

Utica Community Schools

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2023



**UTICA
COMMUNITY
SCHOOLS**

ESTABLISHING EXCELLENCE SINCE 1818

Utica Community Schools
11303 Greendale
Sterling Heights, MI 48312

ANNUAL COMPREHENSIVE FINANCIAL REPORT

UTICA COMMUNITY SCHOOLS

11303 Greendale
Sterling Heights, Michigan 48312
(586) 797-1000

For the Fiscal Year Ended June 30, 2023

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SUPERINTENDENT OF SCHOOLS

Robert S. Monroe, Superintendent

Report prepared by the Finance Department

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Issued Under
Separate
Cover



October 4, 2023

To the Parents and Citizens of Utica Community Schools:

As an introduction to our June 30, 2023 Annual Comprehensive Financial Report (ACFR), this letter of transmittal is intended to provide an overview of Utica Community Schools (the "School District") financial status as well as economic factors affecting the surrounding communities. The report is the result of the annual independent audit provided for the Board of Education. The report was prepared by the Business and Finance Department, in accordance with generally accepted accounting principles. The basic financial statements have been audited by the firm of Plante & Moran, PLLC, an independent auditor, and the report is preceded by their unmodified opinion.

The Annual Comprehensive Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is presented in the following major sections: *The introductory section* introduces the reader to Utica Community Schools (UCS) and to this report. Included are facts about the School District, this transmittal letter and the School District's organizational chart. *The financial section* contains the independent auditor's report, the management's discussion and analysis report and basic financial statement information. Included in the School District's basic financial statements are government-wide financial statements, fund financial statements and notes to the financial statements. The management's discussion and analysis provide an overview and analysis of the School District's basic financial statements and should be read in conjunction with the financial statements. *The statistical section* and other information (unaudited) include selected historical, financial and demographic information of the School District and its surrounding communities. This section is intended to reflect economic data, financial trends and the fiscal capabilities of the School District.

Utica Community Schools Overview

Utica Community Schools is known nationally and statewide for its educational excellence. As Michigan's second largest public school district, UCS has earned its reputation with innovative, rigorous programming, high expectations for students and responsible fiscal management. UCS is committed to managing and utilizing its funds reasonably and carefully by providing nationally recognized academic return on the taxpayers' investment.

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Utica Community Schools is located in southeastern Michigan's Macomb County, approximately 15 miles north of Detroit. The school district currently operates 25 elementary schools, seven junior high schools, four comprehensive high schools, an alternative learning center, and several specialty programs (Gene L. Klida Utica Academy for International Studies, the Utica Center for Science and Industry, the Utica Center for Mathematics, Science and Technology, the Stevenson Center for Manufacturing, Automation and Design Engineering and the Academy for Health and Human Services).

Utica Community Schools buildings were originally constructed between 1929 and 2005. UCS facilities have an average age of 50 years. Through the bond issues supported by our community, UCS is strategically maintaining its facilities, technology and infrastructure to ensure safety and security and environments that are conducive to teaching and learning. The district's needs are identified through a strategic, long-range facility improvement program.

District's Academic Focus

Through the leadership of our Board of Education, Utica Community has developed a new strategic plan called UCS Empowered! The plan included a new vision, mission and core values.

Vision Statement

Utica Community Schools, in partnership with our community, will empower students to positively transform their future and the world.

Mission Statement

Utica Community Schools ignites a passion for learning in all students. We strengthen our community by welcoming all learners, honoring culture, and inspiring remarkable growth and achievement. We accomplish this by:

- Ensuring students are at the heart of all decisions
- Collaborating with all stakeholders
- Providing a safe and supportive environment
- Encouraging mindsets that are open to innovation
- Reimagining what school can be
- Promoting high expectations throughout Utica Community Schools
- Committing to multiple pathways toward excellence and achievement for all

Core Values

- **STUDENT-CENTERED** - We will ensure the individual and collective needs of students are at the forefront when decisions are made.

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- EXCELLENCE - We commit to making every interaction, experience, and work product of the highest quality.
- EQUITY - We will provide students, families, and staff members with the experiences and resources they need to thrive.
- WELL-BEING - We will promote overall wellness (mental, social, and physical health) for all students and staff members.
- TEAMWORK - We will collaboratively engage with students, families, staff members, and the greater community to reach our goals.

Academic Excellence

Utica Community Schools students continue to outperform their county, state, and national peers on standardized tests. The district's graduation rate of 93.6 percent is 13 points higher than the state average.

Staff, students and programs are recognized for excellence at all levels. Examples include:

- For the ninth time, Utica Community Schools has been named one of the nation's best communities for music education by the National Association of Music Merchants (NAMM).
- Dispatcher Kathryn Chodnicki was named the Michigan Association for Pupil Transportation Office Administrative Professional of the Year.
- All UCS high schools have once again been named among the best in the nation by *U.S. News and World Report*. Schools were ranked on six factors based on their performance on state assessments and how well they prepare students for college.
- The Gene L. Klida Utica Academy for International Studies has once again been named Michigan's most academically challenging high school by the nation's most established ranking system. The "Jay Mathews Challenge Index" rated GLK-UAIS as the state's best and 56 out of the nation's top 300 high schools to place it in the top 1 percent of the country's 22,000 high schools.
- Dillon Warner, a Stevenson High School junior, was selected this year to perform with the American School Band Directors Association (ASBDA) 2022 National Honors Band.
- Two Utica Community Schools students were named national champions in a robotics and automation problem-solving competition that featured top students from across 24 states.
- A film featuring UCS student Maritsa Skowronek has earned a Michigan Emmy. Skowronek, a Utica High School student, is featured in a film about individuals with Down Syndrome that won in the human-interest category during a Michigan Emmy's ceremony.
- UCS teacher Chris Kuhlman as Michigan's Debate Coach of the Year was named Elice Howard Debate Director of the Year Award by the Michigan Interscholastic Forensics Association the top debate coach by the Michigan Speech Coaches Incorporated.
- Two Shelby Junior High School teams qualified for the American Rocketry Challenge.

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- Five UCS seniors were named National Merit Semifinalists, placing them among the top one percent of 2023 graduates.
- The Michigan Association of Family Consumer Sciences (MiAFCS) named Stevenson High School Family Consumer Sciences (FCS) teacher Kristina Robinson its 2023 Teacher of the Year.
- Bryan Battaglia, physics teacher at the Gene L. Klida Utica Academy for International Studies (GLK-UAIS) was recognized as a state finalist for the national 2023 Presidential Awards for Excellence in Mathematics and Science Teaching (PAEMST).
- Media Specialist Holly Schomaker, of Schwarzkoff Elementary, received the Frank Miracola 21Things Educational Excellence award from The Michigan Association for Computer Users in Learning (MACUL).

Accountability

Utica Community Schools has a proven track record of responsible management of taxpayer funds and dedication to educational excellence. The district continues to meet the highest standards for its financial controls and accountability to taxpayers, according to its auditors Plante & Moran, PLLC. Utica Community Schools also continues to earn national recognition for its high standards in reporting financial information to its community. The district is among approximately 500 nationally to earn a Certificate of Excellence in Financial Reporting award for its Annual Comprehensive Financial Report (ACFR) from the Association of School Business Officials International.

The UCS community has trusted and supported the school district to diligently use taxpayer funds to achieve its educational mission. Voters approved a \$155 million bond issue in November of 2018 focused on three critical areas: safety and security; infrastructure improvements identified through the district's long-range facility program; and technology. For the 2022-23 school year, more than \$21 million in improvements were in place, including infrastructure improvements as identified in the district's long-range improvement program, technology, scoreboard replacements and preparation for secured entryway enhancements.

In 2023, voters provided additional resources and planning stability to the district by approving a \$550 million safety and success bond issue and a 20-year, 20 mill non-homestead millage replacement. The bond issue projects for this election are scheduled to begin this summer.

Economic Conditions and Outlook

Utica Community Schools is comprised primarily of Shelby Township, Sterling Heights, Utica, and portions of Macomb, Ray and Washington townships. Local employment is predominately comprised of the public school district, health care industries and auto-related manufacturing companies. Macomb County's annual average unemployment level in 2022 was 3.7 percent, the

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current level is 3.6 percent (June, source: Bureau of Labor Statistics <https://data.bls.gov/map/>). Property values within the 66 square miles of the district's boundaries increased by 6.9 percent over last year.

Michigan school districts are funded with revenue from local, state and federal sources. The primary source of revenue is the foundation allowance¹ funded at a state set per student allocation multiplied by the number of students. In 2022–2023 a target foundation was established of \$9,150; this brought all districts, including UCS to this minimum funding level. The UCS 2022–2023 foundation allowance was \$9,150 per-pupil, an increase of \$450 over the prior year, and is comprised of both state funding and local non-homestead taxes². The state revenue comprises 76 percent of the School District's operating revenue.

Utica Community Schools fall 2022 enrollment was approximately 25,600, a decrease of .8 percent from the previous year. Plante & Moran CRESA prepared enrollment projections for the 2023–2024 school year and estimates a reduction of 1.0 percent for a total enrollment of approximately 25,300.

The School District was rated 'A+' with a stable outlook by Standard & Poor's (S&P) in February 2023. S&P indicated the district's financial position is healthy and is attributable to conservative budgeting as well as favorable state aid and federal stimulus funding in recent years.

Macomb County voters approved a 1.9 mill enhancement millage for ten years to support all school districts within the Macomb Intermediate School District boundaries on a per pupil basis. The 2021–2022 fiscal year was the third year of the levy, UCS received \$13.4 million from this revenue source.

Fund balance in the General Fund decreased by \$6.2 million to a total of \$55.4 million or 15.1 percent of expenditures. The decrease was due primarily to contract settlements, increased pension costs, increased substitute and maintenance contracts, implementation of GASB 96, increased instructional supplies and capital improvements. The district spent 78 percent of its budget supporting classrooms including teachers, paraprofessionals, supplies and other supports.

¹ The foundation allowance is the per student allocation to school districts as determined by the state ranging from \$9,150 to \$16,537 (UCS \$9,150). The foundation allowance is funded by local non-homestead property taxes and state funding.

² Non-homestead taxes are levied by school districts on non-homestead properties (properties used for rental, industrial, commercial, or second homes) to support operating expenses.

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Internal Control Structure

Management is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the School District are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control systems are subject to inherent limitations regarding the necessity to balance cost against the benefit produced. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement.

Budgetary Control

The School District's Business and Finance Department maintains budgetary controls to ensure that budgets, as established by the Board of Education, are in compliance with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. Formal budgetary integration is employed as a management control device throughout the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The budget document presents information by fund and function, which is the legal level at which expenditures may not exceed appropriations. The budget is amended in January and June to address variances that occur in enrollment, revenue, and expenditures.

Monthly financial reports are provided as part of regularly scheduled public meetings to the Board of Education which include function budget, actual year-to-date revenues and expenditures, the remaining balance and the percent remaining. Under the guidelines of the State of Michigan's School Accounting Manual (Bulletin 1022), detailed line-item budget information is provided, and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The controls are integrated into the School District's computerized accounting system. An encumbrance system is used to measure the uncommitted budget amount available at any given point in time during the year. The existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they will be detected within a timely manner. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility and accountability for sound financial management.

Capital Projects

The Utica Community Schools voters approved a \$155 million bond proposal on the November 6, 2018 ballot to address safety and security, technology and infrastructure improvements identified

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through the district's strategic, long-range facilities improvement program. The first series of \$105 million was sold in February 2019, the second series of \$10 million was sold June 2020, the third series of \$20 million was sold May 2022 and the fourth and final series of \$20 million was sold on March 2023. Progress of these bond projects is available on the district's website at www.uticak12.org/Page/2486.

Independent Audit

The State of Michigan statutes require that each school district have an annual audit conducted by independent certified public accountants. The Utica Community Schools Board of Education approved the accounting firm of Plante & Moran, PLLC to provide their auditing services for the 2022-2023 fiscal year. In addition, 2 CFR Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards requires that all governmental recipients of federal assistance have organizational-wide financial and compliance audits on an annual basis. Plante & Moran, PLLC conducted the audit of the School District's Federal Awards. The results of the single audit for the fiscal year ended June 30, 2023 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The auditor's report on the basic financial statements is included herein.

Fund Balance Policy

The purpose of a fund balance is to provide adequate working capital to meet the financial requirements during the operating year. The district's administrative procedures require that the Superintendent recommends annually to the Board of Education a fund balance target to meet operating obligations, the needs of children, and to eliminate any structural deficit. The general fund appropriations resolution includes the projected level of fund balance.

Fund equity may not be transferred for use without Board of Education approval through an amendment to the budget.

Awards

Utica Community Schools received its eleventh Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO) for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The Board of Education remains committed to providing its citizens and other users with comprehensive financial reporting.

The comprehensive financial report has been prepared following the guidelines recommended by ASBO. In order to be awarded a Certificate of Excellence, the School District must publish an

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easily readable and efficiently organized report. This report must satisfy both accounting principles generally accepted in the United States of America as well as applicable legal requirements.

A Certificate of Excellence is valid for a one-year period. This is the twelfth year that Utica Community Schools is completing the Annual Comprehensive Financial Report and we believe this current report will meet the Certificate of Excellence program's requirements and are submitting it to ASBO to determine its eligibility for this certificate.

Acknowledgements

The preparation of this report was accomplished through the commitment and dedication of the Business and Finance Department. The Board of Education would like to express appreciation to all staff who assisted in the timely closing of the financial records and the preparation of this report.

Sincerely,



Mary K. Thomas, Ph.D.
Board of Education, President



Robert S. Monroe
Superintendent of Schools



Michele Templeton
Board of Education, Treasurer



William Holbrook, CPA
Assistant Superintendent
for Business and Employee Services

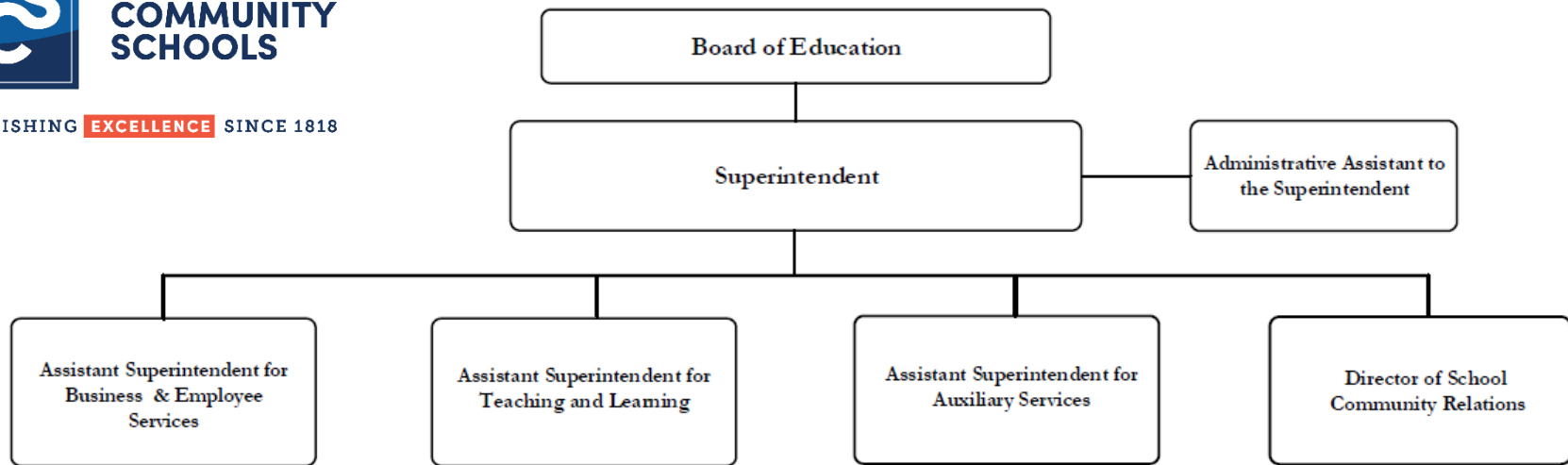
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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Utica Community Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

Independent Auditor's Report

To the Board of Education
Utica Community Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Utica Community Schools (the "School District") as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows 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 (GAAS) 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Education
Utica Community Schools

Auditor's 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 auditor's 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 GAAS 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 GAAS 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'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'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 and other required supplementary information, as 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, which 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.

To the Board of Education
Utica Community Schools

Other Supplementary Information

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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'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's internal control over financial reporting and compliance.



October 4, 2023

This section of the annual financial report for Utica Community Schools (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Utica Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and the 2018 Bond Series I, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is comprised of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplementary Information

Reporting the School District as a Whole - Government-wide Financial Statements

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

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

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

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

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

Proprietary Funds - Internal Service Fund

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost reimbursement basis. The specific services represent workers' compensation, sick leave, accrued vacation, and unemployment liabilities.

Fiduciary Funds

The School District has certain fiduciary responsibility for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Utica Community Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2023 and 2022:

	Governmental Activities	
	2023	2022
	(in thousands)	
Assets		
Current and other assets	\$ 222,630	\$ 202,635
Capital assets	330,795	319,097
Total assets	553,425	521,732
Deferred Outflows of Resources	235,410	117,455
Liabilities		
Current liabilities	70,677	55,732
Noncurrent liabilities	186,265	188,551
Net pension liability	632,902	407,484
Net OPEB liability	35,554	26,342
Total liabilities	925,398	678,109
Deferred Inflows of Resources	136,475	273,312
Net Position		
Net investment in capital assets	198,859	185,897
Restricted	18,223	13,696
Unrestricted	(490,120)	(511,827)
Total net position	\$ (273,038)	\$ (312,234)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(273.0) million at June 30, 2023. Net investment in capital assets totaling \$198.9 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position \$(490.1) million was unrestricted.

The \$(490.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Utica Community Schools

Management's Discussion and Analysis (Continued)

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, as of July 1, 2022. In this arrangement the School District is a lessee for noncancelable subscription-based information technology arrangements and recognizes a subscription liability as an intangible right-to-use subscription asset. The School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. There was no effect on the net position at July 1, 2022 as a result of this adoption. All school districts with a June 30, 2023, year end were required to adopt this new accounting standard.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ending June 30, 2023 and 2022.

	Governmental Activities	
	2023	2022
	(in thousands)	
Revenue		
Program revenue:		
Charges for services	\$ 9,691	\$ 5,939
Operating Grants	115,664	117,426
General revenue:		
Taxes	65,965	62,857
State aid not restricted to specific purposes	197,305	184,291
Other	11,321	5,738
Total revenue	<u>399,946</u>	<u>376,251</u>
Expenses		
Instruction	210,133	175,931
Support services	109,691	93,875
Bookstore activities	835	521
Athletics	3,073	2,732
Food services	8,637	8,624
Community services	4,694	3,306
Debt service	6,219	6,306
Depreciation expense and amortization (unallocated, excluding direct program charges)	17,421	16,127
Other	47	9
Total expenses	<u>360,750</u>	<u>307,431</u>
Change in Net position	39,196	68,820
Net Position - Beginning of year	<u>(312,234)</u>	<u>(381,054)</u>
Net Position - End of Year	<u>\$ (273,038)</u>	<u>\$ (312,234)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$360.7 million. Certain activities were partially funded from those who benefited from the programs of \$9.7 million or by other governments and organizations that subsidized certain programs with grants and contributions of \$115.7 million. We paid for the remaining "public benefit" portion of our governmental activities with \$66.0 million in taxes, \$197.3 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$39.2 million. The change in net position was mainly attributable to a \$20.3 million net decrease in the School District's proportionate share of the MPSERS pension and OPEB liabilities as well as the related deferred inflows and outflows, \$11.7 million increase in net capital outlay, and a net repayment of debt obligations of \$2.2 million.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$148.9 million, which is an increase of \$4.7 million from last year. The primary reason for the increase was the sale of the fourth and final series of the 2018 bond in March of 2023 for \$20 million mostly offset by the continued spending of existing bond funds to complete construction projects. Additionally, the fund balance in the Enrichment Fund, Food Service Fund, and Building and Site Fund continue to increase off set by a decrease in the General Fund.

In the General Fund, our principal operating fund, the fund balance decreased \$6.2 million to \$55.4 million. The change is mainly due to increased wages and benefits for multiple bargained contracts including teachers, offset by state funding in the form of an additional \$450 per pupil on the foundation allowance, and an increase in special education categorical funding. The increase in other financing uses is due to first year implementation of GASB 96 subscription-based information technology arrangements as described in footnote 2 (subscriptions).

Fund balance of our special revenue funds increased \$4.3 million to \$21.3 million this year as a result of expansion of enrichment and childcare services that yielded an improvement of \$1.8 million, Food Service increased \$2.4 million with consistent annual efficiencies, and the bookstore and student activities improved by \$.02 and \$.1 million respectively.

The fund balance of our debt service funds increased \$0.3 million due to changes in property tax collections and the debt repayment schedule. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

Combined, the fund balance of our capital project funds increased \$6.4 million. Fund balances increased as the result of the sale of series IV of the 2018 bond, General Fund transfer to the Building and Site fund, offset by capital improvement expenditures.

Budgetary Highlights

The School District revises its budget throughout the year to reflect changes between the assumptions made during budget development and the actual data as it becomes available. State law requires that the budget be amended to ensure expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements. The overall impact of budget adjustments during the 2022-2023 school year was an overall decrease into the fund balance of \$8.5 million.

Revisions were made to 2022-2023 General Fund revenue budget to increase the total amount by \$40.3 million primarily due to increased state funded pension (MPERS) pass-thru, state categorical programs such as special education, At Risk, mental health, and safety grants, and federal GEER II pandemic funding. Budgeted expenditures increased by \$53.5 million based on contract settlements with multiple bargaining groups including the teachers, state funding of the pension pass-thru, categorical funding as mentioned above, Federal GEER II funding, and increase substitute costs. Other financing sources (uses) were amended to address the implementation of GASB 96 subscription-based information technology arrangements.

Utica Community Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023 and 2022, the School District had \$330.8 million and \$319.1 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$11.7 million from 2022 to 2023.

	Governmental Activities	
	2023	2022
Land	\$ 20,090,056	\$ 20,090,056
Construction in progress	12,230,570	8,703,556
Buildings and improvements	471,553,831	458,533,322
Furniture and equipment	47,963,479	45,747,210
Buses and other vehicles	21,933,199	24,051,727
Land improvements	57,213,892	49,452,264
Lease assets	631,189	631,189
Subscription assets	5,782,478	-
Total capital assets	637,398,694	607,209,324
Less - Accumulated depreciation and amortization	306,603,896	288,112,642
Total capital assets- Net of accumulated depreciation and amortization	\$ 330,794,798	\$ 319,096,682

This year's additions of \$31.6 million included controlled front entrances, parking lots, locker rooms, athletic fields, technology and cafeteria improvements. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$160.8 million in bonds outstanding versus \$166.6 million in the previous year.

The School District's general obligation bond rating is A+ with a positive outlook. The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries or \$1.7 billion. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan) as is the case for Utica Community Schools, such obligations are not subject to this debt limit.

Other obligations include accrued vacation pay, sick leave, workers' compensation, and unemployment liabilities. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Utica Community Schools continues to have strong General Fund reserves; the total available fund balance is 15.1 percent of 2023 expenditures an improvement from the 14.2 percent budgeted. General Fund revenue (including other financing sources) increased \$38.4 million or 11.7 percent in 2022-2023 as compared to the 2021-2022 fiscal year. The increase was primarily due to: local revenue including property tax collections of \$1.6 million and earnings on investments of \$1.8 million; an increase in state revenue of \$33.9 million including an

Utica Community Schools

Management's Discussion and Analysis (Continued)

increase in the foundation allowance of \$450 per student, MPERS and categorical funding increases; inter-district increases for special education of \$1.9 million; implementation of GASB 96 of \$4.8 million; offset by a decrease in use of federal pandemic funding of \$5.9 million.

Expenditures (including other financing uses) increased by \$55.7 million or 17.6 percent in 2022-2023 as compared to the 2021-2022 fiscal year. Increase in expenditures is a result of contract settlements for wages and benefits of \$14.5 million, increased pension costs of \$22.2 million, purchased services mostly substitutes and maintenance contracts of \$5.5 million, instructional supplies of \$3.2 million, implementation of GASB 96 of \$4.8 million, and capital improvements of \$5.5 million for playgrounds, furniture and equipment, and student computer devices.

Other financing sources increased by \$3.9 million in 2022-2023 as compared to the 2021-2022 fiscal year while other financing uses increased by \$1.3 million in transfers out. The main change is a result of recognition of GASB 96. The combination of revenues, expenditures, and other financing sources and uses resulted in a reduction in fund balance of \$6.2 million.

The Board of Education adopted the 2023-2024 budget in June. Utica Community Schools assumptions included the decrease of 167 students comparing fall 2023 to fall 2022 based on the enrollment report prepared by Plante & Moran CRESA. The foundation allowance is multiplied by the blended student count which is 90 percent of the October count and 10 percent of the February count from the previous fiscal year. The decrease of students coupled with a \$458 projected increase in the per pupil foundation allowance results in a net revenue gain of \$9.3 million. Budgeted revenue also accounted for an increase in the countywide enhancement millage, Title I and IDEA funding.

The foundation allowance is made up of both state source of revenue and local source. To receive the full per student funding, districts must levy a local non-homestead millage. UCS replaced its existing millage in May of 2023 for 20 years at the full 18 mills. The replacement millage included 2 additional un-levied mills totaling 20 mills to offset potential future Headlee rollbacks. The replacement millage resulted in an additional \$3.2 million in budgeted property revenues over 2022-2023. Approximately 64.1 percent of total General Fund revenue is from the foundation allowance. Revenue in 2023-2024 is projected to increase 0.2 percent or \$.9 million when compared to the prior year final budget adjustment.

Since the budget adoptions in June, the state budget was passed setting the target (minimum) foundation allowance for districts at \$9,608. This is in line with the district budget.

In addition to the increase in local funding due to the passage of the 18 mill non-homestead millage replacement, the community approved a \$550 million capital improvement bond. The bonds are anticipated to be sold in a 5-part series starting in 2024. The millage rate is anticipated to remain the same at 3.5 mills. The related transactions will be recorded in the capital project funds and corresponding debt funds of the financial statements.

June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 90,297,752
Receivables (Note 5)	63,248,103
Inventories	1,659,221
Prepaid expenses and other assets	3,259,296
Restricted assets (Notes 4 and 10)	64,165,967
Capital assets: (Note 7)	
Assets not subject to depreciation	32,320,626
Assets subject to depreciation - Net	<u>298,474,172</u>
Total assets	553,425,137
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	110,994
Deferred pension costs (Note 12)	188,831,910
Deferred OPEB costs (Note 12)	<u>46,467,217</u>
Total deferred outflows of resources	235,410,121
Liabilities	
Accounts payable	23,001,175
Due to other governmental units	182,463
Accrued liabilities and other	35,613,607
Unearned revenue (Note 6)	11,879,837
Noncurrent liabilities:	
Due within one year (Note 9)	30,282,774
Due in more than one year (Note 9)	155,982,034
Net pension liability (Note 12)	632,902,413
Net OPEB liability (Note 12)	<u>35,553,553</u>
Total liabilities	925,397,856
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	45,129,668
Deferred pension cost reductions (Note 12)	14,110,107
Deferred OPEB cost reductions (Note 12)	<u>77,235,857</u>
Total deferred inflows of resources	<u>136,475,632</u>
Net Position (Deficit)	
Net investment in capital assets	198,859,442
Restricted:	
Debt service	1,586,487
Capital project	6,182,593
Food service	10,453,583
Unrestricted	<u>(490,120,335)</u>
Total net position (deficit)	<u>\$ (273,038,230)</u>

Year Ended June 30, 2023

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 210,132,893	\$ -	\$ 70,793,215	\$ (139,339,678)
Support services	109,690,523	-	36,718,333	(72,972,190)
Bookstore activities	834,619	854,435	-	19,816
Athletics	3,073,110	783,073	-	(2,290,037)
Food services	8,637,338	2,943,172	7,668,917	1,974,751
Community services	4,694,221	5,109,795	107,995	523,569
Interdistrict payments	47,175	-	-	(47,175)
Interest	6,213,429	-	375,554	(5,837,875)
Debt issuance costs	5,100	-	-	(5,100)
Depreciation and amortization expense (unallocated, excluding direct program charges)	17,421,433	-	-	(17,421,433)
Total primary government	\$ 360,749,841	\$ 9,690,475	\$ 115,664,014	(235,395,352)
General revenue:				
Taxes:				
Property taxes levied for general purposes				35,478,774
Property taxes levied for debt service				30,486,026
State aid not restricted to specific purposes				197,304,923
Federal grants and contributions not restricted to specific purposes				375,554
Interest and investment earnings				4,424,283
Other:				
Student activities				4,374,185
Other				2,147,715
Total general revenue				274,591,460
Change in Net Position				39,196,108
Net Position (Deficit) - Beginning of year				(312,234,338)
Net Position (Deficit) - End of year				\$ (273,038,230)

Utica Community Schools

Governmental Funds Balance Sheet

June 30, 2023

	Combined General Fund	Bond 2018 Series I	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	\$ 3,970,896	\$ -	\$ 19,970,855	\$ 23,941,751
Investments (Note 4)	50,566,201	-	11,693,969	62,260,170
Receivables (Note 5)	62,630,037	-	618,066	63,248,103
Due from other funds (Note 8)	40,379	1,206,068	3,003,355	4,249,802
Inventories	1,317,220	-	342,001	1,659,221
Prepaid expenses and other assets	3,259,296	-	-	3,259,296
Restricted assets (Note 10)	-	23,955,355	40,210,612	64,165,967
Total assets	\$ 121,784,029	\$ 25,161,423	\$ 75,838,858	\$ 222,784,310
Liabilities				
Accounts payable:				
Accounts payable	\$ 16,927,600	\$ 2,921,986	\$ 1,995,676	\$ 21,845,262
Retainage payable	-	515,912	640,001	1,155,913
Due to other governmental units	182,463	-	-	182,463
Due to other funds (Note 8)	4,234,862	-	49,190	4,284,052
Accrued liabilities and other	33,406,246	-	6,245	33,412,491
Unearned revenue (Note 6)	10,840,959	-	1,038,878	11,879,837
Total liabilities	65,592,130	3,437,898	3,729,990	72,760,018
Deferred Inflows of Resources - Unavailable revenue (Note 6)	805,760	-	323,986	1,129,746
Total liabilities and deferred inflows of resources	66,397,890	3,437,898	4,053,976	73,889,764
Fund Balances				
Nonspendable:				
Inventory	1,317,220	-	342,001	1,659,221
Prepays	3,259,296	-	-	3,259,296
Restricted:				
Debt service	-	-	2,888,079	2,888,079
Capital projects	-	21,723,525	36,385,662	58,109,187
Food service	-	-	10,161,455	10,161,455
Committed:				
Enrichment	-	-	7,303,729	7,303,729
Bookstore	-	-	183,163	183,163
Student activities	-	-	3,281,292	3,281,292
Assigned:				
Capital projects	-	-	11,239,501	11,239,501
Subsequent year's budget	8,943,125	-	-	8,943,125
Unassigned	41,866,498	-	-	41,866,498
Total fund balances	55,386,139	21,723,525	71,784,882	148,894,546
Total liabilities, deferred inflows of resources, and fund balances	\$ 121,784,029	\$ 25,161,423	\$ 75,838,858	\$ 222,784,310

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 148,894,546
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-of-use assets) are not financial resources and are not reported in the funds:	
Cost of assets	637,398,694
Accumulated depreciation and amortization	<u>(306,603,896)</u>
Net capital assets (including right-of-use assets) used in governmental activities	330,794,798
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,129,746
Deferred inflows and outflows related to bond refundings are not reported in the funds	110,994
Bonds payable, lease liabilities, and subscription liabilities are not due and payable in the current period and are not reported in the funds	(183,972,944)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,301,592)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Net pension liability and related deferred inflows and outflows	(458,180,610)
Retiree health care benefits	(66,322,193)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(45,129,668)
Internal service funds are included as part of governmental activities	<u>938,693</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (273,038,230)</u></u>

Utica Community Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	Combined General Fund	Bond 2018 Series I	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 40,626,958	\$ 970,853	\$ 45,430,981	\$ 87,028,792
State sources	277,474,329	-	1,338,611	278,812,940
Federal sources	23,441,640	-	9,776,872	33,218,512
Interdistrict sources	20,187,101	-	-	20,187,101
Total revenue	361,730,028	970,853	56,546,464	419,247,345
Expenditures				
Current:				
Instruction	238,607,279	-	-	238,607,279
Support services	112,073,261	-	4,477,456	116,550,717
Bookstore activities	-	-	834,619	834,619
Athletics	3,331,389	-	-	3,331,389
Food services	-	-	9,122,739	9,122,739
Community services	381,536	-	4,332,814	4,714,350
Debt service:				
Principal	1,123,468	-	24,240,207	25,363,675
Interest	137,768	-	7,800,581	7,938,349
Debt issuance costs	-	-	5,100	5,100
Capital outlay	11,302,129	11,456,371	10,272,553	33,031,053
Interdistrict payments	47,175	-	-	47,175
Total expenditures	367,004,005	11,456,371	61,086,069	439,546,445
Excess of Expenditures Over Revenue	(5,273,977)	(10,485,518)	(4,539,605)	(20,299,100)
Other Financing Sources (Uses)				
Face value of debt issued (Note 9)	-	-	18,440,000	18,440,000
Proceeds from sale of capital assets	92,813	-	9,379	102,192
Premium on debt issued	-	-	1,644,365	1,644,365
Transfers in	-	-	5,740,736	5,740,736
Transfers out	(5,835,150)	-	94,414	(5,740,736)
Subscriptions entered into	4,775,561	-	-	4,775,561
Total other financing (uses) sources	(966,776)	-	25,928,894	24,962,118
Net Change in Fund Balances	(6,240,753)	(10,485,518)	21,389,289	4,663,018
Fund Balances - Beginning of year	61,626,892	32,209,043	50,395,593	144,231,528
Fund Balances - End of year	<u>\$ 55,386,139</u>	<u>\$ 21,723,525</u>	<u>\$ 71,784,882</u>	<u>\$ 148,894,546</u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 4,663,018
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	32,649,150
Depreciation and amortization expense	(20,495,804)
Net book value of assets disposed of	(455,230)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	395,078
Revenue in support of pension contributions made subsequent to the measurement date	(19,343,436)
Issuing debt and entering into leases and subscription liabilities provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(24,859,926)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	27,093,710
Interest expense is recognized in the government-wide statements as it accrues. Some employee costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(5,115)
Net pension liability	(225,418,523)
Net OPEB liability	(9,211,668)
Deferred pension cost reductions	129,930,395
Deferred OPEB cost reductions	26,250,102
Deferred pension costs	105,253,316
Deferred OPEB costs	12,812,506
Internal service funds are included as part of governmental activities	(61,465)
Change in Net Position of Governmental Activities	\$ 39,196,108

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Net Position

June 30, 2023

Assets

Current assets:

Cash and investments (Note 4)	\$ 4,095,831
Due from other funds (Note 8)	37,745

Total assets 4,133,576

Liabilities

Current liabilities:

Due to other funds (Note 8)	3,495
Accrued liabilities and other	899,524
Compensated absences	352,466
Workers' compensation	322,825

Total current liabilities 1,578,310

Noncurrent liabilities:

Compensated absences	697,641
Workers' compensation	918,932

Total noncurrent liabilities 1,616,573

Total liabilities 3,194,883

Net Position - Unrestricted

\$ 938,693

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

Operating Revenue	
Workers' compensation	\$ 423,185
Sick leave	9,101
Vacation	<u>106,187</u>
Total operating revenue	538,473
Operating Expenses	
Workers' compensation	449,025
Sick leave	8,455
Vacation	98,641
FICA	8,193
Experience adjustment	<u>182,180</u>
Total operating expenses	<u>746,494</u>
Operating Loss	(208,021)
Nonoperating Revenue - Interest income	<u>146,556</u>
Change in Net Position	(61,465)
Net Position - Beginning of year	<u>1,000,158</u>
Net Position - End of year	<u><u>\$ 938,693</u></u>

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Cash Flows

Year Ended June 30, 2023

Cash Flows from Operating Activities	
Receipts from other funds	\$ 504,145
Payments for services	<u>(705,982)</u>
Net cash used in operating activities	(201,837)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>146,556</u>
Net Decrease in Cash and Investments	(55,281)
Cash and Investments - Beginning of year	<u>4,151,112</u>
Cash and Investments - End of year	<u>\$ 4,095,831</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (208,021)
Adjustments to reconcile operating loss to net cash from operating activities - Changes in assets and liabilities:	
Due to and from other funds	(48,639)
Accrued and other liabilities	<u>54,823</u>
Net cash used in operating activities	<u>\$ (201,837)</u>

Note 1 - Nature of Business

Utica Community Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

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. Based on the application of the criteria, the School District does not contain any component units.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Bond 2018 Series I Fund is used to record bond revenue from bond issuance and disbursements of invoices specifically designed for remodeling or additions at current school buildings, making safety and security improvements, acquiring and installing technology equipment and infrastructure, and acquiring school buses. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's special revenue funds include the Enrichment, Food Services, Bookstore, and Student Activities funds. The Enrichment Fund accounts for activities offered to students and the community to enhance education, the Food Services Fund accounts for the activities associated with providing meals to students, the Bookstore Fund accounts for activities related to the student stores located at each high school building, and the Student Activities Fund accounts for activities related to the transactions of student groups for school and school-related purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

The internal service fund is used to finance services provided to other funds on a cost-reimbursement basis. The internal service fund maintained by the School District is for self-insured workers' compensation, unemployment, sick leave, and accrued vacation. It is funded through charges primarily to the General Fund in amounts equal to the normal estimated workers' compensation premium and compensated absences for the fiscal year. There are 10 bargaining units covering substantially all employees of the School District, each with unique vesting and payout provisions. Compensated absences are limited to amounts stipulated in each bargaining unit contract.

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable. The School District uses the consumption method to report prepaid costs in governmental funds.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases

Note 2 - Significant Accounting Policies (Continued)

- Unspent property taxes levied held in the debt service fund required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of improvements to sites or buildings in excess of \$20,000 and that extend the useful life of the capital asset at least five years are capitalized. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

	Depreciable/ Amortizable Life - Years
	<hr/>
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10
Leased assets - Copiers	3
Subscription assets	7

Long-term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB plan costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Note 2 - Significant Accounting Policies (Continued)

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the Board of Education or superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Note 2 - Significant Accounting Policies (Continued)

Amounts that do not fall into any other category above are considered to be unassigned fund balance. This represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 for approximately 50 percent of the taxes that are due on September 14 and on December 1 for the remainder of the property taxes that are due on February 14. The final collection date is February 28, after which they are added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences

The liability for compensated absences reported in the government-wide and propriety fund statements consists of unpaid, accumulated annual balances for employee excess sick leave days and accrued vacation. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to governmental funds to provide employee benefits and services. Operating expenses for these funds include the cost of benefits and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Leases

The School District is a lessee for noncancelable leases of copiers and printers. The School District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. The School District recognizes a subscription liability and an intangible right-of-use subscription asset in the applicable governmental column in the government-wide financial statements.

At the commencement of a subscription, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the School District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The School District uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancelable period of the subscription.

The School District monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Note 2 - Significant Accounting Policies (Continued)

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Upcoming Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-of-use subscription asset for SBITAs. As a result, the statement of net position of the School District now includes a liability for the present value of payments expected to be made and subscription assets. Subscription activity is further described in Note 15.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 4, 2023, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. There were no encumbrances outstanding at year end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The capital project funds include capital project activities funded with bonds issued after May 1, 1994 except for the Building and Site Fund. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated 11 banks and credit unions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk 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's investment policy and corresponding rules and regulations require that financial institutions be evaluated and only those with an acceptable risk level be used for deposits. At year end, the School District had bank deposits totaling \$35,499,204 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy and corresponding rules and regulations for custodial credit risk state that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy and corresponding rules and regulations. At June 30, 2023, the School District does not hold any investment securities that were unregistered.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy and corresponding rules and regulations do not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Value	Rating	Rating Organization
Bank investment pool	\$ 120,124,889	AAA	Moody's

Note 4 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Note 5 - Receivables

Receivables as of June 30, 2023 for the School District's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Bond 2018 Series I	Nonmajor Funds	Total
Receivables:				
Property taxes receivable	\$ 336,386	\$ -	\$ 323,986	\$ 660,372
Other receivables	309,160	-	-	309,160
Due from other governments	61,984,491	-	294,080	62,278,571
Net receivables	<u>\$ 62,630,037</u>	<u>\$ -</u>	<u>\$ 618,066</u>	<u>\$ 63,248,103</u>

Amounts due from other governmental units include approximately \$55,000,000 from the State of Michigan for state aid payments, as well as approximately \$7,000,000 related to reimbursement for expenditures of federal awards.

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2023, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 660,372	\$ -
Grant receivables unavailable for use in the current period	469,374	-
Tuition/Fees not yet earned and grant/categorical aid payment received prior to meeting all eligibility requirements	-	11,879,837
Total	<u>\$ 1,129,746</u>	<u>\$ 11,879,837</u>

Note 7 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated or amortized:					
Land	\$ 20,090,056	\$ -	\$ -	\$ -	\$ 20,090,056
Construction in progress	8,703,556	(5,854,706)	9,392,262	(10,542)	12,230,570
Subtotal	28,793,612	(5,854,706)	9,392,262	(10,542)	32,320,626
Capital assets being depreciated or amortized:					
Buildings and improvements	458,533,322	2,983,695	10,227,924	(191,110)	471,553,831
Furniture and equipment	45,747,210	1,156	2,331,268	(116,155)	47,963,479
Buses and other vehicles	24,051,727	-	3,893	(2,122,421)	21,933,199
Land improvements	49,452,264	2,869,855	4,911,325	(19,552)	57,213,892
Right of use - Lease assets	631,189	-	-	-	631,189
Right of use - Subscription assets	1,006,917	-	4,775,561	-	5,782,478
Subtotal	579,422,629	5,854,706	22,249,971	(2,449,238)	605,078,068
Accumulated depreciation and amortization:					
Buildings and improvements	208,178,994	-	10,646,391	-	218,825,385
Furniture and equipment	28,479,423	-	5,372,407	(99,748)	33,752,082
Buses and other vehicles	15,670,552	-	1,253,935	(1,904,802)	15,019,685
Land improvements	35,590,810	-	1,725,901	-	37,316,711
Accumulated amortization - Right of use - Lease assets	192,863	-	210,396	-	403,259
Accumulated amortization - Right-of-use subscription assets	-	-	1,286,774	-	1,286,774
Subtotal	288,112,642	-	20,495,804	(2,004,550)	306,603,896
Net capital assets being depreciated and amortized	291,309,987	5,854,706	1,754,167	(444,688)	298,474,172
Net governmental activities capital assets	<u>\$ 320,103,599</u>	<u>\$ -</u>	<u>\$ 11,146,429</u>	<u>\$ (455,230)</u>	<u>\$ 330,794,798</u>

Depreciation and amortization expense was charged to programs of the primary government as follows:

Governmental activities:	
Support services	\$ 3,074,371
Unallocated	<u>17,421,433</u>
Total governmental activities	<u>\$ 20,495,804</u>

Note 7 - Capital Assets (Continued)

Construction Commitments

For each bond issue and project listed below, the School District's cumulative expenditures and remaining commitments with contractors as of June 30, 2023 are as follows:

	Cumulative Expenditures through June 30, 2023	Commitments at June 30, 2023
Bond 2018 Series I	\$ 86,702,757	\$ 14,945,094
Bond 2018 Series II	8,855,757	1,326,607
Bond 2018 Series III	5,273,514	5,487,940
Bond 2018 Series IV	632,369	1,274,612
Total	<u>\$ 101,464,397</u>	<u>\$ 23,034,253</u>

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Bond 2018 Series I Fund	Nonmajor Funds	Internal Service Fund	
General Fund	\$ -	\$ 1,206,068	\$ 3,000,268	\$ 28,526	\$ 4,234,862
Nonmajor funds	39,839	-	132	9,219	49,190
Internal service fund	540	-	2,955	-	3,495
Total	<u>\$ 40,379</u>	<u>\$ 1,206,068</u>	<u>\$ 3,003,355</u>	<u>\$ 37,745</u>	<u>\$ 4,287,547</u>

Outstanding balances between funds are the result of the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. All interfund balances are expected to be repaid within one year. Interfund balances are routine and temporary cash flow assistance from the General Fund; amounts owed to student stores from various student groups; and amounts owed to the internal service fund to finance workers' compensation, sick leave, accrued vacation, and unemployment liabilities. In addition, the General Fund has amounts due to the capital projects funds and Food Services Fund to cover capital outlay that will be paid for with grant funding. All amounts are expected to be paid within one year.

During the year, the General Fund transferred funds to the Building and Site Fund for future capital improvements.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligations	\$ 166,625,000	\$ 18,440,000	\$ (24,235,000)	\$ 160,830,000	\$ 25,210,000
Unamortized bond premiums	19,246,615	1,644,365	(1,841,029)	19,049,951	1,923,246
Total bonds payable	185,871,615	20,084,365	(26,076,029)	179,879,951	27,133,246
Leases (Note 14)	446,107	-	(209,606)	236,501	217,950
Self-insured liabilities (Note 11)	1,163,473	311,735	(233,451)	1,241,757	322,825
Compensated absences	1,070,164	107,096	(127,153)	1,050,107	352,466
Subscriptions	-	4,775,561	(919,069)	3,856,492	2,256,287
Total governmental activities long-term debt	<u>\$ 188,551,359</u>	<u>\$ 25,278,757</u>	<u>\$ (27,565,308)</u>	<u>\$ 186,264,808</u>	<u>\$ 30,282,774</u>

The School District had deferred outflows of \$110,994 related to deferred charges on bond refundings at June 30, 2023.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's bonds are all qualified bonds that are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2023 are as follows:

Purpose	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding
\$18,440,000 Bond Issue 2018 Series IV Building and Site Bonds	\$680,000 - \$5,540,000	5.00	2038	\$ 18,440,000
\$18,100,000 Bond Issue 2018 Series III Building and Site Bonds	\$700,000 - \$1,125,000	5.00	2037	13,100,000
\$8,770,000 Bond Issue 2018 Series II Building and Site Bonds	\$850,000	4.00	2030	5,950,000
\$95,020,000 Bond Issue 2018 Series I Building and Site and Refunding Bonds	\$5,700,000 - \$7,500,000	4.00 - 5.00	2034	73,000,000
\$18,765,000 Bond Issue 2009 Series VIII Building and Site and Refunding Bonds	\$675,000 - \$4,220,000	3.50 - 4.00	2032	10,005,000
\$25,375,000 Bond Issue 2009 Series VII Building and Site and Refunding Bonds	\$1,725,000 - \$2,560,000	2.00 - 5.00	2031	17,535,000
\$25,105,000 Bond Issue 2009 Series VI Building and Site and Refunding Bonds	\$1,575,000 - \$2,225,000	3.00 - 5.00	2030	13,650,000
\$9,115,000 Bond Issue 2009 Series V Building and Site Bonds	\$900,000 - \$950,000	4.00	2029	5,575,000
\$14,250,000 Bond Issue 2009 Series II	\$3,575,000	5.75 - 6.05	2024	3,575,000
Total governmental activities				<u>\$ 160,830,000</u>

Note 9 - Long-term Debt (Continued)

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employees' salaries are paid, generally the General Fund and the Food Services Fund.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			
	Principal	Interest	Maximum Interest Subsidy	Total
2024	\$ 25,210,000	\$ 7,740,400	\$ (186,782)	\$ 32,763,618
2025	13,230,000	6,481,662	-	19,711,662
2026	13,815,000	5,894,976	-	19,709,976
2027	14,325,000	5,277,350	-	19,602,350
2028	14,865,000	4,605,600	-	19,470,600
2029-2033	62,100,000	12,663,950	-	74,763,950
2034-2038	17,285,000	1,757,500	-	19,042,500
Total	<u>\$ 160,830,000</u>	<u>\$ 44,421,438</u>	<u>\$ (186,782)</u>	<u>\$ 205,064,656</u>

Note 10 - Restricted Assets

At June 30, 2023, restricted assets are composed of the following:

	Governmental Activities
Unspent bond proceeds and related interest	\$ 61,279,914
Property tax collections for repayment of bonded indebtedness	2,886,053
Total	<u>\$ 64,165,967</u>

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to certain employees. The School District is self-insured for workers' compensation claims. The School District has purchased commercial insurance for health claims for employees. The School District participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported and those that have not yet been reported. Changes in estimates are the result of adjusting the estimated liability based on an actuarial valuation triennially. These estimates are recorded in the internal service fund.

Note 11 - Risk Management (Continued)

Changes in the estimated liability for the past two fiscal years were as follows:

	2023	2022
Estimated liability - Beginning of year	\$ 1,163,473	\$ 1,087,811
Estimated claims incurred, including changes in estimates	311,735	298,740
Claim payments	(233,451)	(223,078)
Estimated liability - End of year	\$ 1,241,757	\$ 1,163,473

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2023 were \$80,228,277, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$28,519,977 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2023, as well as \$16,609,691 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were \$14,441,166, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2023, the School District reported a liability of \$632,902,413 for its proportionate share of the 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 as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 1.68 and 1.72 percent, respectively, representing a change of (2.22) percent.

Net OPEB Liability

At June 30, 2023, the School District reported a liability of \$35,553,553 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 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 as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 1.68 and 1.73 percent, respectively, representing a change of (2.73) percent.

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

For 2023, the School District recognized pension expense of \$68,716,600, inclusive of payments to fund the MPSERS UAAL stabilization rate. 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
Difference between expected and actual experience	\$ 6,331,233	\$ (1,415,102)
Changes in assumptions	108,755,314	-
Net difference between projected and actual earnings on pension plan investments	1,484,157	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,523,925	(12,695,005)
The School District's contributions to the plan subsequent to the measurement date	70,737,281	-
Total	<u>\$ 188,831,910</u>	<u>\$ (14,110,107)</u>

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The \$45,129,668 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	\$ 28,014,065
2025	21,961,351
2026	18,669,276
2027	35,339,830
Total	<u>\$ 103,984,522</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2023, the School District recognized OPEB recovery of \$16,349,050.

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
Difference between expected and actual experience	\$ -	\$ (69,635,790)
Changes in assumptions	31,690,023	(2,580,382)
Net difference between projected and actual earnings on OPEB plan investments	2,778,790	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,682,105	(5,019,685)
Employer contributions to the plan subsequent to the measurement date	10,316,299	-
Total	<u>\$ 46,467,217</u>	<u>\$ (77,235,857)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2024	\$ (15,286,593)
2025	(12,680,236)
2026	(10,955,198)
2027	(1,007,080)
2028	(1,060,528)
Thereafter	(95,304)
Total	<u>\$ (41,084,939)</u>

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2022 are based on the results of an actuarial valuation as of September 30, 2021 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1, graded to 3.5 percent in year 15, 3.0 percent in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100 percent (retirees: 82 percent for males and 78 percent for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the prior measurement date, September 30, 2021, for the pension and OPEB plans include a decrease in the discount rate used in the September 30, 2022 actuarial valuation by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. The investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2021.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan and 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Short-term investment pools	10.00	5.80
Real return/opportunistic pools	2.00	(0.50)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.2 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 835,196,059	\$ 632,902,413	\$ 466,203,337

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the School District	\$ 59,637,666	\$ 35,553,553	\$ 15,271,743

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the School District	\$ 14,888,128	\$ 35,553,553	\$ 58,750,903

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2023, the School District reported a payable of \$12,586,930 and \$1,763,661 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023.

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) granted by cities and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2023, the School District's property tax revenue was reduced by \$3,622,600 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received \$1,568,590 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Note 14 - Leases

The School District leases certain assets from a third party. The assets leased include copiers and printers. Payments are generally fixed monthly. Lease asset activity of the School District is included in Note 7.

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 217,950	\$ 5,369	\$ 223,319
2025	18,551	60	18,611
Total	<u>\$ 236,501</u>	<u>\$ 5,429</u>	<u>\$ 241,930</u>

Note 15 - Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually.

Note 15 - Subscriptions (Continued)

Subscription asset activity of the School District is included in Note 7.

Future principal and interest payment requirements related to the School District's subscription liability at June 30, 2023 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,256,287	\$ 58,927	\$ 2,315,214
2025	587,784	35,266	623,050
2026	496,263	18,492	514,755
2027	512,685	2,070	514,755
2028	1,848	72	1,920
2029 - 2033	1,625	10	1,635
Total	<u>\$ 3,856,492</u>	<u>\$ 114,837</u>	<u>\$ 3,971,329</u>

Required Supplementary Information

Utica Community Schools

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 38,611,907	\$ 39,943,975	\$ 40,626,958	\$ 682,983
State sources	251,139,408	286,160,534	277,474,329	(8,686,205)
Federal sources	26,724,867	28,862,741	23,441,640	(5,421,101)
Interdistrict and other financing sources	18,351,631	20,136,095	20,187,101	51,006
Total revenue	334,827,813	375,103,345	361,730,028	(13,373,317)
Expenditures				
Current:				
Instruction:				
Basic programs	167,947,343	195,852,022	194,391,805	(1,460,217)
Added needs	48,755,006	57,149,571	49,997,153	(7,152,418)
Adult/Continuing education	830,164	639,659	424,210	(215,449)
Total instruction	217,532,513	253,641,252	244,813,168	(8,828,084)
Support services:				
Pupil	23,389,441	23,200,372	22,040,866	(1,159,506)
Instructional staff	14,412,189	21,942,938	19,570,471	(2,372,467)
General administration	1,648,964	1,935,529	1,738,561	(196,968)
School administration	17,191,175	17,680,153	17,501,535	(178,618)
Business	2,067,973	2,074,905	1,853,320	(221,585)
Operations and maintenance	29,062,936	32,819,379	32,876,094	56,715
Pupil transportation services	14,435,967	16,210,702	14,962,860	(1,247,842)
Central	5,847,037	7,212,334	6,545,820	(666,514)
Other	-	59,226	35,307	(23,919)
Total support services	108,055,682	123,135,538	117,124,834	(6,010,704)
Athletics	3,312,428	3,480,137	3,376,056	(104,081)
Community services	513,577	1,064,431	381,536	(682,895)
Debt service	-	1,540,769	1,261,236	(279,533)
Interdistrict payments	175,909	200,859	47,175	(153,684)
Total expenditures	329,590,109	383,062,986	367,004,005	(16,058,981)
Other Financing Sources (Uses)				
Subscriptions entered into	-	6,309,529	4,775,561	(1,533,968)
Proceeds from sale of capital assets	50,000	95,000	92,813	(2,187)
Transfers in	596,387	200,000	-	(200,000)
Transfers out	(4,538,777)	(5,835,150)	(5,835,150)	-
Total other financing (uses) sources	(3,892,390)	769,379	(966,776)	(1,736,155)
Net Change in Fund Balance	1,345,314	(7,190,262)	(6,240,753)	949,509
Fund Balance - Beginning of year	61,626,892	61,626,892	61,626,892	-
Fund Balance - End of year	<u>\$ 62,972,206</u>	<u>\$ 54,436,630</u>	<u>\$ 55,386,139</u>	<u>\$ 949,509</u>

Utica Community Schools

Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Nine Plan Years								
	Plan Years Ended September 30								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.68286 %	1.72113 %	1.71224 %	1.73074 %	1.79690 %	1.84111 %	1.84223 %	1.85626 %	1.81562 %
School District's proportionate share of the net pension liability	\$ 632,902,413	\$ 407,483,890	\$ 588,174,701	\$ 573,161,685	\$ 540,179,541	\$ 477,110,473	\$ 459,621,052	\$ 453,392,480	\$ 399,917,444
School District's covered payroll	\$ 161,090,638	\$ 154,184,158	\$ 149,447,302	\$ 148,295,843	\$ 148,773,678	\$ 153,939,251	\$ 154,483,113	\$ 154,382,798	\$ 154,020,935
School District's proportionate share of the net pension liability as a percentage of its covered payroll	392.89 %	264.28 %	393.57 %	386.50 %	363.09 %	309.93 %	297.52 %	293.68 %	259.65 %
Plan fiduciary net position as a percentage of total pension liability	60.77 %	73.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Utica Community Schools

Required Supplementary Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Nine Fiscal Years Years Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 79,264,602	\$ 57,288,242	\$ 51,420,295	\$ 46,956,608	\$ 45,947,441	\$ 45,989,781	\$ 43,284,088	\$ 42,923,597	\$ 33,743,237
Contributions in relation to the statutorily required contribution	79,264,602	57,288,242	51,420,295	46,956,608	45,947,441	45,989,781	43,284,088	42,923,597	33,743,237
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 170,993,575	\$ 158,637,567	\$ 151,248,955	\$ 149,173,763	\$ 147,860,427	\$ 149,911,269	\$ 154,853,474	\$ 154,110,579	\$ 154,977,954
Contributions as a Percentage of Covered Payroll	46.36 %	36.11 %	34.00 %	31.48 %	31.07 %	30.68 %	27.95 %	27.85 %	21.77 %

Utica Community Schools

Required Supplementary Information Schedule of Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Six Plan Years					
	Plan Years Ended September 30					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	1.67859 %	1.72578 %	1.69674 %	1.70352 %	1.75217 %	1.83775 %
School District's proportionate share of the net OPEB liability	\$ 35,553,553	\$ 26,341,885	\$ 90,898,846	\$ 122,274,471	\$ 139,728,841	\$ 162,741,529
School District's covered payroll	\$ 161,090,638	\$ 154,184,158	\$ 149,447,302	\$ 148,295,843	\$ 148,773,678	\$ 153,939,251
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.07 %	17.08 %	60.82 %	82.45 %	93.92 %	105.72 %
Plan fiduciary net position as a percentage of total OPEB liability	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	35.53 %

Utica Community Schools

Required Supplementary Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Six Fiscal Years Years Ended June 30					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 13,763,615	\$ 12,927,693	\$ 12,586,560	\$ 11,987,007	\$ 11,614,474	\$ 10,827,679
Contributions in relation to the statutorily required contribution	<u>13,763,615</u>	<u>12,927,693</u>	<u>12,586,560</u>	<u>11,987,007</u>	<u>11,614,474</u>	<u>10,827,679</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 170,993,575	\$ 158,637,567	\$ 151,248,955	\$ 149,173,763	\$ 147,860,427	\$ 149,911,269
Contributions as a Percentage of Covered Payroll	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2023

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, all special revenue funds in aggregate, and all debt service funds in aggregate. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function, which is the legal level at which expenditures may not legally exceed appropriations. The statement of revenue, expenditures, and changes in fund balances presents capital outlay and other financing sources separately, as required by generally accepted accounting principles. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits districts to amend their budgets during the year. There were no significant amendments during the year, except for adjustments to state and federal awards and the corresponding expenditures for federal grants and state categoricals.

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became available.

The required contributions for the year ended June 30, 2023 include a one-time contribution of \$16,609,691, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

2022 - The discount rate used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

2018 - The discount rate used in September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 - 2017.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

June 30, 2023

2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.

2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Utica Community Schools

	Special Revenue Funds					Debt Service Fund
	Enrichment Fund	Food Services Fund	Bookstore Fund	Student Activities Fund	Total Special Revenue Funds	Common Debt Service Fund
Assets						
Cash and cash equivalents	\$ 7,678,709	\$ 8,980,484	\$ -	\$ 3,311,662	\$ 19,970,855	\$ -
Investments	3,254	-	183,163	-	186,417	-
Receivables	-	294,080	-	-	294,080	323,986
Due from other funds	-	1,763,422	-	166	1,763,588	2,026
Inventories	-	292,128	49,873	-	342,001	-
Restricted assets	-	-	-	-	-	2,886,053
Total assets	\$ 7,681,963	\$ 11,330,114	\$ 233,036	\$ 3,311,828	\$ 22,556,941	\$ 3,212,065
Liabilities						
Accounts payable	\$ -	\$ 197,233	\$ -	\$ -	\$ 197,233	\$ -
Due to other funds	18,654	-	-	30,536	49,190	-
Accrued liabilities and other	-	-	-	-	-	-
Unearned revenue	359,580	679,298	-	-	1,038,878	-
Total liabilities	378,234	876,531	-	30,536	1,285,301	-
Deferred Inflows of Resources -						
Unavailable revenue	-	-	-	-	-	323,986
Total liabilities and deferred inflows of resources	378,234	876,531	-	30,536	1,285,301	323,986
Fund Balances						
Nonspendable	-	292,128	49,873	-	342,001	-
Restricted:						
Debt service	-	-	-	-	-	2,888,079
Capital projects	-	-	-	-	-	-
Food service	-	10,161,455	-	-	10,161,455	-
Committed:						
Enrichment	7,303,729	-	-	-	7,303,729	-
Bookstore	-	-	183,163	-	183,163	-
Student activities	-	-	-	3,281,292	3,281,292	-
Assigned	-	-	-	-	-	-
Total fund balances	7,303,729	10,453,583	233,036	3,281,292	21,271,640	2,888,079
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,681,963	\$ 11,330,114	\$ 233,036	\$ 3,311,828	\$ 22,556,941	\$ 3,212,065

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

Capital Project Funds

Building and Site Fund	Bond 2018 Series II Fund	Bond 2018 Series III Fund	Bond 2018 Series IV Fund	Total Capital Project Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,970,855
11,507,552	-	-	-	11,507,552	11,693,969
-	-	-	-	-	618,066
-	19	1,237,722	-	1,237,741	3,003,355
-	-	-	-	-	342,001
-	2,644,600	14,848,440	19,831,519	37,324,559	40,210,612
\$ 11,507,552	\$ 2,644,619	\$ 16,086,162	\$ 19,831,519	\$ 50,069,852	\$ 75,838,858
\$ 268,051	\$ 1,353,125	\$ 672,831	\$ 144,437	\$ 2,438,444	\$ 2,635,677
-	-	-	-	-	49,190
-	-	6,245	-	6,245	6,245
-	-	-	-	-	1,038,878
268,051	1,353,125	679,076	144,437	2,444,689	3,729,990
-	-	-	-	-	323,986
268,051	1,353,125	679,076	144,437	2,444,689	4,053,976
-	-	-	-	-	342,001
-	-	-	-	-	2,888,079
-	1,291,494	15,407,086	19,687,082	36,385,662	36,385,662
-	-	-	-	-	10,161,455
-	-	-	-	-	7,303,729
-	-	-	-	-	183,163
-	-	-	-	-	3,281,292
11,239,501	-	-	-	11,239,501	11,239,501
11,239,501	1,291,494	15,407,086	19,687,082	47,625,163	71,784,882
\$ 11,507,552	\$ 2,644,619	\$ 16,086,162	\$ 19,831,519	\$ 50,069,852	\$ 75,838,858

Utica Community Schools

	Special Revenue Funds					Debt Service Fund
	Enrichment Fund	Food Services Fund	Bookstore Fund	Student Activities Fund	Total Special Revenue Funds	Common Debt Service Fund
Revenue						
Local sources	\$ 5,217,084	\$ 3,093,592	\$ 854,435	\$ 4,374,185	\$ 13,539,296	\$ 30,947,981
State sources	-	352,239	-	-	352,239	986,372
Federal sources	1,168,998	8,232,320	-	-	9,401,318	375,554
Total revenue	6,386,082	11,678,151	854,435	4,374,185	23,292,853	32,309,907
Expenditures						
Current:						
Support services	554	176,410	-	4,285,497	4,462,461	14,995
Bookstore activities	-	-	834,619	-	834,619	-
Food services	-	9,122,739	-	-	9,122,739	-
Community services	4,332,814	-	-	-	4,332,814	-
Debt service:						
Principal	3,772	1,435	-	-	5,207	24,235,000
Interest	-	-	-	-	-	7,800,581
Debt issuance costs	-	-	-	-	-	5,100
Capital outlay	288,504	58,747	-	-	347,251	-
Total expenditures	4,625,644	9,359,331	834,619	4,285,497	19,105,091	32,055,676
Excess of Revenue Over (Under) Expenditures	1,760,438	2,318,820	19,816	88,688	4,187,762	254,231
Other Financing Sources						
Face value of debt issued	-	-	-	-	-	-
Proceeds from sale of capital assets	-	9,379	-	-	9,379	-
Premium on debt issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	94,414	-	-	94,414	-
Total other financing sources	-	103,793	-	-	103,793	-
Net Change in Fund Balances	1,760,438	2,422,613	19,816	88,688	4,291,555	254,231
Fund Balances - Beginning of year	5,543,291	8,030,970	213,220	3,192,604	16,980,085	2,633,848
Fund Balances - End of year	\$ 7,303,729	\$ 10,453,583	\$ 233,036	\$ 3,281,292	\$ 21,271,640	\$ 2,888,079

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2023

Nonmajor Capital Project Funds					
Building and Site Fund	Bond 2018 Series II Fund	Bond 2018 Series III Fund	Bond 2018 Series IV Fund	Total Capital Project Funds	Total
\$ -	\$ 132,830	\$ 575,788	\$ 235,086	\$ 943,704	\$ 45,430,981
-	-	-	-	-	1,338,611
-	-	-	-	-	9,776,872
-	132,830	575,788	235,086	943,704	56,546,464
-	-	-	-	-	4,477,456
-	-	-	-	-	834,619
-	-	-	-	-	9,122,739
-	-	-	-	-	4,332,814
-	-	-	-	-	24,240,207
-	-	-	-	-	7,800,581
-	-	-	-	-	5,100
268,051	4,999,817	4,025,065	632,369	9,925,302	10,272,553
268,051	4,999,817	4,025,065	632,369	9,925,302	61,086,069
(268,051)	(4,866,987)	(3,449,277)	(397,283)	(8,981,598)	(4,539,605)
-	-	-	18,440,000	18,440,000	18,440,000
-	-	-	-	-	9,379
-	-	-	1,644,365	1,644,365	1,644,365
5,740,736	-	-	-	5,740,736	5,740,736
-	-	-	-	-	94,414
5,740,736	-	-	20,084,365	25,825,101	25,928,894
5,472,685	(4,866,987)	(3,449,277)	19,687,082	16,843,503	21,389,289
5,766,816	6,158,481	18,856,363	-	30,781,660	50,395,593
\$ 11,239,501	\$ 1,291,494	\$ 15,407,086	\$ 19,687,082	\$ 47,625,163	\$ 71,784,882

Utica Community Schools

Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Special Revenue Funds

Year Ended June 30, 2023

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 11,860,312	\$ 13,005,863	\$ 13,539,296	\$ 533,433
State sources	279,100	393,215	352,239	(40,976)
Federal sources	5,482,038	10,085,086	9,401,318	(683,768)
Total revenue	17,621,450	23,484,164	23,292,853	(191,311)
Expenditures				
Current:				
Instruction - Basic programs	16,400	6,400	-	(6,400)
Support services:				
Pupil	150,178	190,123	176,410	(13,713)
Operations and maintenance	-	288,579	488	(288,091)
Central	5,200	5,200	66	(5,134)
Other	14,869,456	16,520,472	14,242,854	(2,277,618)
Community services	3,846,439	4,665,843	4,332,814	(333,029)
Other financing uses	-	5,550	5,207	(343)
Capital outlay	3,008,575	4,891,859	347,252	(4,544,607)
Total expenditures	21,896,248	26,574,026	19,105,091	(7,468,935)
Excess of Revenue (Under) Over Expenditures	(4,274,798)	(3,089,862)	4,187,762	7,277,624
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	9,400	9,379	(21)
Transfers in	150,000	150,000	94,414	(55,586)
Transfers out	(596,387)	(200,000)	-	200,000
Total other financing (uses) sources	(446,387)	(40,600)	103,793	144,393
Net Change in Fund Balances	(4,721,185)	(3,130,462)	4,291,555	7,422,017
Fund Balances - Beginning of year	16,980,085	16,980,085	16,980,085	-
Fund Balances - End of year	<u>\$ 12,258,900</u>	<u>\$ 13,849,623</u>	<u>\$ 21,271,640</u>	<u>\$ 7,422,017</u>

Utica Community Schools

Other Supplementary Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 30,584,414	\$ 30,858,302	\$ 30,947,981	\$ 89,679
State sources	986,372	986,372	986,372	-
Federal sources	375,554	375,554	375,554	-
Total revenue	31,946,340	32,220,228	32,309,907	89,679
Expenditures				
Current	25,000	25,000	14,995	(10,005)
Debt service	32,133,487	32,133,487	32,040,681	(92,806)
Total expenditures	32,158,487	32,158,487	32,055,676	(102,811)
Net Change in Fund Balance	(212,147)	61,741	254,231	192,490
Fund Balance - Beginning of year	2,633,848	2,633,848	2,633,848	-
Fund Balance - End of year	\$ 2,421,701	\$ 2,695,589	\$ 2,888,079	\$ 192,490

Utica Community Schools

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2023

Years Ending June 30	June 25, 2020	March 12, 2019	February 23,	June 22, 2016	June 23, 2015	November 24,	February 9,	May 10, 2022	April 4, 2023	Total
	Debt Fund	Debt Fund	2017 Debt Fund	Debt Fund	Debt Fund	2014 Debt Fund	2011 Debt Fund	Debt Fund	Debt Fund	
	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
2024	\$ 850,000	\$ 6,125,000	\$ 4,220,000	\$ 1,725,000	\$ 1,575,000	\$ 900,000	\$ 3,575,000	\$ 700,000	\$ 5,540,000	\$ 25,210,000
2025	850,000	5,700,000	675,000	1,950,000	1,775,000	900,000	-	700,000	680,000	13,230,000
2026	850,000	5,925,000	675,000	2,050,000	1,875,000	925,000	-	800,000	715,000	13,815,000
2027	850,000	6,150,000	675,000	2,150,000	1,975,000	950,000	-	825,000	750,000	14,325,000
2028	850,000	6,375,000	700,000	2,250,000	2,075,000	950,000	-	875,000	790,000	14,865,000
2029	850,000	6,625,000	725,000	2,375,000	2,150,000	950,000	-	900,000	830,000	15,405,000
2030	850,000	6,850,000	755,000	2,475,000	2,225,000	-	-	925,000	870,000	14,950,000
2031	-	7,050,000	770,000	2,560,000	-	-	-	1,000,000	910,000	12,290,000
2032	-	7,250,000	810,000	-	-	-	-	1,000,000	955,000	10,015,000
2033	-	7,450,000	-	-	-	-	-	1,025,000	965,000	9,440,000
2034	-	7,500,000	-	-	-	-	-	1,050,000	1,005,000	9,555,000
2035	-	-	-	-	-	-	-	1,075,000	1,055,000	2,130,000
2036	-	-	-	-	-	-	-	1,100,000	1,105,000	2,205,000
2037	-	-	-	-	-	-	-	1,125,000	1,130,000	2,255,000
2038	-	-	-	-	-	-	-	-	1,140,000	1,140,000
Total remaining payments	\$ 5,950,000	\$ 73,000,000	\$ 10,005,000	\$ 17,535,000	\$ 13,650,000	\$ 5,575,000	\$ 3,575,000	\$ 13,100,000	\$ 18,440,000	\$ 160,830,000
Interest rate	4.00%	4.00% to 5.00%	3.50% to 4.00%	2.00% to 5.00%	3.00% to 5.00%	4.00%	5.75% to 6.05%	5.00%	5.00%	
Original issue	\$ 8,770,000	\$ 95,020,000	\$ 18,765,000	\$ 25,375,000	\$ 25,105,000	\$ 9,115,000	\$ 14,250,000	\$ 18,100,000	\$ 18,440,000	\$ 251,040,000

Principal payments for the bond issues are due on May 1 of each year.
Interest payments for the bond issues are due on May 1 and November 1 of each year.

Statistical Section and Other Information

This part of Utica Community Schools' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statements.

Contents

Financial Trend Information

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

Utica Community Schools

	As of June 30,			
	2023	2022	2021	2020
Expenses				
Governmental activities:				
Instruction	\$ 210,132,893	\$ 175,931,003	\$ 214,865,827	\$ 210,663,087
Support services	109,690,523	93,814,581	87,603,571	91,216,184
Bookstore	834,619	520,644	108,791	421,019
Athletics	3,073,110	2,731,683	2,985,340	2,823,342
Food services	8,637,338	8,623,605	5,451,061	7,788,727
Community services	4,694,221	3,305,713	3,001,126	4,353,317
Interdistrict Payments	47,175	8,775	-	-
Building improvements	6,213,429	-	-	-
Interest on long-term debt and other	5,100	6,367,467	6,123,912	7,160,693
Depreciation expense (unallocated)	17,421,433	16,127,022	15,336,216	13,284,291
Total governmental activities	<u>360,749,841</u>	<u>307,430,493</u>	<u>335,475,844</u>	<u>337,710,660</u>
Program revenue				
Charges for services:				
Instruction		42,713	247,079	212,012
Bookstore	854,435	606,517	114,475	440,764
Athletics	783,073	763,115	449,388	616,792
Food services	2,943,172	1,083,963	200,959	2,223,703
Community services	5,109,795	3,442,395	2,453,500	4,723,848
Operating grants and contributions	115,664,014	117,426,290	103,255,016	69,600,120
Total program revenue	<u>125,354,489</u>	<u>123,364,993</u>	<u>106,720,417</u>	<u>77,817,239</u>
Net (expense) revenue	<u>(235,395,352)</u>	<u>(184,065,500)</u>	<u>(228,755,427)</u>	<u>(259,893,421)</u>
General Revenue				
Property taxes, levied for general purposes	35,478,775	33,852,161	32,702,022	30,903,979
Property taxes, levied for debt purposes	30,486,025	29,004,593	27,730,359	26,494,023
State aid not restricted to specific purposes	197,304,923	184,290,991	179,244,260	181,601,522
Federal sources - unrestricted	375,554	562,019	-	-
Investment and investment earnings	4,424,283	257,066	835,136	1,978,757
Gain/loss on sale of capital assets	-	-	-	-
Student activities	4,374,185	3,857,551	1,664,697	4,556,862
Other	2,147,715	1,060,888	2,177,158	616,392
Total general revenue	<u>274,591,460</u>	<u>252,885,269</u>	<u>244,353,632</u>	<u>246,151,535</u>
Change in Net Position	\$ 39,196,108	\$ 68,819,769	\$ 15,598,205	\$ (13,741,886)

Note: FY 2019-20: GASB statement No. 84 adopted

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2014 through 2023

Financial Trend Information

Changes in Governmental Net Position - Governmental Funds

Last Ten Fiscal Years

As of June 30,						
2019	2018	2017	2016	2015	2014	
\$ 197,606,013	\$ 198,438,538	\$ 199,098,310	\$ 192,924,083	\$ 193,572,324	\$ 184,887,910	
82,364,749	77,844,354	76,908,253	75,308,877	74,886,044	76,320,936	
600,042	485,570	517,375	448,893	278,953	440,577	
2,993,228	2,978,942	2,942,951	2,973,459	2,920,602	2,877,816	
7,904,545	7,648,033	7,448,925	7,322,793	8,232,072	6,670,643	
4,679,559	4,764,989	4,692,414	4,365,876	4,809,799	4,655,313	
-	-	-	-	-	-	
-	-	-	160,248	-	-	
4,848,023	5,037,237	5,502,857	5,823,919	5,997,424	6,005,476	
11,749,254	11,744,558	11,451,027	11,095,013	9,055,002	11,329,403	
<u>312,745,413</u>	<u>308,942,221</u>	<u>308,562,112</u>	<u>300,423,161</u>	<u>299,752,220</u>	<u>293,188,074</u>	
111,890	221,953	110,850	60,721	128,550	109,230	
618,526	519,077	519,624	478,800	258,308	435,511	
879,135	921,263	977,343	937,112	913,404	990,697	
3,300,507	3,740,606	3,774,403	3,675,980	3,884,888	3,867,218	
6,563,697	6,485,309	6,287,475	5,685,367	5,471,196	5,330,181	
<u>67,432,737</u>	<u>71,035,613</u>	<u>62,788,109</u>	<u>47,366,510</u>	<u>55,596,695</u>	<u>48,144,090</u>	
<u>78,906,492</u>	<u>82,923,821</u>	<u>74,457,804</u>	<u>58,204,490</u>	<u>66,253,041</u>	<u>58,876,927</u>	
<u>(233,838,921)</u>	<u>(226,018,400)</u>	<u>(234,104,308)</u>	<u>(242,218,671)</u>	<u>(233,499,179)</u>	<u>(234,311,147)</u>	
29,300,832	28,226,071	27,832,138	26,703,223	34,731,803	27,198,002	
27,085,671	26,455,247	25,605,413	25,606,032	16,584,419	24,340,622	
179,641,739	179,045,929	180,897,697	179,123,193	179,975,586	182,373,163	
-	-	-	-	-	-	
1,766,154	666,442	346,456	97,744	10,132	40,572	
-	(983,907)	(1,404,899)	(5,562)	3,121,401	-	
-	-	-	-	-	-	
<u>1,434,805</u>	<u>1,121,466</u>	<u>2,115,056</u>	<u>941,990</u>	<u>923,273</u>	<u>546,183</u>	
<u>239,229,201</u>	<u>234,531,248</u>	<u>235,391,861</u>	<u>232,466,620</u>	<u>235,346,614</u>	<u>234,498,542</u>	
\$ 5,390,280	\$ 8,512,848	\$ 1,287,553	\$ (9,752,051)	\$ 1,847,435	\$ 187,395	

Utica Community Schools

	As of June 30,			
	2023	2022	2021	2020
Governmental Activities:				
Net investment in capital assets	\$ 198,859,442	\$ 185,897,327	\$ 183,533,554	\$ 175,996,331
Restricted				
Debt service	1,586,487	1,337,371	1,020,937	1,163,991
Capital projects	6,182,593	4,327,508	3,501,585	3,307,332
Food service	10,453,583	8,030,970	4,855,753	3,500,588
Unrestricted	(490,120,335)	(511,827,514)	(573,965,936)	(580,620,554)
Total primary government net position	<u>\$ (273,038,230)</u>	<u>\$ (312,234,338)</u>	<u>\$ (381,054,107)</u>	<u>\$ (396,652,312)</u>

Note:

FY 2021/22: Universal School Meals Program Act- USDA sponsored free meals for all students

FY 2017/18: The School District adopted GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

FY 2014/15: The School District adopted GASB 68 - Accounting and Financial Reporting for Pensions

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2014 through 2023

Financial Trend Information
Net Position by Component - Governmental Funds

Last Ten Fiscal Years

As of June 30,						
2019	2018	2017	2016	2015	2014	
\$ 165,742,794	\$ 158,585,279	\$ 151,591,660	\$ 150,227,441	\$ 143,474,378	\$ 132,636,393	
4,495,147	1,197,876	512,937	631,081	425,905	293,798	
2,036,008	959,779	547,318	302,370	249,441	1,836,134	
3,390,457	-	-	-	2,753,435	3,925,573	
(561,508,812)	(551,977,620)	(387,599,405)	(387,395,935)	(373,386,184)	37,110,131	
\$ (385,844,406)	\$ (391,234,686)	\$ (234,947,490)	\$ (236,235,043)	\$ (226,483,025)	\$ 175,802,029	

Utica Community Schools

	As of June 30,			
	2023	2022	2021	2020
Revenue				
Local revenue	\$ 87,028,792	\$ 74,182,862	\$ 68,523,692	\$ 73,020,363
State revenue	278,812,940	244,518,817	234,503,962	227,519,218
Federal revenue	33,218,512	43,327,835	33,121,947	16,812,168
Interdistrict revenue and other	20,187,101	18,289,976	18,111,257	6,255,358
Total revenue	419,247,345	380,319,490	354,260,858	323,607,107
Expenditures				
Current:				
Instruction	238,607,279	211,702,383	206,848,231	190,952,527
Support services	116,550,717	99,221,037	82,282,606	82,273,842
Bookstore	834,619	520,644	108,791	421,019
Athletics	3,331,389	3,057,324	2,922,061	2,653,381
Food services	9,122,739	9,421,082	5,372,373	7,418,985
Community services	4,714,350	3,488,345	2,917,367	4,331,653
Debt service:				
Principal	25,363,675	22,320,082	20,960,000	22,140,000
Interest and other	7,943,449	7,914,660	8,743,633	9,905,232
Capital Outlay	33,031,053	22,698,945	31,445,771	39,469,222
Other	-	-	-	-
Interdistrict payments	47,175	8,775	8,775	-
Total expenditures	439,546,445	380,353,277	361,609,608	359,565,861
Excess of Revenue (Under) Over Expenditures	(20,299,100)	(33,787)	(7,348,750)	(35,958,754)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	102,192	160,764	104,482	112,895
Payment to escrow agent	-	-	-	-
Transfers in	5,740,736	4,733,435	1,658,388	1,502,014
Transfers out	(5,740,736)	(4,794,316)	(1,658,388)	(1,502,014)
Leases	-	631,189	-	-
Subscriptions entered into	4,775,561	-	-	-
Proceeds from sale of bonds	18,440,000	18,100,000	-	8,770,000
Issuance of refunding debt	-	-	-	-
Premium on debt issued	1,644,365	1,982,197	-	1,228,458
Total other financing sources (uses)	24,962,118	20,813,269	104,482	10,111,353
Net change in fund balances	4,663,018	20,779,482	(7,244,268)	(25,847,401)
Fund Balances - Beginning of year	144,231,528	123,452,046	130,696,314	156,543,715
Fund Balances - End of year	\$ 148,894,546	\$ 144,231,528	\$ 123,452,046	\$ 130,696,314
Debt service as a percentage of noncapital expenditures	8.19%	8.38%	8.93%	9.94%

Note:

FY 2020/21: Federal COVID-19 and Enhancement millage revenue, a hybrid of in-person and remote instruction
 FY 2019/20: Beginning of year is restated due to adoption of GASB No. 84 - \$2,933,980 added to change fund type of Agency fund to Special Revenue fund

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2014 through 2023

Financial Trend Information Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2019	2018	2017	2016	2015	2014
\$ 71,170,054	\$ 68,112,927	\$ 67,588,498	\$ 64,896,891	\$ 62,973,970	\$ 62,150,592
225,376,781	227,976,797	224,098,415	218,783,701	214,235,368	209,738,466
16,115,636	15,557,580	15,277,901	13,916,301	14,435,236	14,207,564
<u>5,955,562</u>	<u>6,150,062</u>	<u>6,062,495</u>	<u>6,124,044</u>	<u>6,901,677</u>	<u>6,571,223</u>
318,618,033	317,797,366	313,027,309	303,720,937	298,546,251	292,667,845
188,484,377	194,655,316	197,647,170	196,338,077	193,884,298	184,893,093
76,623,638	74,369,061	72,716,205	72,831,200	73,135,814	72,842,997
600,042	485,570	517,375	448,893	278,953	440,577
2,908,444	2,937,371	2,929,001	2,965,234	2,886,632	2,836,964
7,743,226	7,567,747	7,423,673	7,176,504	7,056,883	6,449,713
4,664,775	4,685,170	4,668,480	4,417,461	4,811,845	4,655,313
22,240,000	21,025,000	20,255,000	19,330,000	18,660,000	17,750,000
5,726,971	6,728,936	6,856,314	6,944,968	6,872,802	7,332,269
17,459,796	17,229,190	18,105,274	12,106,456	9,595,304	13,030,871
-	-	-	-	-	-
-	-	-	-	-	-
<u>326,451,269</u>	<u>329,683,361</u>	<u>331,118,492</u>	<u>322,558,793</u>	<u>317,182,531</u>	<u>310,231,797</u>
(7,833,236)	(11,885,995)	(18,091,183)	(18,837,856)	(18,636,280)	(17,563,952)
146,568	1,384,186	5,556,816	-	3,475,769	92,986
(5,475,688)	-	(11,338,956)	(4,193,421)	(6,239,425)	-
2,152,119	753,870	1,773,248	2,117,012	16,347,085	2,321,652
(2,152,119)	(753,870)	(1,773,248)	(2,117,012)	(16,096,748)	(1,071,297)
-	-	-	-	-	-
-	-	-	-	-	-
90,550,000	-	8,490,000	21,460,000	28,615,000	-
4,470,000	-	10,275,000	3,915,000	5,605,000	-
14,909,295	-	1,413,062	3,871,596	3,030,212	-
<u>104,600,175</u>	<u>1,384,186</u>	<u>14,395,922</u>	<u>25,053,175</u>	<u>34,736,893</u>	<u>1,343,341</u>
96,766,939	(10,501,809)	(3,695,261)	6,215,319	16,100,613	(16,220,611)
56,842,796	67,344,605	71,039,866	64,824,547	48,723,934	64,944,545
<u>\$ 153,609,735</u>	<u>\$ 56,842,796</u>	<u>\$ 67,344,605</u>	<u>\$ 71,039,866</u>	<u>\$ 64,824,547</u>	<u>\$ 48,723,934</u>
9.02%	8.88%	8.61%	9.19%	9.00%	9.16%

Utica Community Schools

	As of June 30,			
	2023	2022	2021	2020
General Fund:				
Nonspendable:				
Inventories	\$ 1,317,220	\$ 1,176,363	\$ 1,161,867	\$ 962,350
Prepaid costs	3,259,296	3,841,038	2,481,776	2,476,993
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	8,943,125	-	-	14,325,167
Unassigned	41,866,498	56,609,491	46,901,232	15,717,212
Total general fund	55,386,139	61,626,892	50,544,875	33,481,722
All other governmental funds:				
Nonspendable:				
Inventories	342,001	276,180	262,475	243,876
Prepaid costs	-	-	-	-
Restricted:				
Capital projects	58,109,187	57,223,887	57,588,730	82,786,039
Debt service	2,888,079	2,633,848	2,332,983	2,608,994
Food service	10,161,455	7,799,170	4,652,954	3,326,904
Committed:				
Student activities	3,281,292	3,192,604	2,789,595	3,041,224
Bookstore	183,163	168,840	67,671	51,471
Enrichment	7,303,729	5,543,291	3,979,382	3,873,850
Assigned:				
Capital projects	11,239,501	5,766,816	1,233,381	1,282,234
Bookstore	-	-	-	-
Enrichment	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	93,508,407	82,604,636	72,907,171	97,214,592
Total of all governmental funds	\$ 148,894,546	\$ 144,231,528	\$ 123,452,046	\$ 130,696,314

Note: The School District adopted GASB 84 on July 1, 2019

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2014 through 2023

Financial Trend Information Fund Balances, Governmental Funds

Last Ten Fiscal Years

As of June 30,						
2019	2018	2017	2016	2015	2014	
\$ 923,659	\$ 905,928	\$ 821,865	\$ 873,744	\$ 893,082	\$ 879,936	
2,656,287	2,835,235	341,475	470,237	555,458	923,556	
-	-	-	-	-	-	
-	4,267,070	8,323,884	11,879,246	16,623,494	14,735,459	
<u>25,041,096</u>	<u>14,660,140</u>	<u>11,208,642</u>	<u>4,687,456</u>	<u>7,958,662</u>	<u>16,106,219</u>	
<u>28,621,042</u>	<u>22,668,373</u>	<u>20,695,866</u>	<u>17,910,683</u>	<u>26,030,696</u>	<u>32,645,170</u>	
164,354	152,956	172,402	125,061	115,584	123,895	
-	-	-	-	-	-	
109,614,565	24,500,867	39,105,674	46,279,169	32,074,480	8,432,294	
6,245,152	2,164,555	1,741,521	1,764,592	1,544,047	1,320,384	
3,288,258	3,305,506	3,109,548	2,878,174	2,682,059	3,846,488	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,327,184	-	-	-	107,099	107,230	
72,194	85,846	106,867	252,853	254,196	304,710	
4,276,986	3,964,693	2,412,727	1,829,334	2,016,386	1,943,763	
-	-	-	-	-	-	
<u>124,988,693</u>	<u>34,174,423</u>	<u>46,648,739</u>	<u>53,129,183</u>	<u>38,793,851</u>	<u>16,078,764</u>	
\$ 153,609,735	\$ 56,842,796	\$ 67,344,605	\$ 71,039,866	\$ 64,824,547	\$ 48,723,934	

Utica Community Schools

Taxable Value by Property Type (Includes Renaissance Zone):

Tax Year	Real Property				Agricultural & other ¹	Personal property ¹	Total Value
	Residential ¹	Commercial ¹	Industrial ¹				
2022	6,691,976,878	1,090,623,308	450,879,136		586,543	394,609,200	8,628,675,065
2021	6,322,443,246	1,028,201,673	413,774,791		721,639	434,647,823	8,199,789,172
2020	6,091,243,990	1,013,064,120	399,385,683		572,732	385,081,374	7,889,347,899
2019	5,837,054,173	938,553,255	382,207,466		562,056	341,927,160	7,500,304,110
2018	5,572,798,813	876,190,418	361,287,364		548,886	331,478,744	7,142,304,225
2017	5,313,595,974	831,309,874	333,762,635		727,122	341,561,135	6,820,956,740
2016	5,135,323,274	805,325,710	322,567,509		720,642	358,312,336	6,622,249,471
2015	4,999,741,594	771,290,159	320,088,549		3,902,937	495,212,405	6,590,235,644
2014	4,823,109,545	755,170,055	309,289,749		3,730,307	490,210,644	6,381,510,300
2013	4,696,364,396	759,088,627	321,620,231		3,633,143	503,920,106	6,284,626,503

Note: Under Michigan law, the revenue base is Taxable Value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Beginning in 2014, Commercial and Industrial Personal Property of less than \$80,000 became exempt from ad valorem taxes.

Eligible manufacturing personal property put into service beginning 2013 became exempt beginning in 2016.

UCS is reimbursed by the State of Michigan for the lost personal property tax revenue.

Source: 1 Macomb County Michigan - School District Taxable Values
(<http://equalization.macombgov.org/Equalization-Reports>)
2 Utica Community Schools L-4029 Tax Rate Form
3 Macomb County Michigan - School District Assessed Values
(<http://equalization.macombgov.org/Equalization-Reports>)

Revenue Capacity Information

Taxable Value and Estimated Actual Value of Taxable Property

(Unaudited)

Last Ten Years

Tax rate (mills) ²	Estimated Actual Value ³	Taxable Value as a % of Actual	Principal Residence ¹	Non-Principal Residence ¹
20.2508	22,386,132,258	38.54%	6,475,856,344	2,152,818,721
20.4183	21,327,943,020	38.45%	6,169,569,821	2,030,219,351
20.4183	20,412,841,520	38.65%	5,911,326,113	1,978,021,786
20.6621	19,140,499,796	39.19%	5,665,005,798	1,835,298,312
21.0728	17,932,649,030	39.83%	5,432,851,713	1,709,452,512
21.4176	17,238,776,586	39.57%	5,209,817,691	1,611,139,049
21.5468	16,400,221,962	40.38%	5,038,738,172	1,583,511,299
21.7582	15,400,174,130	42.79%	5,053,280,678	1,536,954,966
21.7816	13,828,756,414	46.15%	4,898,429,365	1,483,080,935
21.7816	13,153,577,456	47.78%	4,796,716,652	1,487,909,851

Utica Community Schools

		Millage rates - Direct Utica Community Schools District Taxes ¹					Overlapping taxes ²			
		Operating			Sinking Fund*		Total direct taxes		Macomb County	Macomb Community college
Tax Year	Fiscal Year Ended	Homestead	Non-Homestead	Debt*	Sinking Fund*	Homestead	Non-Homestead			
2022	2023	-	16.7508	3.50	-	3.50	20.2508	4.3200	1.4077	
2021	2022	-	16.9183	3.50	-	3.50	20.4183	4.3721	1.4247	
2020	2021	-	16.9183	3.50	-	3.50	20.4183	4.4150	1.4387	
2019	2020	-	17.1621	3.50	-	3.50	20.6621	4.4592	1.4531	
2018	2019	-	17.3128	3.76	-	3.76	21.0728	4.4925	1.4640	
2017	2018	-	17.5676	3.85	-	3.85	21.4176	4.5242	1.4072	
2016	2017	-	17.6968	3.85	-	3.85	21.5468	4.6014	1.4174	
2015	2016	-	17.9082	3.85	-	3.85	21.7582	4.6135	1.5302	
2014	2015	-	17.9316	3.85	-	3.85	21.7816	4.6135	1.5262	
2013	2014	-	17.9316	3.85	-	3.85	21.7816	4.6135	1.5312	

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

* Debt and sinking fund millages apply to homestead and non-homestead property

** Suburban Mobility Authority Regional Transportation

*** 1.9 Mill enhancement millage approved for levy 2020 though 2029

Source: 1 Utica Community Schools L-4029 Tax Rate Form
 2 Macomb County Michigan - Apportionment Report by Tax Year
 (<http://finance.macombgov.org/finance-ApportionmentReport>)

Revenue Capacity Information
Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

Overlapping taxes²

Macomb school district***	State Education Tax	City of Utica	City of Sterling Heights	Township of Macomb	Township of Washington	Township of Ray	Township of Shelby	SMART**
4.6300	6.0000	19.2513	16.3800	4.1947	4.2714	3.5861	9.2999	0.9500
4.6845	6.0000	20.0853	16.6742	4.2140	4.2993	3.5964	9.2999	0.9731
4.7296	6.0000	20.6313	16.2069	4.3022	4.3305	3.6293	9.2999	0.9827
2.8744	6.0000	21.0182	16.2069	6.3292	8.3485	3.4753	9.2999	0.9926
2.8945	6.0000	21.2867	17.1804	6.3243	8.3726	3.4905	9.2999	1.0000
2.9147	6.0000	21.3524	16.1499	6.3470	8.4178	3.4980	9.2999	0.9903
2.9354	6.0000	20.9864	15.1858	4.9443	8.4811	3.5296	9.2999	0.9974
2.9430	6.0000	22.5017	15.1858	4.9660	8.5035	3.5529	9.2999	1.0000
2.9430	6.0000	22.6753	15.1858	4.9786	7.5265	3.5573	9.2999	1.0000
2.9430	6.0000	22.6170	12.6858	4.5886	7.5265	3.5573	9.2999	0.5900

Revenue Capacity Information
Principal Property Taxpayers (Unaudited)

Current and Nine Years Ago

	Taxpayer	2023 Taxable Value	% of total	Taxpayer	2014 Taxable Value	% of total	2013 Rank
1	DTE	\$ 90,649,983	1.05%	Ford Motor Co.	\$ 207,743,254	3.26%	1
2	Consumers Energy	82,706,730	0.96%	FCA US LLC/Chrysler LLC	139,806,050	2.19%	2
3	FCA US LLC/Chrysler LLC	55,313,730	0.64%	DTE	61,537,941	0.96%	3
4	International Transmission	34,707,940	0.40%	Consumers Energy	22,678,018	0.36%	4
5	Ford Motor Co.	30,044,696	0.35%	GGP LLP/Lakeside Mall	22,352,327	0.35%	5
6	J.G Kern Enterprises, Inc.	23,240,646	0.27%	International Transmission	21,659,583	0.34%	6
7	Sun Forest & West MHP	21,489,222	0.25%	Oak Hill Apts.	12,831,940	0.20%	7
8	Chalk Spade Investments (USA) Inc.	18,984,467	0.22%	NJT Enterprises LLC	10,291,000	0.16%	8
9	Lakeside OOTB Ventures, LLC	18,650,077	0.22%	Utica Park Place Owner LLC	10,266,068	0.16%	9
10	Amazon.com Services	14,934,415	0.17%	Shuert Industries	9,515,600	0.15%	10
	Total	\$ 390,721,906	4.53%		\$ 518,681,781	8.13%	
	Total School District Taxable Value	\$ 8,628,675,065			\$ 6,381,510,300		

Note: Includes IFT Taxable Values

Source: Utica Community Schools Annual Disclosure Document - Major Taxpayer
Macomb County Michigan - School District Taxable Values
(<http://equalization.macombgov.org/Equalization-Reports>)

**Revenue Capacity Information
Property Tax Levies and Collections (Unaudited)**

Last Ten Fiscal Years

Tax Year	Year Ended June 30,	Total Levy for Fiscal Year ¹	Collections for Current Fiscal Year ²	Percent Collected	Delinquent Collections for Prior Fiscal Years ²	Total Tax Collections	Percent of Levy Collected
2022	2023	\$ 65,823,879	\$ 65,787,478	99.94%	-	\$ 65,787,478	99.94%
2021	2022	62,793,886	\$ 62,631,459	99.74%	69,788	62,701,246	99.85%
2020	2021	60,612,000	\$ 60,108,861	99.17%	492,303	60,601,164	99.98%
2019	2020	57,345,683	57,311,465	99.94%	34,219	57,345,683	100.00%
2018	2019	56,316,204	56,255,799	99.89%	79,665	56,335,464	100.03%
2017	2018	54,484,294	54,418,818	99.88%	67,404	54,486,222	100.00%
2016	2017	53,330,202	53,237,326	99.83%	57,024	53,294,350	99.93%
2015	2016	53,004,602	52,932,129	99.86%	72,473	53,004,602	100.00%
2014	2015	51,352,383	51,256,174	99.81%	82,847	51,339,021	99.97%
2013	2014	50,461,911	50,348,571	99.78%	103,592	50,452,163	99.98%

Source: 1 Michigan Department of Education Taxable Value (<https://mdoe.state.mi.us/TVS/Menu>)
2 Utica Community Schools AS400 Report (FX0305 - Class 111)

Utica Community Schools

Fiscal Year Ended	General Obligations and Unamortized Bond Premiums ¹	Less Pledged Debt Service Funds ¹	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt
2023	\$179,879,951	-	\$179,879,951	-	\$179,879,951
2022	185,871,615	-	185,871,615	-	185,871,615
2021	189,627,917	-	189,627,917	-	189,627,917
2020	213,185,675	-	213,185,675	-	213,185,675
2019	227,877,748	-	227,877,748	-	227,877,748
2018	147,437,409	-	147,437,409	-	147,437,409
2017	170,003,197	-	170,003,197	-	170,003,197
2016	182,090,663	-	182,090,663	-	182,090,663
2015	177,503,906	-	177,503,906	-	177,503,906
2014	166,120,053	-	166,120,053	-	166,120,053

Source:

1 Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2014 through 2023

2 Macomb County Michigan - School District Taxable Values (Includes Renaissance Zone)
(<http://equalization.macombgov.org/Equalization-Reports>)

3 Utica Community Schools Bond Disclosure Documents - Debt Statement & Debt Ratios

Debt Capacity Information Ratios of Outstanding Debt (Unaudited)

Last Ten Fiscal Years

Taxable Value (Includes RZ) ²	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Estimated Population ³	Net General Bonded Debt per Capita	Total Debt per Capita per Capita
\$8,628,675,065	2.08%	2.08%	191,137	\$941	\$941
8,199,789,172	2.27%	2.27%	191,137	972	972
7,889,347,899	2.40%	2.40%	183,434	1,034	1,034
7,500,304,110	2.84%	2.84%	183,434	1,162	1,045
7,142,304,225	3.19%	3.19%	183,434	1,242	1,242
6,820,956,740	2.16%	2.16%	184,878	797	797
6,622,249,471	2.57%	2.57%	184,878	920	920
6,590,235,644	2.76%	2.76%	179,914	1,012	1,012
6,381,510,300	2.78%	2.78%	188,518	942	942
6,284,626,503	2.64%	2.64%	185,278	897	897

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30, 2023

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Sterling Heights	\$ 212,313,938	61.74%	\$ 131,082,625
City of Utica	4,341,483	100.00%	4,341,483
Macomb Township	51,858,319	26.38%	13,680,225
Shelby Township	26,772,347	97.40%	26,076,266
Washington Township	40,833,829	12.76%	5,210,397
Macomb County	239,072,196	26.24%	62,732,544
Macomb ISD	580,000	25.67%	148,886
Clinton-Macomb Public Library	27,715,000	15.18%	4,207,137
Total overlapping debt			247,479,563
Direct district debt			160,830,000
Total direct and overlapping debt			<u><u>\$ 408,309,563</u></u>

Source: Utica Community Schools Bond Disclosure Documents - Debt Statement
Municipal Advisory Council of Michigan - EMMA Services
(<http://www.mi-macsite.com/MACSitePM/EmmaService.aspx>)

Note: Overlapping Debt - The issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative Assessed Values.

Utica Community Schools

	As of June 30,			
	2023	2022	2021	2020
Calculation of debt limit ¹				
State Equalized Valuation (SEV)	\$ 11,193,066,129	\$ 10,663,971,510	\$ 10,206,067,560	\$ 9,566,907,598
Debt Limit (15% of SEV)	1,678,959,919	1,599,595,727	1,530,910,134	1,435,036,140
Calculation of debt subject to limit ²				
Debt outstanding	160,830,000	166,625,000	170,660,000	191,620,000
Less qualified bonds	(160,830,000)	(166,625,000)	(170,660,000)	(191,620,000)
Net debt subject to limit	-	-	-	-
Additional debt which could be legally incurred	1,678,959,919	1,599,595,727	1,530,910,134	1,435,036,140
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source:

¹ <http://equalization.macombgov.org/Equalization-Reports> (SEV)

² Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2014 through 2023

Debt Capacity Information Legal Debt Margin (Unaudited)

Last Ten Fiscal Years

As of June 30,					
2019	2018	2017	2016	2015	2014
\$ 8,963,109,215	\$ 8,615,071,593	\$ 8,190,568,431	\$ 7,691,050,965	\$ 6,905,777,057	\$ 6,567,844,878
1,344,466,382	1,292,260,739	1,228,585,265	1,153,657,645	1,035,866,559	985,176,732
204,990,000	137,585,000	158,610,000	170,625,000	168,630,000	159,070,000
<u>(204,990,000)</u>	<u>(137,585,000)</u>	<u>(158,610,000)</u>	<u>(170,625,000)</u>	<u>(168,630,000)</u>	<u>(159,070,000)</u>
-	-	-	-	-	-
1,344,466,382	1,292,260,739	1,228,585,265	1,153,657,645	1,035,866,559	985,176,732
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Demographic and Economic Information
Demographic and Economic Statistics - Macomb County (Unaudited)

Last Ten Fiscal Years

Calendar year	Population	Total Personal Income (in Thousands)	General Obligation Bonds (in Thousands)	Ratio of Total Debt to Personal Income	Per Capita Personal Income	Unemployment Rate
2022	874,195	N/A	226,060	N/A	N/A	3.70%
2021	874,678	47,605,155	243,625	0.51%	54,258	5.90%
2020	877,280	45,450,920	270,690	0.60%	52,195	12.00%
2019	876,977	41,645,007	229,405	0.55%	47,487	4.30%
2018	876,982	40,410,454	245,038	0.61%	46,079	4.10%
2017	873,678	38,825,377	260,256	0.67%	44,439	4.30%
2016	866,971	37,458,349	275,223	0.73%	43,206	5.20%
2015	858,058	23,248,238	289,727	1.25%	42,513	5.70%
2014	850,699	34,092,613	39,755	0.12%	40,076	7.90%
2013	844,742	32,334,190	44,930	0.14%	38,277	9.40%

Note: The statistics shown above are for the entire County of Macomb, which encompasses the entire School District and surrounding communities
 N/A - Not available at time of publishing

Source: Macomb County Audited Financial Statement
 (<https://finance.macombgov.org/Fianace-AnnualCompFinancialReport>)

Demographic and Economic Information
Principal Employers - Within the School District (Unaudited)

Employer	2022-2023 Employees ¹	Percentage of total	2013-14 Employees ²	Percentage of total	2013 rank
1 Chrysler Group - Sterling Plant	2,900	0.67%	2,900	0.78%	1
2 Ford Motor Company	2,753	0.68%	2,753	0.74%	2
3 Utica Community Schools	2,389	0.55%	2,546	0.69%	3
4 MNP Corporation - Headquarters	1,200	0.28%	600	0.16%	5
5 Mayco Plastics Inc.	700	0.16%	300	0.08%	8
6 TRW Automotive	543	0.13%	609	0.16%	4
7 Kuka Systems Corporation N.A.	500	0.12%	450	0.12%	6
8 Amazon.com Services	400	0.09%			
9 The Romine Group	350	0.08%	350	0.09%	7
10 Utica Enterprises - Headquarters	350	0.08%			
Key Safety Systems Inc.		0.00%	295	0.08%	9
U.S. Post Office			-		
Cross Huller, LLC			251	0.07%	10
Total principal employers	<u>12,085</u>	2.84%	<u>11,054</u>	2.99%	
Total employment - Macomb County ~	<u>431,200</u>		<u>370,022</u>		

*These employers are located within the Utica Community Schools District and its surrounding communities

Source: ¹ Utica Community Schools Bond Disclosure Documents - Employment Characteristics

² Utica Community Schools Annual Disclosure Documents - Employment Characteristics

Michigan Manufacturers Directory, Crain's Detroit Business Book of Lists, Manta via www.manta.com, and individual employers

³ Michigan Department of Technology, Management & Budget (DTMB)
(<http://milmi.org/datasearch>)

Utica Community Schools

Function/ program:	As of June 30,			
	2023	2022	2021	2020
General government				
Instruction	1,773	1,772	1,756	1,740
Support services	936	840	826	865
Community service	89	112	122	142
Food service	94	88	81	92
Total	<u>2,892</u>	<u>2,812</u>	<u>2,785</u>	<u>2,838</u>

*Community Service & Food Service are included in Support Services for Fiscal Year 2016
 Note: Contracted & Direct Hire FTE are included since Fiscal Year 2016

Source: CEPI - Assignment Code Summary (EOY)

Operating Information

Full-Time Equivalent School District Employees (Unaudited)

Last Ten Fiscal Years

As of June 30,					
2019	2018	2017	2016*	2015	2014
1,720	1,711	1,736	1,774	1,665	1,717
895	883	897	1,205	591	666
138	138	102	-	141	161
93	99	100	-	107	107
2,846	2,831	2,835	2,979	2,504	2,651

Utica Community Schools

Function/ program	As of June 30,			
	2023	2022	2021	2020
Instructional buildings:				
Elementary:				
Number of buildings (a)	25	25	25	25
Square footage (a)	1,469,738	1,469,738	1,469,738	1,469,738
Capacity (b)	17,468	17,468	17,468	17,468
Enrollment (c)	13,344	13,172	12,796	13,357
Junior:				
Number of buildings (a)	7	7	7	7
Square footage (a)	903,842	903,842	903,842	903,842
Capacity (b)	10,200	10,200	10,200	10,200
Enrollment (c)	5,378	6,034	6,233	6,357
High:				
Number of buildings (a)	4	4	4	4
Square footage (a)	1,012,361	1,012,361	1,012,361	1,012,361
Capacity (b)	10,064	10,064	10,064	10,064
Enrollment (c)	6,711	6,455	6,504	6,709
Other (ULA and Parochial):				
Enrollment (c)	186	161	144	176
Total enrollment	25,619	25,822	25,677	26,599
Administrative:				
Number of buildings (a)	1	1	1	1
Square footage (a)	47,837	47,837	47,837	47,837
Other Buildings:				
Number of buildings (a)	6	6	6	6
Square footage (a)	243,623	243,623	243,623	243,623
Transportation/Maintenance:				
Number of garages (a)	1	1	1	1
Square footage (a)	116,178	116,178	116,178	116,178
Buses (d)	222	244	233	234
Athletics:				
Football fields (e)	21	21	21	21
Soccer fields (e)	4	4	4	4
Running tracks (e)	4	4	4	4
Baseball/softball (e)	28	28	28	28
Swimming pools (e)	2	2	2	2
Playgrounds (e)	25	25	25	25

Notes:

- 2018/19: Stevenson MADE Academy addition to Stevenson High School
- 2017/18: Magahay Elementary was sold. Parochial schools no longer requesting service
- 2016/17: Davis and Malow Junior Highs added auxiliary gyms. Ewell Elementary was sold

Source:

- (a) Utica Community Schools Maintenance Department (CAD Operator)
- (b) Utica Community Schools UEA Teacher Contract (Capacity Factor) and Utica Community Schools Architect Building Utilization
- (c) Fall FTE Count Audited (DS4120)
- (d) Michigan Department of Education - School Bus Inventory
- (e) Utica Community Schools Athletic Department

Operating Information Capital Asset Information (Unaudited)

Last Ten Fiscal Years

As of June 30,					
2019	2018	2017	2016	2015	2014
25	25	25	25	25	25
1,469,536	1,469,536	1,469,536	1,469,536	1,469,536	1,469,536
17,468	17,468	17,468	17,468	17,468	17,468
13,459	13,709	13,839	14,041	14,241	14,506
7	7	7	7	7	7
903,842	903,842	903,842	889,656	889,656	889,656
10,200	10,200	10,200	10,200	10,200	10,200
6,509	6,621	6,823	6,857	6,885	6,862
4	4	4	4	4	4
1,012,361	1,009,050	1,009,050	1,009,050	1,009,050	1,009,050
10,064	10,064	10,064	10,064	10,064	10,064
6,710	6,808	6,847	6,777	6,900	7,054
200	230	450	461	294	282
26,878	27,369	27,960	28,136	28,321	28,704
1	1	1	1	1	1
47,837	47,837	47,837	47,837	47,837	47,837
6	6	7	8	8	8
243,623	243,623	295,651	353,491	353,491	353,491
1	1	1	1	1	1
116,178	116,178	116,178	116,178	116,178	116,178
245	230	247	267	254	256
21	21	21	21	21	21
4	4	4	4	4	4
4	4	4	4	4	4
28	28	28	28	28	28
2	2	2	2	2	2
25	25	25	25	25	25

Operating Information - General Fund
Operating Indicators (Unaudited)

Last Ten Fiscal Years

Year	Enrollment ¹	Operating expenditures ²	Cost per pupil	Operating revenue ²	Revenue per pupil	Total teaching staff ³	Percentage of students qualifying for free/reduced meals ⁴	Average teacher salary ⁵
2023	25,619	\$ 355,701,878	\$ 13,884	\$ 361,730,028	\$ 14,120	1,486	44.64%	*
2022	25,822	310,874,051	12,039	327,183,658	12,671	1,474	41.31%	81,329
2021	25,677	292,300,890	11,384	309,577,654	12,057	1,430	40.72%	84,604
2020	26,599	271,493,063	10,207	275,487,621	10,357	1,430	39.24%	81,641
2019	26,878	268,101,505	9,975	272,713,374	10,146	1,415	38.08%	82,065
2018	27,369	272,037,107	9,940	273,571,627	9,996	1,440	35.68%	79,799
2017	27,960	273,447,461	9,780	269,512,041	9,639	1,466	30.83%	80,840
2016	28,136	272,279,117	9,677	262,941,714	9,345	1,495	30.78%	80,334
2015	28,321	270,057,953	9,536	259,277,803	9,155	1,547	30.24%	77,435
2014	28,704	260,540,645	9,077	254,197,400	8,856	1,523	29.83%	78,101

* Data not available

Note: ² Operating Expenditures Excludes Other Financing Uses and Capital Outlay
Operating Revenues Excludes Other Financing Sources

Source:

¹ Fall FTE Count State Aid Status Report - August

² Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2014 through 2023

³ Utica Community Schools Annual Disclosure & Bond Disclosures

⁴ MI School Data (<https://www.mischooldata.org/Default.aspx>)

⁵ Michigan Department of Education Bulletin 1014