520,171	4,222,674	297,497
Central services				
Planning, research, development and evaluation	80,602	108,443	107,815	628
Informational services	106,410	198,820	170,310	28,510
Staff services	1,038,751	1,450,301	1,172,531	277,770
Data processing services	803,302	1,431,349	1,404,621	26,728
Technology services	228,676	299,302	298,171	1,131
Other central services	-	20,000	20,000	-
Total central services	2,257,741	3,508,215	3,173,448	334,767
Other supporting services	659,815	920,619	840,777	79,842
Total supporting services	37,920,728	43,131,024	36,151,095	6,979,929

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2023**

	Budgeted Amounts			(Over) Under Final Budget
	Original	Final	Actual	
<b>Community services</b>				
Activities	\$ 892,907	\$ 345,365	\$ 188,213	\$ 157,152
Non-public school pupils	112,148	132,310	36,077	96,233
Other community services	67,600	67,600	-	67,600
Total community services	1,072,655	545,275	224,290	320,985
<b>Site improvement services</b>				
Facility improvements	650,000	-	-	-
Total expenditures	99,103,944	103,882,548	86,040,888	17,841,660
<b>Other financing uses</b>				
Transfers out				
Capital Project Fund	-	375,000	375,000	-
Total expenditures and other financing uses	99,103,944	104,257,548	86,415,888	17,841,660
Net change in fund balance	22,702,542	24,766,444	24,784,955	18,511
Fund balance - July 1	41,101,838	41,101,838	41,101,838	-
Fund balance - June 30	<u>\$ 63,804,380</u>	<u>\$ 65,868,282</u>	<u>\$ 65,886,793</u>	<u>\$ 18,511</u>



**School District of the City of Saginaw**  
**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 (%)	0.3406%	0.3360%	0.3291%	0.3299%	0.3407%	0.3472%	0.3376%	0.3320%	0.3910%	
B. School District's proportionate share of net pension liability	\$ 128,089,092	\$ 79,541,142	\$ 113,055,819	\$ 109,239,767	\$ 102,410,581	\$ 89,965,907	\$ 84,239,093	\$ 81,388,351	\$ 86,133,407	
C. School District's covered payroll	\$ 32,483,832	\$ 30,656,991	\$ 28,901,371	\$ 28,369,153	\$ 28,206,624	\$ 29,255,816	\$ 28,574,617	\$ 28,692,229	\$ 33,112,983	
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	394.32%	259.46%	391.18%	385.07%	363.07%	307.51%	294.80%	283.66%	260.12%	
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.

**School District of the City of Saginaw**  
**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	\$ 12,368,549	\$ 11,761,360	\$ 9,831,512	\$ 8,997,498	\$ 8,752,657	\$ 8,142,926	\$ 5,537,476	\$ 5,633,322	\$ 6,073,153	
B.	Contributions in relation to statutorily required contributions	<u>12,368,549</u>	<u>11,761,360</u>	<u>9,831,512</u>	<u>8,997,498</u>	<u>8,752,657</u>	<u>8,142,926</u>	<u>5,537,476</u>	<u>5,633,322</u>	<u>6,073,153</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	\$ 34,474,219	\$ 33,057,709	\$ 29,163,166	\$ 28,816,966	\$ 28,270,766	\$ 28,381,962	\$ 29,221,665	\$ 28,336,074	\$ 28,034,423	
E.	Contributions as a percentage of covered payroll	35.88%	35.58%	33.71%	31.22%	30.96%	28.69%	18.95%	19.88%	21.66%	

**School District of the City of Saginaw**  
**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 net OPEB liability (%)	0.3366%	0.3413%	0.3274%	0.3261%	0.3323%	0.3457%				
B. School District's proportionate share of net OPEB liability	\$ 7,128,454	\$ 5,209,103	\$ 17,541,053	\$ 23,404,549	\$ 26,414,253	\$ 30,616,815				
C. School District's covered payroll	\$ 32,483,832	\$ 30,656,991	\$ 28,901,371	\$ 28,369,153	\$ 28,206,624	\$ 29,255,816				
D. School District's proportionate share of net OPEB liability as a percentage of its covered payroll	21.94%	16.99%	60.69%	82.50%	93.65%	104.65%				
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.

**School District of the City of Saginaw**  
**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	\$ 2,656,612	\$ 2,577,270	\$ 2,373,509	\$ 2,278,084	\$ 2,206,619	\$ 2,691,723				
B.	Contributions in relation to statutorily required contributions	<u>2,656,612</u>	<u>2,577,270</u>	<u>2,373,509</u>	<u>2,278,084</u>	<u>2,206,619</u>	<u>2,691,723</u>				
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
D.	School District's covered payroll	\$ 34,474,219	\$ 33,057,709	\$ 29,163,166	\$ 28,816,966	\$ 28,270,766	\$ 28,381,962				
E.	Contributions as a percentage of covered payroll	7.71%	7.80%	8.14%	7.91%	7.81%	9.48%				



## **OTHER SUPPLEMENTARY INFORMATION**

**School District of the City of Saginaw**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds		Debt Service Funds					Total Nonmajor Governmental Funds
	Food Service Fund	Student Activities Fund	2014 Refunding Bond Fund	2016 Refunding Bond Fund	2017 Refunding Bond Fund	2021 Debt Fund	Capital Project Fund	
<b>Assets</b>								
Cash	\$ 549,415	\$ 559,617	\$ 1,751,054	\$ -	\$ -	\$ -	\$ 126,138	\$ 2,986,224
Due from other governmental units	182,472	-	-	-	-	-	-	182,472
Total assets	<u>\$ 731,887</u>	<u>\$ 559,617</u>	<u>\$ 1,751,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,138</u>	<u>\$ 3,168,696</u>
<b>Liabilities</b>								
Accounts payable	\$ 50,570	\$ 12,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,108
Due to other governmental units	110,562	-	-	-	-	-	-	110,562
Accrued payroll and related liabilities	3,909	-	-	-	-	-	-	3,909
Total liabilities	<u>165,041</u>	<u>12,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,579</u>
<b>Fund Balances</b>								
Restricted								
Food service	566,846	-	-	-	-	-	-	566,846
Debt service	-	-	1,751,054	-	-	-	-	1,751,054
Committed								
Student activities	-	547,079	-	-	-	-	-	547,079
Assigned								
Capital projects	-	-	-	-	-	-	126,138	126,138
Total fund balances	<u>566,846</u>	<u>547,079</u>	<u>1,751,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,138</u>	<u>2,991,117</u>
Total liabilities and fund balances	<u>\$ 731,887</u>	<u>\$ 559,617</u>	<u>\$ 1,751,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,138</u>	<u>\$ 3,168,696</u>

**School District of the City of Saginaw**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2023**

	Special Revenue Funds		Debt Service Funds					Total Nonmajor Governmental Funds
	Food Service Fund	Student Activities Fund	2014 Refunding Bond Fund	2016 Refunding Bond Fund	2017 Refunding Bond Fund	2021 Debt Fund	Capital Project Fund	
<b>Revenues</b>								
Local sources	\$ 58,047	\$ 545,416	\$ 1,877,825	\$ 1,539,500	\$ 1,081,000	\$ 4,929,900	\$ -	\$ 10,031,688
State sources	188,670	-	-	-	-	-	-	188,670
Federal sources	4,930,441	-	-	-	-	-	-	4,930,441
Total revenues	5,177,158	545,416	1,877,825	1,539,500	1,081,000	4,929,900	-	15,150,799
<b>Expenditures</b>								
Education								
Food services	6,356,801	-	-	-	-	-	-	6,356,801
Student Activities	-	565,136	-	-	-	-	-	565,136
Capital outlay	-	-	-	-	-	-	343,892	343,892
Debt service								
Principal	-	-	680,000	795,000	360,000	1,590,000	-	3,425,000
Interest	-	-	478,119	744,000	720,500	3,339,200	-	5,281,819
Bank fees	-	-	500	500	500	700	-	2,200
Total expenditures	6,356,801	565,136	1,158,619	1,539,500	1,081,000	4,929,900	343,892	15,974,848
Excess (deficiency) of revenues over expenditures	(1,179,643)	(19,720)	719,206	-	-	-	(343,892)	(824,049)
<b>Other financing sources</b>								
Transfers in								
General Fund	-	-	-	-	-	-	375,000	375,000
Net change in fund balances	(1,179,643)	(19,720)	719,206	-	-	-	31,108	(449,049)
Fund balances - July 1	1,746,489	566,799	1,031,848	-	-	-	95,030	3,440,166
Fund balances - June 30	\$ 566,846	\$ 547,079	\$ 1,751,054	\$ -	\$ -	\$ -	\$ 126,138	\$ 2,991,117



## **SPECIAL REVENUE FUNDS**

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

**Food Service Fund** - This fund is used to account for activities related to operation of cafeterias in the district's school buildings, providing nourishing breakfasts, lunches, and snacks to students in all grades.

**Student Activity Fund** - This fund is used to record the transactions of student groups for school and school-related purposes.



**School District of the City of Saginaw**  
**Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	<b>Nonmajor Fund</b>			<b>Nonmajor Fund</b>		
	<b>Food Service Fund</b>			<b>Student Activities</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Local sources	\$ 60,564	\$ 58,047	\$ (2,517)	\$ 800,000	\$ 545,416	\$ (254,584)
State sources	143,973	188,670	44,697	-	-	-
Federal sources	3,948,359	4,930,441	982,082	-	-	-
Total revenues	<u>4,152,896</u>	<u>5,177,158</u>	<u>1,024,262</u>	<u>800,000</u>	<u>545,416</u>	<u>(254,584)</u>
<b>Expenditures</b>						
Salaries	1,521,306	1,614,801	(93,495)	-	-	-
Employee benefits	812,126	989,603	(177,477)	-	-	-
Contracted services	17,508	112,894	(95,386)	-	-	-
Food cost	2,649,275	3,065,498	(416,223)	-	-	-
Student activities	-	-	-	800,000	565,136	234,864
Capital outlay	499,164	574,005	(74,841)	-	-	-
Total expenditures	<u>5,499,379</u>	<u>6,356,801</u>	<u>(857,422)</u>	<u>800,000</u>	<u>565,136</u>	<u>234,864</u>
Net change in fund balances	(1,346,483)	(1,179,643)	166,840	-	(19,720)	(19,720)
Fund balances - July 1	<u>1,746,489</u>	<u>1,746,489</u>	<u>-</u>	<u>566,799</u>	<u>566,799</u>	<u>-</u>
Fund balances - June 30	<u>\$ 400,006</u>	<u>\$ 566,846</u>	<u>\$ 166,840</u>	<u>\$ 566,799</u>	<u>\$ 547,079</u>	<u>\$ (19,720)</u>

(Continued)

**School District of the City of Saginaw**  
**Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	<b>Total</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Local sources	\$ 860,564	\$ 603,463	\$ (257,101)
State sources	143,973	188,670	44,697
Federal sources	3,948,359	4,930,441	982,082
Total revenues	<u>4,952,896</u>	<u>5,722,574</u>	<u>769,678</u>
<b>Expenditures</b>			
Salaries	1,521,306	1,614,801	(93,495)
Employee benefits	812,126	989,603	(177,477)
Contracted services	17,508	112,894	(95,386)
Food cost	2,649,275	3,065,498	(416,223)
Student activities	800,000	565,136	234,864
Capital outlay	499,164	574,005	(74,841)
Total expenditures	<u>6,299,379</u>	<u>6,921,937</u>	<u>(622,558)</u>
Net change in fund balances	(1,346,483)	(1,199,363)	147,120
Fund balances - July 1	<u>2,313,288</u>	<u>2,313,288</u>	<u>-</u>
Fund balances - June 30	<u>\$ 966,805</u>	<u>\$ 1,113,925</u>	<u>\$ 147,120</u>



## **CAPITAL PROJECTS FUNDS**

**Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**2021 Capital Projects Fund** - The 2021 Capital Projects Fund is used to record bond proceeds and other revenue and the disbursement of invoices specifically for projects associated with the 2021 bond issue. These funds are kept open until the purpose for which the funds were created have been accomplished.

**Capital Project Fund** - The Capital Project Fund is used to account for general District projects that are funded by transfers from the General Fund.

**School District of the City of Saginaw  
Capital Project Funds  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2023**

	<b>Major Fund</b>			<b>Nonmajor Fund</b>		
	<b>2021 Capital Projects</b>			<b>Capital Project Fund</b>		
	Final Budget	Actual Amounts	Variance Positive (Negative)	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>Revenues</b>						
Local sources						
Earnings on investments	\$ 15,000	\$ 1,329,016	\$ 1,314,016	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Capital outlay						
Building renovations	32,099,500	40,657,126	(8,557,626)	345,555	343,892	1,663
Excess (deficiency) of revenues over expenditures	(32,084,500)	(39,328,110)	(7,243,610)	(345,555)	(343,892)	1,663
<b>Other Financing Sources</b>						
Transfer from General Fund	-	-	-	375,000	375,000	-
Net change in fund balances	(32,084,500)	(39,328,110)	(7,243,610)	29,445	31,108	1,663
Fund balances - beginning of year	88,486,005	88,486,005	-	95,030	95,030	-
Fund balances - end of year	<u>\$ 56,401,505</u>	<u>\$ 49,157,895</u>	<u>\$ (7,243,610)</u>	<u>\$ 124,475</u>	<u>\$ 126,138</u>	<u>\$ 1,663</u>

(Continued)

**School District of the City of Saginaw  
Capital Project Funds  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2023**

	<b>Total</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Local sources			
Earnings on investments	\$ 15,000	\$ 1,329,016	\$ 1,314,016
<b>Expenditures</b>			
Capital outlay			
Building renovations	32,445,055	41,001,018	(8,555,963)
Excess (deficiency) of revenues over expenditures	(32,430,055)	(39,672,002)	(7,241,947)
<b>Other Financing Sources</b>			
Transfer from General Fund	375,000	375,000	-
Net Change in Fund Balances	(32,055,055)	(39,297,002)	(7,241,947)
Fund balances - Beginning of year	88,581,035	88,581,035	-
Fund balances - End of year	<u>\$ 56,525,980</u>	<u>\$ 49,284,033</u>	<u>\$ (7,241,947)</u>



## **DEBT SERVICE FUNDS**

**Debt Service Funds** are used to record tax and interest revenue and operating transfers in, and the payment of interest, principal and other expenditures on long-term bonded debt by bond issues.

**2014 Refunding Bond Fund** - This fund is used to account for the payment of principal and interest on bonds issued to renovate elementary school buildings.

**2016 Refunding Bond Fund** - This fund is used to account for the payment of principal and interest on bonds issued to renovate school buildings and construct one new middle school.

**2017 Refunding Bond Fund** - This fund is used to account for the payment of principal and interest on bonds issued for construction of Saginaw Arts and Science Academy and Zilwaukee School and improvements to Arthur Hill High School and Saginaw High School.

**2021 Debt Fund** - This fund is used to account for the payment of principal and interest on bonds issued for building and site needs within the district.

**School District of the City of Saginaw**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	<b>Nonmajor Fund</b>			<b>Nonmajor Fund</b>		
	<b>2014 Refunding Bond Fund</b>			<b>2016 Refunding Bond Fund</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Local sources						
Property Tax	\$ 1,341,004	\$ 1,336,150	\$ (4,854)	\$ 1,539,500	\$ 1,538,494	\$ (1,006)
Other tax and stabilization	460,026	540,925	80,899	-	-	-
Earnings on investments	-	750	750	-	1,006	1,006
Total revenues	<u>1,801,030</u>	<u>1,877,825</u>	<u>76,795</u>	<u>1,539,500</u>	<u>1,539,500</u>	<u>-</u>
<b>Expenditures</b>						
Debt retirement						
Principal	680,000	680,000	-	795,000	795,000	-
Interest	478,119	478,119	-	744,000	744,000	-
Bank fees	500	500	-	500	500	-
Total expenditures	<u>1,158,619</u>	<u>1,158,619</u>	<u>-</u>	<u>1,539,500</u>	<u>1,539,500</u>	<u>-</u>
Net change in fund balances	642,411	719,206	76,795	-	-	-
Fund balances - July 1	<u>1,031,848</u>	<u>1,031,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30	<u>\$ 1,674,259</u>	<u>\$ 1,751,054</u>	<u>\$ 76,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**School District of the City of Saginaw**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	<b>Nonmajor Fund</b>			<b>Nonmajor Fund</b>		
	<b>2017 Refunding Bond Fund</b>			<b>2021 Debt Fund</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Local sources						
Property Tax	\$ 1,080,500	\$ 1,080,344	\$ (156)	\$ 4,929,550	\$ 4,927,244	\$ (2,306)
Other tax and stabilization	-	-	-	-	-	-
Earnings on investments	-	656	656	-	2,656	2,656
Total revenues	<u>1,080,500</u>	<u>1,081,000</u>	<u>500</u>	<u>4,929,550</u>	<u>4,929,900</u>	<u>350</u>
<b>Expenditures</b>						
Debt retirement						
Principal	360,000	360,000	-	1,590,000	1,590,000	-
Interest	720,500	720,500	-	3,339,200	3,339,200	-
Bank fees	-	500	(500)	350	700	(350)
Total expenditures	<u>1,080,500</u>	<u>1,081,000</u>	<u>(500)</u>	<u>4,929,550</u>	<u>4,929,900</u>	<u>(350)</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances - July 1	-	-	-	-	-	-
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)



**School District of the City of Saginaw**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	<b>Total</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Local sources			
Property Tax	\$ 8,890,554	\$ 8,882,232	\$ (8,322)
Other tax and stabilization	460,026	540,925	80,899
Earnings on investments	-	5,068	5,068
Total revenues	<u>9,350,580</u>	<u>9,428,225</u>	<u>77,645</u>
<b>Expenditures</b>			
Debt retirement			
Principal	3,425,000	3,425,000	-
Interest	5,281,819	5,281,819	-
Bank fees	1,350	2,200	(850)
Total expenditures	<u>8,708,169</u>	<u>8,709,019</u>	<u>(850)</u>
Net change in fund balances	642,411	719,206	76,795
Fund balances - July 1	<u>1,031,848</u>	<u>1,031,848</u>	<u>-</u>
Fund balances - June 30	<u>\$ 1,674,259</u>	<u>\$ 1,751,054</u>	<u>\$ 76,795</u>



## General Fund

The General Fund is comprised of various funds that disaggregate into different functions of the district. The disaggregated funds are as follows :

**General Education** - This fund is used to account for the basic operations of the district and unrestricted revenues.

**Grant Funded Education** - This fund is used to account for the basic operations of the district and restricted revenues.

**Vocational Education** - This fund is used to account for vocational education and the related funding sources.

**Capital Savings** - This fund is used to account for capital projects and the funds have been committed by the Board of Education.

**School District of the City of Saginaw**  
**General Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2023**

	General Education	Grant Funded Education	Vocational Education	Capital Savings	General Fund
<b>Revenues</b>					
Local sources	\$ 10,340,125	\$ 70,532	\$ 10,356	\$ -	\$ 10,421,013
Intermediate sources	883,014	-	3,957,375	-	4,840,389
State sources	50,691,469	6,746,211	362,032	-	57,799,712
Federal sources	4,328	38,135,401	-	-	38,139,729
Total revenues	61,918,936	44,952,144	4,329,763	-	111,200,843
<b>Expenditures</b>					
Current					
Instruction	11,144,492	35,463,583	3,057,428	-	49,665,503
Supporting services	26,505,585	8,894,903	750,607	-	36,151,095
Community services	2,195	222,095	-	-	224,290
Total expenditures	37,652,272	44,580,581	3,808,035	-	86,040,888
Excess of revenues over expenditures	24,266,664	371,563	521,728	-	25,159,955
<b>Other financing sources (uses)</b>					
Transfer to Capital Project Fund	(375,000)	-	-	-	(375,000)
Transfer between General Fund	(21,854,748)	(371,563)	(164,332)	22,390,643	-
Transfers in (out)	(22,229,748)	(371,563)	(164,332)	22,390,643	(375,000)
Net change in fund balances	2,036,916	-	357,396	22,390,643	24,784,955
Fund balances - July 1	21,318,096	-	532,036	19,251,706	41,101,838
Fund balances - June 30	\$ 23,355,012	\$ -	\$ 889,432	\$ 41,642,349	\$ 65,886,793

October 18, 2023

Management and the Board of Education  
The School District of the City of Saginaw  
Saginaw, Michigan

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of The School District of the City of Saginaw (the School District) as of and for the year ended June 30, 2023. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

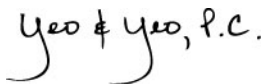
Our communication includes the following appendices:

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

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

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

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



Saginaw, Michigan

## Appendix I

### Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 12, 2023. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in the footnotes of the financial statements. The School District has adopted the following Governmental Accounting Standards Board Statement effective July 1, 2022:

- 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.

We noted no transactions entered into by the School District during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:

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

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

Disclosures in the financial statements are neutral, consistent and clear.

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas.

- Management override of controls
- Improper revenue recognition
- Implementation of new accounting standard
- Information technology controls

### **Accounting Standards and Regulatory Updates**

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

Implementation Guide No 2021-1, *Implementation Guidance Update-2021* has an amended response related to the capitalization of assets purchased as a group. Under the amended guidance, governments *should* capitalize individual items when the purchase in the aggregate is considered significant, even if the individual items are less than the capitalization threshold of the government. The effective date for implementation is for reporting periods beginning after June 15, 2023 (effectively, for the first year ended June 30, 2024 or later) and requires retroactive implementation.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no known misstatements detected as a result of audit procedures that were more than trivial.

There were no known uncorrected misstatements that were more than trivial.

### **Disagreements with Management**

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

### **Management Representations**

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

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors.

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Reports**

Other information that is required to be reported to you is included in the: Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

## **Report on Required Supplementary Information**

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

## **Report on Other Supplementary Information**

We were engaged to report on other supplementary information as described in the table of contents of the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## **Annual Comprehensive Financial Report**

The School District's audited financial statements are included in their annual comprehensive financial report. Our responsibility for the other information contained in the annual comprehensive financial report does not extend beyond the financial information identified in our audit report. We do not have an obligation to perform any procedures to corroborate the other information contained in the introductory section and statistical section. However, we read the other information and considered whether such information, or the manner of its presentation was materially inconsistent with information, or the manner of presentation, appearing in the financial statements. Nothing came to our attention that caused us to believe that such information or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## **Appendix II**

### **Matters for Management's Consideration**

In planning and performing our audit of the financial statements of The School District of the City of Saginaw as of and for the year ended June 30, 2023, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

However, during our audit we became aware of the following matter for management's consideration that is an opportunity for maintaining compliance. This letter does not affect our report dated October 18, 2023, on the financial statements of The School District of the City of Saginaw.

#### **Budget Overages**

Expenditures in the Special Revenue Food Service Fund exceeded the adopted budget by approximately \$857,000. Additionally, revenues were over budget by approximately \$1,024,000, resulting in a positive net variance of \$167,000. We noted that there was no final budget amendment in June. Although the net difference was not significant, we recommend management continue to monitor spending to comply with budgets. Furthermore, the District should evaluate and amend budgets on a regular basis to maintain compliance.



**School District of the City of Saginaw**

**Single Audit**

**June 30, 2023**



**YEO & YEO**

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PARTNERS**

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# **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

## **Independent Auditors' Report**

Management and the Board of Directors  
School District of the City of Saginaw  
Saginaw, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Saginaw as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District of the City of Saginaw's basic financial statements, and have issued our report thereon dated October 18, 2023.

### **Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 18, 2023



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

## **Independent Auditors' Report**

Management and the Board of Education  
School District of the City of Saginaw  
Saginaw, Michigan

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

#### **Opinion on Each Major Federal Program**

We have audited the School District of the City of Saginaw's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District of the City of Saginaw's major federal programs for the year ended June 30, 2023. The School District of the City of Saginaw's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District of the City of Saginaw complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

#### **Responsibilities of Management for Compliance**

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

## Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies on internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Saginaw, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District of the City of Saginaw's basic financial statements. We issued our report thereon dated October 18, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 18, 2023

**School District of the City of Saginaw**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Grant Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2022	(Memo Only) Prior Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Unearned) Revenue June 30, 2023
U.S. Department of Agriculture									
Child Nutrition Cluster									
Passed through Michigan Department of Education									
Non-cash assistance (commodities)									
National School Lunch Program - Entitlement	10.555	N/A	\$ 254,858	\$ -	\$ -	\$ 254,858	\$ 254,858	\$ -	\$ -
National School Lunch Program - Bonus Commodities	10.555	N/A	28,685	-	-	28,685	28,685	-	-
Total non-cash assistance				-	-	283,543	283,543	-	-
Cash assistance									
COVID-19 - Seamless Summer Option (SSO)- Breakfast	10.553	221971	976,369	167,908	976,369	-	167,908	-	-
National School Breakfast Program	10.553	221970	169,192	-	-	169,192	169,192	-	-
National School Breakfast Program	10.553	231970	1,128,017	-	-	1,128,017	1,100,203	-	27,814
				167,908	976,369	1,297,209	1,437,303	-	27,814
COVID-19 Supply Chain Assistance	10.555	220910	202,554	-	100,366	102,188	102,188	-	-
National School Lunch Program	10.555	221960	363,193	-	-	363,193	363,193	-	-
COVID-19 Seamless Summer Option (SSO) - Lunch	10.555	221961	2,137,886	363,905	2,137,886	-	363,905	-	-
National School Lunch Program - After School Snacks	10.555	221980	7,795	839	7,283	512	1,351	-	-
COVID-19 Supply Chain Assistance	10.555	230910	59,635	-	-	59,635	59,635	-	-
National School Lunch Program	10.555	231960	2,382,232	-	-	2,382,232	2,322,631	-	59,601
National School Lunch Program - After School Snacks	10.555	231980	7,295	-	-	7,295	7,150	-	145
				364,744	2,245,535	2,915,055	3,220,053	-	59,746
Summer Food Service Program for Children	10.559	220900	158,008	-	-	158,008	128,065	-	29,943
Total Cash Assistance				532,652	3,221,904	4,370,272	4,785,421	-	117,503
Total Child Nutrition Cluster				532,652	3,221,904	4,653,815	5,068,964	-	117,503
Passed through Michigan Department of Education									
Local Food For Schools (LFS)	10.185	230985	22,156	-	-	22,156	-	-	22,156
Passed through Michigan Department of Education									
Child and Adult Care Food Program - Meals	10.558	221920	52,940	7,112	44,215	8,725	15,837	-	-
Child and Adult Care Food Program - Cash in lieu	10.558	222010	2,268	321	1,809	459	780	-	-
Child and Adult Care Food Program - Meals	10.558	231920	60,668	-	-	60,668	60,668	-	-
Child and Adult Care Food Program - Cash in lieu	10.558	232010	2,657	-	-	2,657	2,657	-	-
Total Child and Adult Care Food Program				7,433	46,024	72,509	79,942	-	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards



**School District of the City of Saginaw**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Grant Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2022	(Memo Only) Prior Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Unearned) Revenue June 30, 2023
U.S. Department of Agriculture (Continued)									
Passed through Michigan Department of Education									
Fresh Fruit and Vegetable Program	10.582	220950	149,091	28,666	104,210	44,881	73,547	-	-
Fresh Fruit and Vegetable Program	10.582	230950	137,080	-	-	137,080	129,359	-	7,721
Total Fresh Fruit and Vegetable Program				28,666	104,210	181,961	202,906	-	7,721
Passed through Michigan Department of Education									
COVID-19 Pandemic EBT Local Level Costs	10.649	220980	5,950	-	-	5,950	5,950	-	-
Total U.S. Department of Agriculture				568,751	3,372,138	4,936,391	5,357,762	-	147,380
U.S. Department of Treasury									
Coronavirus Relief Funds									
Passed through the Michigan Department of Education									
COVID19 - Coronavirus Relief Funds - SOM	21.019	11P	1,829,555	(89,203)	1,740,352	89,203	-	-	-
Passed through the Copper County Intermediate School District									
COVID19 - Coronavirus Relief Funds - MAISA Device Purchasing	21.019	483	106,250	(3,218)	103,032	3,218	-	-	-
Total U.S. Department of Treasury				(92,421)	1,843,384	92,421	-	-	-
U.S. Department of Education									
Special Education Cluster									
Passed through Saginaw Intermediate School District									
Special Education - Grants to States	84.027	210450	1,359,413	43,050	1,347,287	-	43,050	-	-
Special Education - Grants to States	84.027	220450	1,394,091	389,116	1,371,054	23,037	411,957	-	196
Special Education - Grants to States	84.027	230450	1,357,586	-	-	1,286,423	984,490	-	301,933
				432,166	2,718,341	1,309,460	1,439,497	-	302,129
Special Education - Preschool Grants	84.173	220460	76,515	22,044	71,445	5,070	26,936	-	178
Special Education - Preschool Grants	84.173	230460	64,705	-	-	62,594	47,354	-	15,240
				22,044	71,445	67,664	74,290	-	15,418
Total Special Education Cluster				454,210	2,789,786	1,377,124	1,513,787	-	317,547

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**School District of the City of Saginaw**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Grant Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2022	(Memo Only) Prior Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Unearned) Revenue June 30, 2023
U.S. Department of Education (Continued)									
Passed through Michigan Department of Education									
Title I - Grants to Local Educational Agencies	84.010	221530	8,200,685	1,258,592	5,833,210	979,008	2,237,600	-	-
Title I - Grants to Local Educational Agencies	84.010	231530	10,266,254	-	-	7,159,855	5,457,470	-	1,702,385
				<u>1,258,592</u>	<u>5,833,210</u>	<u>8,138,863</u>	<u>7,695,070</u>	<u>-</u>	<u>1,702,385</u>
Passed through Saginaw Intermediate School District									
Title I - Regional Assistance Grant (RAG)	84.010	RAG 22-23	116,149	-	-	54,705	33,851	-	20,854
Passed through Calhoun Intermediate School District									
Title I - Technical Assistance Grant (TAG)	84.010	231580	120,000	-	-	8,445	-	-	8,445
Total Title I				<u>1,258,592</u>	<u>5,833,210</u>	<u>8,202,013</u>	<u>7,728,921</u>	<u>-</u>	<u>1,731,684</u>
Passed through Saginaw Intermediate School District									
Career and Technical Education - Basic Grants to States	84.048	21-22	599,164	135,058	582,737	-	135,058	-	-
Career and Technical Education - Basic Grants to States	84.048	22-23	499,050	-	-	486,732	373,384	-	113,348
Total Career and Technical Education - Basic Grants to States				<u>135,058</u>	<u>582,737</u>	<u>486,732</u>	<u>508,442</u>	<u>-</u>	<u>113,348</u>
Passed through Saginaw Intermediate School District									
Special Education - Grants for Infants and Families	84.181	221340	19,000	4,834	17,793	-	4,834	-	-
Special Education - Grants for Infants and Families	84.181	231340	19,000	-	-	17,566	13,553	-	4,013
Total Special Education - Grants for Infants and Families				<u>4,834</u>	<u>17,793</u>	<u>17,566</u>	<u>18,387</u>	<u>-</u>	<u>4,013</u>
Passed through Michigan Department of Education									
Title III - English Language Acquisition - State Grants	84.365	230580	52,217	-	-	22,949	10,744	-	12,205
Passed through Michigan Department of Education									
Title II - Improving Teacher Quality - State Grants	84.367	220520	1,391,781	170,857	678,326	143,193	314,050	-	-
Title II - Improving Teacher Quality - State Grants	84.367	230520	1,241,426	-	-	582,851	391,343	-	191,508
Total Title II - Improving Teacher Quality - State Grants				<u>170,857</u>	<u>678,326</u>	<u>726,044</u>	<u>705,393</u>	<u>-</u>	<u>191,508</u>
Passed through Michigan Department of Education									
Title IV - Student Support and Academic Enrichment Program	84.424	220750	572,565	74,223	386,727	122,441	196,664	-	-
Title IV - Student Support and Academic Enrichment Program	84.424	230750	591,555	-	-	473,979	403,154	-	70,825
Total Title IV - Student Support and Academic Enrichment Program				<u>74,223</u>	<u>386,727</u>	<u>596,420</u>	<u>599,818</u>	<u>-</u>	<u>70,825</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**School District of the City of Saginaw**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Grant Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2022	(Memo Only) Prior Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Unearned) Revenue June 30, 2023
U.S. Department of Education (Continued)									
Education Stabilization Fund									
Passed through Michigan Department of Education									
COVID-19 - Governor's Emergency Education Relief (GEER) Funds	84.425C	201201	29,148	-	-	29,148	29,148	-	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Formula Funds I	84.425D	203711	129,807	-	-	129,750	129,750	-	-
COVID-19 - ESSER Formula Funds II	84.425D	213712	18,427,170	3,263,858	16,593,349	15,144	2,621,833	-	657,169
				3,263,858	16,593,349	144,894	2,751,583	-	657,169
COVID-19 - ESSER Formula Funds III	84.425U	213713	41,414,236	7,674,039	9,377,036	26,422,139	28,638,158	-	5,458,020
COVID-19 - American Rescue Plan - Homeless II	84.425W	211012	179,121	-	-	12,000	12,000	-	-
Total Education Stabilization Fund				10,937,897	25,970,385	26,608,181	31,430,889	-	6,115,189
Total U.S. Department of Education				13,035,671	36,258,964	38,037,029	42,516,381	-	8,556,319
U.S. Department of Health and Human Services									
Medicaid Cluster									
Passed through Saginaw Intermediate School District									
Medical Assistance Program	93.778	2022-2023	4,329	-	-	4,329	4,329	-	-
Total				\$ 13,512,001	\$ 41,474,486	\$ 43,070,170	\$ 47,878,472	\$ -	\$ 8,703,699

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**School District of the City of Saginaw**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School District of the City of Saginaw under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District of the City of Saginaw, it is not intended to and does not present the financial position, changes in financial positions of the School District of the City of Saginaw.

**Note 2 - Summary of Significant Accounting Policies**

**Expenditures**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate**

The School District of the City of Saginaw has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3 - Subrecipients**

No amounts were provided to subrecipients.

**Note 4 - Michigan Department of Education Disclosures**

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

The federal amounts reported on the Grant Auditor Report (GAR) Subrecipient Schedule are in agreement with the SEFA except for the following:

AL#	Project#	Cash Received per SEFA	Less - Amount Disbursed in 21-22 per the GAR but received in 22-23 by the District	Cash paid per June 30, 2023 Grant Auditor Report
10.553	221971	\$ 167,908	\$ 167,908	\$ -
10.555	221961	363,905	363,905	-
10.555	221980	1,351	839	512
10.558	221920	15,837	7,112	8,725
10.558	222010	780	321	459
10.582	220950	73,547	28,666	44,881

**Note 5 - Reconciliation to the Financial Statements**

The federal revenues per the financial statements are in agreement with the SEFA.

**School District of the City of Saginaw**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

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

Internal control over financial reporting:

- Material weakness(es) identified?                      \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified  
that are not considered to be  
material weakness(es)?                      \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial  
statements noted?                      \_\_\_\_\_ yes        X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?                      \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified  
that are not considered to be  
material weakness(es)?                      \_\_\_\_\_ yes        X   none reported

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

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

**School District of the City of Saginaw**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.425C / 84.425D / 84.425U / 84.425W	Education Stabilization Fund

Dollar threshold used to distinguish  
between type A and type B programs: \$ 1,292,105

Auditee qualified as low-risk auditee?   X   yes        no

**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no *Government Auditing Standards* findings for the year ended June 30, 2023.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.

**School District of the City of Saginaw**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2023**

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**SECTION IV - PRIOR AUDIT FINDINGS**

**GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no *Government Auditing Standards* findings for the year ended June 30, 2022.

**FEDERAL AWARD FINDINGS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.