Financial Statements
June 30, 2023

Green Dot Public Schools Tennessee

Includes:

Fairley High School
Wooddale Middle School
Hillcrest High School
Kirby Middle School
Bluff City High School

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Directors
Green Dot Public Schools Tennessee
Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund information of the Green Dot Public Schools Tennessee ("GDPS TN") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise GDPS TN'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 and major fund information of GDPS TN, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 GDPS TN, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 GDPS TN'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 GDPS TN'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, schedule of GDPS TN's proportionate share of the net pension liability (asset), and the schedule of GDPS TN's contributions , be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GDPS TN's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of GDPS TN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GDPS TN'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 GDPS TN's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 18, 2023

This section of Green Dot Public Schools Tennessee ("GDPS TN") annual financial report presents our discussion and analysis of GDPS TN's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for 2022. Please read it in conjunction with GDPS TN's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all the activities of GDPS TN using the integrated approach as prescribed by Governmental Accounting Standards Board ("GASB") Statement No. 34.

The Government-Wide Financial Statements present the financial picture of GDPS TN from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of GDPS TN (including capital assets, right-to-use leased assets, and right-to-use subscription IT assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for one category of activities: governmental.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The primary unit of the government is GDPS TN's five charter schools and does not include GDPS TN's Regional Office. See Note 1 for further explanation.

REPORTING GDPS TN AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about GDPS TN as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of GDPS TN using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report GDPS TN's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure GDPS TN's financial health, or financial position. Over time, increases or decreases in GDPS TN's net position will serve as a useful indicator of whether the financial position of GDPS TN is improving or deteriorating. Other factors to consider are changes in the GDPS TN's property tax base and the condition of the GDPS TN's facilities.

The relationship between revenues and expenses is the GDPS TN's operating results. Since the Board of Directors' responsibility is to provide services to its students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of GDPS TN. The quality of the education and the safety of the schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, all of GDPS TN activities are reported as governmental activities.

Governmental Activities – All of GDPS TN's services are reported in this category. This includes the education of students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. State income taxes, federal grants, state grants, property taxes, and local grants finance these activities.

REPORTING GDPS TN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not GDPS TN as a whole. Some funds are required to be established by state law.

Governmental Funds – Most of the GDPS TN's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds 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 GDPS TN's general government operations and the basic 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 GDPS TN's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

FINANCIAL HIGHLIGHTS

From prior year to current year, GDPS TN saw an increase in grants and contributions. Total revenue increased by approximately $1,099,043. Total expenses increased by approximately $1,484,732. The result of the increase in total revenue and increase in total expense was an overall improvement of Change In Net Position relative to the prior year. Fiscal year 2023, Change In Net Position was $4,919,313. Fiscal year 2022, Change In Net Position was $5,305,002.

GDPS TN AS A WHOLE

Net Position

GDPS TN's net position was $13,505,683 for the fiscal year ended June 30, 2023. Of this amount, $10,687,023 was unrestricted. Restricted net position is reported separately to show legal constraints that limit the Board of Directors' ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of GDPS TN's governmental activities.

Table 1

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 10,555,952	$ 7,764,080
Aggregate net pension asset	2,139,346	6,895,732
Capital assets, right-to-use lease assets, and right-to-use subscription IT assets	11,277,015	10,104,441
Total assets	23,972,313	24,764,253
Deferred Outflows of Resources	2,671,301	2,878,080
Liabilities		
Current liabilities	1,944,766	2,262,355
Right-of-use lease liability	3,563,732	3,574,733
Long-term liabilities	6,964,803	10,688,036
Total liabilities	12,473,301	16,525,124
Deferred Inflows of Resources	664,630	6,105,572
Net Position		
Net investment in capital assets	963,877	(476,941)
Restricted	1,854,783	3,988,578
Unrestricted	10,687,023	5,074,733
Total net position	$ 13,505,683	$ 8,586,370

The $10,687,023, in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Changes in Net Position

The results of this year's operations for GDPS TN as a whole are reported in the Statement of Activities on page 12. Table 2 takes the information from that Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Operating grants and contributions	$ 11,202,617	$ 8,433,713
General revenues		
Basic education program revenue	23,329,066	23,275,114
Other general revenues	910,076	2,633,889
Total revenues	35,441,759	34,342,716
Expenses		
Governmental activities		
Instructional		
Salaries and benefits	17,109,102	14,706,624
Student services	1,009,906	1,115,234
Materials and supplies	1,527,332	1,312,681
Nutrition	1,445	-
Other expenses	2,317,504	2,935,873
General and administrative		
Operational services	590,067	597,977
Rental, leases, and maintenance	3,168,369	3,959,310
Professional services	3,809,149	3,675,579
Depreciation and amortization	479,426	446,068
Debt service - interest	510,146	288,368
Total expenses	30,522,446	29,037,714
Change in net position	$ 4,919,313	$ 5,305,002

Governmental Activities

As reported in the Statement of Activities on page 12, the cost of all of the governmental activities this year was $30,522,446. A portion of the cost in the amount of $11,202,617 was paid by other governments and organizations who subsidized certain programs with grants and contributions. The remaining portion of governmental activities was paid with $24,329,066 in basic education program revenues and other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of GDPS TN's largest functions: salaries and benefits, student services, materials and supplies, operational services, professional services, depreciation, debt service- interest, other expenses, and rental leases and maintenance. Net cost of services shows the financial burden that was placed on Tennessee taxpayers by each of these functions. Providing this information allows the citizens to consider the cost of each function in comparison to the benefits provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instructional				
Salaries and benefits	$ 17,109,102	$ 14,706,624	$ (9,406,139)	$ (8,726,077)
Student services	1,009,906	1,115,234	(629,805)	(830,315)
Materials and supplies	1,527,332	1,312,681	(1,185,562)	(1,100,775)
Nutrition	1,445	-	(1,445)	-
Other expenses	2,317,504	2,935,873	(322,014)	(1,726,873)
General and administrative				
Operational services	590,067	597,977	(590,067)	(597,977)
Rental, leases, and maintenance	3,168,369	3,959,310	(2,386,076)	(3,211,969)
Professional services	3,809,149	3,675,579	(3,809,149)	(3,675,579)
Depreciation and amortization	479,426	446,068	(479,426)	(446,068)
Debt service - interest	510,146	288,368	(510,146)	(288,368)
Total	$ 30,522,446	$ 29,037,714	$ (19,319,829)	$ (20,604,001)

GDPS TN'S FUNDS

As GDPS TN completed this year, the governmental funds reported a fund balance of $8,611,186, which is an increase of $3,109,461 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures	June 30, 2023
General fund	$ 5,501,725	$ 35,441,759	$ 32,332,298	$ 8,611,186

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, AND LONG-TERM LIABILITIES

Capital Assets and Right-to-Use Leased Assets

At June 30, 2023, GDPS TN had $11,277,015 in a broad range of capital assets and right-to-use leased assets, assets (net of depreciation and amortization), including land, buildings, furniture, and equipment, and right-to-use leased assets. This amount represents a net increase (including additions, deductions, and depreciation) of $1,172,574, or 11.60 %, from last year (Table 5).

Table 5

	Governmental	
	2023	2022
Construction in progress	$ -	$ 3,459
Intangible asset - right-to-use leased assets	3,334,614	3,400,231
Buildings and improvements	7,875,041	6,700,751
Furniture and equipment	67,360	-
Total	$ 11,277,015	$ 10,104,441

This year's additions of $1,652,000 included construction costs for the Bluff City High School project.

See Notes 3 and 6 for additional information.

Long-Term Liabilities and Right-Of-Use Lease Liability

At the end of this year, GDPS TN had $10,528,535 in long-term liabilities including right-of-use lease liability outstanding versus $10,688,036 last year, a decrease of 1.49%. Those long-term liabilities consisted of:

Table 6

	Governmental	
	2023	2022
Loans	$ 6,749,406	$ 7,006,649
Leases	3,563,732	3,574,733
Compensated absences	215,397	106,654
Total	$ 10,528,535	$ 10,688,036

See Notes 5 and 6 for additional information.

At year-end, GDPS TN has a net pension asset of $2,139,346 versus $6,895,732 last year, a decrease of $4,756,386, or 68.98%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the GDPS TN budget for the 2023-2024 year, the Board of Directors and management used the following criteria:

The key assumptions in our revenue forecast were:

- Updated state apportionment numbers such as Basic Education Program ("BEP") based on the current state budget.
- Changes to the state categorical funds based on up-to-date student demographics (i.e., special education and poverty) and legislature approval of the state budget.
- Updated Federal Entitlements funding based on up-to-date student demographics and overall federal funding.

The key assumptions in our expenditure forecasts were:

- Grades six through twelve enrollment of 2,273 students;
- Staffed schools as needed per the number of students at each site;
- Fixed facility expense payment based on leases; and
- Optimal per student spending on variable categories;

CONTACTING GDPS TN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, students, investors and creditors with a general overview of GDPS TN's finances and to show GDPS TN's accountability for the money it receives. If there are any questions about this report or need any additional financial information, contact Jocquell Rodgers, Executive Director, at jocquell.rodgers@greendot.org.

	Governmental Activities
Assets	
Restricted investments - TCRS Stabilization Reserve	$ 380,067
Accounts receivable	10,124,450
Prepaid expenses	51,435
Restricted aggregate net pension asset	2,139,346
Capital assets, net of accumulated depreciation	7,942,401
Capital assets, intangible asset - right-to-use leased asset, net of accumulated amortization	3,334,614
Total assets	23,972,313
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	2,671,301
Liabilities	
Accounts payable	1,744,851
Unearned revenue	199,915
Right-of-use lease liability	
Right-of-use lease liability, due within one year	15,012
Right-of-use lease liability, due in more than one year	3,548,720
Long-term liabilities	
Long-term liabilities other than pensions due within one year	263,471
Long-term liabilities other than pensions due in more than one year	6,701,332
Total long-term liabilities	6,964,803
Total liabilities	12,473,301
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	664,630
Net Position	
Net investment in capital assets	963,877
Restricted for:	
Stabilization reserve trust	380,067
Net pension asset	1,474,716
Unrestricted	10,687,023
Total net position	$ 13,505,683

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Total
Governmental Activities			
Instructional			
Salaries and benefits	$ 17,109,102	$ 7,702,963	$ (9,406,139)
Student services	1,009,906	380,101	(629,805)
Materials and supplies	1,527,332	341,770	(1,185,562)
Nutrition	1,445	-	(1,445)
Other expenses	2,317,504	1,995,490	(322,014)
General and administrative			
Operational services	590,067	-	(590,067)
Rental, leases, and maintenance	3,168,369	782,293	(2,386,076)
Professional services	3,809,149	-	(3,809,149)
Depreciation and amortization	479,426	-	(479,426)
Debt service - interest	510,146	-	(510,146)
Total governmental activities	$ 30,522,446	$ 11,202,617	(19,319,829)
General revenues and subventions			
Basic education program revenue			23,329,066
Miscellaneous			910,076
Total general revenues and subventions			24,239,142
Change in Net Position			4,919,313
Net Position - Beginning			8,586,370
Net Position - Ending			$ 13,505,683

	General Fund
Assets	
Restricted investments - TCRS Stabilization Reserve	$ 380,067
Accounts receivable	10,124,450
Prepaid expenses	51,435
Total assets	$ 10,555,952
Liabilities and Fund Balances	
Liabilities	
Accounts payable	$ 1,744,851
Unearned revenue	199,915
Total liabilities	1,944,766
Fund Balances	
Nonspendable	51,435
Restricted	380,067
Unassigned	8,179,684
Total fund balances	8,611,186
Total liabilities and fund balances	$ 10,555,952

Total Fund Balance - Governmental Funds		$ 8,611,186
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 10,116,262	
Accumulated depreciation is	(2,173,861)	
Net capital assets		7,942,401
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	3,594,973	
Accumulated amortization is	(260,359)	
Net right-to-use leased assets		3,334,614
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Net pension asset		2,671,301
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Net pension asset		(664,630)
Net pension asset is not due and receivable in the current period, and is not reported as an asset in the funds.		2,139,346
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
Loans	(6,749,406)	
Leases	(3,563,732)	
Compensated absences (vacations)	(215,397)	
Total long-term liabilities		(10,528,535)
Total net position - governmental activities		$ 13,505,683

	General Fund
Revenues	
Basic education program revenue	$ 23,329,066
Federal sources	9,281,866
Other state sources	2,256,281
Other local sources	444,758
Local sources - Internal school funds	129,788
Total revenues	35,441,759
Expenditures	
Current	
Instructional	
Salaries and benefits	17,478,136
Student services	1,009,906
Materials and supplies	1,527,332
Internal school funds	129,788
Nutrition	1,445
Other expenses	2,187,716
General and administrative	
Operational services	590,067
Rental, leases, and maintenance	3,164,899
Professional services	3,809,149
Capital outlay	1,655,470
Debt service	
Principal	268,244
Interest and other	510,146
Total expenditures	32,332,298
Net Change in Fund Balance	3,109,461
Fund Balance - Beginning	5,501,725
Fund Balance - Ending	$ 8,611,186

Total Net Change in Fund Balance - Governmental Funds		$ 3,109,461
Amounts Reported for Governmental Activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 1,652,000	
Depreciation expense	(412,369)	
Net expense adjustment		1,239,631
Amortization of right to use lease assets is reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual amortization expenses in the Statement of Activities.		(65,617)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (i.e., the amounts actually paid). Vacation used was less than the amounts earned by $108,743.		(108,743)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		476,337

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Loans	$ 257,243	
Leases	11,001	
Total payments		$ 268,244
Change in net position of governmental activities		$ 4,919,313

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

Green Dot Public Schools Tennessee ("GDPS TN") (A Tennessee Nonprofit Public Benefit Organization) was organized on May 29, 2014. Financial activity began on July 1, 2014. During the fiscal year ended June 30, 2023, GDPS TN operated five charters. Fairley High School ("Fairley HS"), Wooddale Middle School ("Wooddale MS"), Kirby Middle School ("Kirby MS") and Hillcrest High School (Hillcrest HS) operate under the approval of the Tennessee Department of Education ("TDOE") and are part of the Achievement School District. Bluff City High School (Bluff City HS) operates under the approval of the TDOE. Fairley High School, Hillcrest High School, Kirby Middle School, Wooddale Middle School, and Bluff City High School receive per-pupil funding to help support operations. In accordance with TCA § 49-13-127(b)(3), the financial statements only include the financial position and activities of the five charter schools, and do not include the financial position and management activities of the Regional Office. Accordingly, these financial statements are not intended to present fairly the financial position and results of operations of the GDPS TN in compliance with accounting principles generally accepted in the United States of America.

GDPS TN was founded upon the simple idea that every child in every community deserves to go to a great school. GDPS TN's mission is to transform public education so all students graduate prepared for college, leadership, and life. GDPS TN's academic model is designed to meet individual student needs and to provide students with a rigorous curriculum and the support they need to succeed. GDPS TN ensures that every student has a highly effective classroom experience by providing small, safe personalized schools, high expectations for all students, local control and accountability, parent participation, maximum funding in the classroom, and a longer school day and year. During the 2022-2023 fiscal year, GDPS TN served 2,615 students in three high schools and two middle schools. GDPS TN's students mirror the socio-economic demographic of their communities and local traditional schools.

Other Related Entities

Green Dot Public Schools National ("GDPS National") is a national organization providing services to schools in California, Tennessee, and South Texas. These services include, but are not limited to, Human Resources, Legal, Finance and Accounting, Information Technology, Knowledge Management, Strategic Planning, and National Expansion. In exchange, GDPS TN pays service fees to GDPS National. Each of the regional offices operates the schools and oversees educational services in its region.

GDPS National grants GDPS TN a non-transferable, non-sub-licensable, and non-exclusive license to use, reproduce, and display the Green Dot brand, which includes, but is not limited to: trademarks, service marks, design marks, trade names, domain names, and registrations in connection with GDPS TN's oversight, support activities, and related educational activities of the schools in its region.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GDPS TN's funds are grouped into one fund category: governmental.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. GDPS TN's major governmental fund is the General Fund.

Major Governmental Funds

General Fund The General Fund is the chief operating fund for GDPS TN. It is used to account for the ordinary operations of GDPS TN. All transactions are accounted for in this fund.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of GDPS TN and for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. GDPS TN does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of GDPS TN.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements Fund financial statements report detailed information about GDPS TN. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Individual charter funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. GDPS TN considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which GDPS TN receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by GDPS TN before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when GDPS TN has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. GDPS TN has a restricted investment in the Tennessee Consolidated Retirement System ("TCRS") Stabilization Reserve. The TCRS Stabilization Reserve is designed specifically to accumulate assets that will be used to pay pension benefits in the future.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of GDPS TN. GDPS TN maintains a capitalization threshold of $5,000. GDPS TN does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 30 years; improvements/infrastructure, 5 to 30 years; equipment, 2 to 15 years.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. GDPS TN reports deferred outflows of resources for pension related items. The deferred amounts related to pension relate to contributions subsequent to measurement date, differences between contributions and GDPS TN's proportionate share of contributions, differences between expected and actual experiences, and changes of assumptions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. GDPS TN reports deferred inflows of resources for pension related items. The deferred amounts related to pension relate to differences between contributions and the GDPS TN's proportionate share of contributions, differences between expected and actual experiences, and differences between expected and actual earnings on investments.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan – Achievement, Teacher Legacy Pension Plan – Bluff City, Teacher Hybrid Retirement Plan – Achievement and the Teacher Hybrid Retirement Plan – Bluff City in the TCRS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, GDPS TN includes the net pension asset less the related deferred inflows of resources related pensions.

Leases

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

GDPS TN records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision-making authority for GDPS TN. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. GDPS TN currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under GDPS TN's adopted policy, only the Board of Directors or Chief Financial Officer or Executive Director may assign amounts for specific purposes. GDPS TN currently does not have any assigned funds.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, GDPS TN considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, GDPS TN considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. GDPS TN first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $1,795,050 of restricted net position.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, GDPS TN adopted GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on GDPS TN’s financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, GDPS TN adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. There was not a significant effect on GDPS TN's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, GDPS TN adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There was not a significant effect on GDPS TN's financial statements as a result of the implementation of the standard.

Note 2 - Receivables

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, and other local sources. All receivables are considered collectible in full.

	General Fund
Federal Government	
Categorical aid	$ 5,023,619
State Government	
Principal apportionment	513,777
Categorical aid	100,834
GDPS TN Regional Office	4,486,220
Total	$ 10,124,450

Note 3 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	$ 3,459	$ -	$ 3,459	$ -
Capital assets being depreciated				
Buildings and improvements	8,460,803	1,586,959	-	10,047,762
Furniture and equipment	-	68,500	-	68,500
Total capital assets being depreciated	8,460,803	1,655,459	-	10,116,262
Accumulated depreciation				
Buildings and improvements	(1,760,052)	(412,369)	-	(2,172,421)
Furniture and equipment	-	(1,440)	-	(1,440)
Total accumulated depreciation	(1,760,052)	(413,809)	-	(2,173,861)
Net depreciable assets	6,700,751	1,241,650	-	7,942,401
Governmental activities capital assets, net	6,704,210	1,241,650	3,459	7,942,401

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instructional	$ (412,369)

Note 4 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund
Other accounts payable	$ 1,744,851

Note 5 - Long-Term Liabilities Other than Pensions

Summary

The changes in GDPS TN's long-term liabilities other than pensions during the year consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Loans	$ 7,006,649	$ -	$ (257,243)	$ 6,749,406	$ 263,471
Compensated absences	106,654	108,743	-	215,397	-
Total	$ 7,113,303	$ 108,743	$ (257,243)	$ 6,964,803	$ 263,471

Loans

On August 7, 2015, GDPS TN entered into an unsecured loan agreement with CSGF Memphis, LLC, to be used by Wooddale Middle School. CSGF Memphis, LLC agreed to lend the principal sum of $585,000 with an interest rate of 1.00% per annum on the principal sum outstanding. The entire unpaid principal amount of $585,000, together with all accrued unpaid interest is due on December 31, 2025. Upon successful accomplishment of the milestones outlined in the loan, certain of the amounts due under the loan may be forgiven and treated as a charitable grant. The loans are subject to certain covenants. At June 30, 2023, the balance was $585,000.

Future loan payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$ -	$ 5,850	$ 5,850
2025	-	5,850	5,850
2026	585,000	2,925	587,925
Total	$ 585,000	$ 14,625	$ 599,625

On October 5, 2016, GDPS TN entered into an unsecured loan agreement with CSGF Memphis, LLC. CSGF Memphis, LLC agreed to lend the principal sum of $820,000 with an interest rate of 1.00% per annum on the principal sum outstanding. $420,000 of the principal was to be used by Hillcrest High School and $400,000 by Kirby Middle School. At June 30, 2023, the balance was $447,000.

Future loan payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$ 149,000	$ 14,279	$ 163,279
2025	149,000	15,769	164,769
2026	149,000	17,131	166,131
Total	$ 447,000	$ 47,179	$ 494,179

On April 4, 2018, GDPS TN entered into a construction loan agreement with Nonprofit Finance Fund to be used by Bluff City High School. Nonprofit Finance Fund lent the principal sum of $2,740,083 with an interest rate of 5.75% per annum on the principal sum outstanding. The loan will be paid in full by April 1, 2025. The loan is secured with GDPS TN's leasehold interest at 0 Raines Road, Memphis, Tennessee valued at $3,000,000. The loans are subject to certain covenants, including meeting a minimum debt service coverage ratio and a minimum cash balance ratio. Bluff City High School was in default with Nonprofit Finance Fund. The default occurred due to being placed on academic probationary status and failing to maintain a growth score of 3 or above under the Tennessee Value-Added System. GDPS TN shall cease making any and all payments under the shared service agreement unless otherwise preapproved by Nonprofit Finance Fund. At June 30, 2023, the balance was $2,486,269.

Future loan payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$ 90,245	$ 140,607	$ 230,852
2025	2,396,024	101,975	2,497,999
Total	$ 2,486,269	$ 242,582	$ 2,728,851

On May 17, 2019, GDPS TN entered into a construction loan agreement with Nonprofit Finance Fund to be used by Bluff City High School. Nonprofit Finance agreed to lend the principal sum of $3,300,000 with an interest rate of 6.50% per annum on the principal outstanding per the modified loan agreement. GDPS has drawn down $3,143,435 with an interest rate of 6.50% per annum on the principal outstanding per the modified loan agreement. The loan will be paid in full by April 1, 2025. The loan is secured with GDPS TN's leasehold interest at 4100 Ross Road, Memphis, Tennessee valued at $3,300,000. The loans are subject to certain covenants, including meeting a minimum debt service coverage ratio and a minimum cash balance ratio. Bluff City High School was in default with Nonprofit Finance Fund. The default occurred due to being placed on academic probationary status and failing to maintain a growth score of 3 or above under the Tennessee Value-Added System. GDPS TN shall cease making any and all payments under the shared service agreement unless otherwise preapproved by Nonprofit Finance Fund. At June 30, 2023, the balance was $3,231,137.

Future loan payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$ 24,226	$ 208,965	$ 233,191
2025	3,206,911	155,651	3,362,562
Total	$ 3,231,137	$ 364,616	$ 3,595,753

Compensated Absences

Compensated absences (unpaid employee vacation) for GDPS TN at June 30, 2023, amounted to $215,397.

Note 6 - Leases

GDPS TN entered into an agreement on May 17, 2019, between GDPS TN, a Tennessee nonprofit public benefit corporation and Nonprofit Finance Fund, a New York not for profit corporation to secure a loan for the renovation and improvement of certain real property and improvements knows as “Bluff City High School” leased by Borrower and located at and commonly known as 4100 Ross Road, Memphis, Tennessee. The term of the lease commences on May 1, 2020, and ends on March 1, 2052, with an additional 2 renewal terms ending in May 1, 2072. The annual interest rate charged on the lease is 4.50%. GDPS TN did not include the renewal options in the determination of the right-to-use assets and lease liabilities due to the uncertainty of exercising the options. At June 30, 2023, GDPS TN has recognized a right-to-use (net of accumulated amortization) asset of $3,334,614 and a lease liability of $3,563,732 related to this agreement. During the year, GDPS recorded $65,617 in amortization expense and $160,067 in interest expense for the right-to-use Bluff City High School.

GDPS amortized the right-to-use assets as follows during the fiscal year:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Right-to-use leased assets being amortized				
Intangible asset - right-to-use lease asset	$ 3,594,973	$ -	$ -	$ 3,594,973
Accumulated amortization				
Intangible asset - right-to-use lease asset	(194,742)	(65,617)	-	(260,359)
Net right-to-use leased assets	$ 3,400,231	$ (65,617)	$ -	$ 3,334,614

Lease liability activity for governmental activities for the year was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Leases	$ 3,574,733	$ -	$ (11,001)	$ 3,563,732	$ 15,012

Remaining obligations associated with this lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 15,012	$ 160,067	$ 175,079
2025	19,276	159,304	178,580
2026	23,808	158,344	182,152
2027	28,620	157,174	185,794
2028	33,728	155,782	189,510
2029-2033	256,702	749,243	1,005,945
2034-2038	438,295	672,350	1,110,645
2039-2043	677,785	548,457	1,226,242
2044-2048	991,017	362,852	1,353,869
2049-2052	1,079,489	103,376	1,182,865
Total	$ 3,563,732	$ 3,226,949	$ 6,790,681

Note 7 - Fund Balance

The fund balance is composed of the following elements:

	General Fund
Nonspendable	
Prepaid expenses	$ 51,435
Restricted	
Stabilization reserve trust	380,067
Unassigned	8,179,684
Total	$ 8,611,186

Note 8 - Risk Management

GDPS TN is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. GDPS TN purchases commercial insurance for property damage with coverage of $149 million, subject to various policy sub-limits generally ranging from $1 million to $50 million and a deductible of $10,000 per occurrence. GDPS TN also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence and $3 million in the aggregate, with excess liability coverage over $23 million, subject to a deductible of $10,000 per occurrence and a per employee policy limit, subject to a deductible of $100,000 per occurrence per claim, up to a maximum of $1.5 million.

Property and Liability

GDPS TN is exposed to various risks of loss. During fiscal year ended June 30, 2023, GDPS TN contracted with Philadelphia Insurance Companies for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits

GDPS TN has contracted with Aetna and VSP to provide employee health benefits. Periodically, GDPS TN seeks competitive bids to provide this service. Premiums are paid monthly to the carriers who are responsible for providing benefits.

Note 9 - Employee Retirement Systems

Fairley HS, Wooddale MS, Kirby MS and Hillcrest HS are part of the Achievement School District which places the schools in the Teacher Legacy Pension Plan – Achievement and Teacher Hybrid Retirement Plan – Achievement pension plans. Bluff City HS is not part of another district, which places the school in the Teacher Legacy Pension Plan – Bluff City and Teacher Hybrid Retirement Plan – Bluff City pension plans.

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by an agency of the State of Tennessee. Certificated employees are members of the Tennessee Consolidated Retirement System. All employees who are not members of this plan must contribute to the federal social security system.

For the fiscal year ended June 30, 2023, GDPS TN reported its proportionate share of net pension liability (asset), deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Negative Pension Expense)
Legacy - Achievement	$ (1,699,997)	$ 1,853,262	$ 374,326	$ 18,277
Legacy - Bluff City	(342,832)	351,777	191,034	(39,874)
Hybrid - Achievement	(73,665)	378,427	60,050	115,976
Hybrid - Bluff City	(22,852)	87,835	39,220	30,617
Total	$ (2,139,346)	$ 2,671,301	$ 664,630	$ 124,996

Tennessee Consolidated Retirement System Teacher Legacy Pension Plan – Achievement

Plan description

The Tennessee Consolidated Retirement System ("TCRS") was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Teachers with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies ("LEAs") after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments ("COLAs") after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index ("CPI") during the prior calendar year, capped at 3.00%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5.00% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by GDPS TN for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were $420,157 which is 8.69% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension liabilities (assets)

At June 30, 2023, GDPS TN reported a liability (asset) of $(1,699,997) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. GDPS TN's proportion of the net pension liability (asset) was based on GDPS TN's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, GDPS TN's proportion was 0.138616%. The proportion measured as of June 30, 2021 was 0.131882%.

Pension expense (negative pension expense)

For the year ended June 30, 2023, GDPS TN recognized pension expense (negative pension expense) of $18,277.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2023, GDPS TN 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
Differences between expected and actual experience	$ 279,643	$ 287,248
Changes of assumptions	1,064,966	
Net difference between projected and actual earnings		-
on pension plan investment	29,069	-
Change in proportion of net pension liability (asset)	59,427	87,078
Contributions subsequent to the measurement date of June 30, 2022	420,157	-
Total	$ 1,853,262	$ 374,326

GDPS TN employer contributions of $420,157, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2024	$ 168,601
2025	317,492
2026	(324,571)
2027	897,257
Total	$ 1,058,779

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions

The total pension liability (asset) in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increase	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125 percent

Mortality rates are customized based on actual experience including adjustment for some anticipated improvements.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

The following presents GDPS TN’s proportionate share of the net pension asset calculated using the discount rate of 6.75%, as well as what GDPS TN’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GDPS TN's proportionate share of the net pension liability (assets)	$ 3,367,108	$ (1,699,997)	$ (5,920,558)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2023, GDPS TN reported no payable for any outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

Tennessee Consolidated Retirement System Teacher Legacy Pension Plan – Bluff City

Plan description

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Teachers with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3.00%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5.00% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by GDPS TN for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were $74,752 which is 8.69% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension liabilities (assets)

At June 30, 2023, GDPS TN reported a liability (asset) of $(342,832) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. GDPS TN's proportion of the net pension liability was based on GDPS TN's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, GDPS TN's proportion was 0.027954%. The proportion measured as of June 30, 2021, was 0.018904%.

Pension expense (negative pension expense)

For the year ended June 30, 2023, GDPS TN recognized pension expense (negative pension expense) of $(39,874).

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2023, GDPS TN 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
Differences between expected and actual experience	$ 56,395	$ 57,928
Changes of assumptions	214,768	-
Net difference between projected and actual earnings on pension plan investment	5,862	-
Change in proportion of net pension liability (asset)	-	133,106
Contributions subsequent to the measurement date of June 30, 2022	74,752	-
Total	$ 351,777	$ 191,034

GDPS TN employer contributions of $74,752, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2024	$ (14,427)
2025	17,245
2026	(97,775)
2027	180,948
Total	$ 85,991

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increase	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125 percent

Mortality rates are customized based on actual experience including adjustment for some anticipated improvements.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates 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 of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

The following presents GDPS TN's proportionate share of the net pension asset calculated using the discount rate of 6.75%, as well as what GDPS TN's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GDPS TN's proportionate share of the net pension liability (assets)	$ 679,033	$ (342,832)	$ 1,193,978

Pension plan fiduciary net position

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

Payable to the Pension Plan

At June 30, 2023, GDPS TN reported no payable for any outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

Tennessee Consolidated Retirement System Teacher Hybrid Retirement Plan – Achievement

Plan Description

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Teachers employed by GDPS TN with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90.

Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by GDPS TN for the year ended June 30, 2023 to the Teacher Retirement Plan were $143,604 which is 2.87% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liabilities (assets)

At June 30, 2023, GDPS TN reported a liability (asset) of $(73,665) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. GDPS TN's proportion of the net pension liability (asset) was based on GDPS TN's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, GDPS TN's proportion was 0.243180%. The proportion measured as of June 30, 2021 was 0.266079%.

Pension expense

For the year ended June 30, 2023, GDPS TN recognized pension expense (negative pension expense) of $115,976.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2023, GDPS TN 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
Differences between expected and actual experience	$ 4,028	$ 44,756
Net difference between projected and actual earnings on pension plan investment	23,220	-
Changes of assumptions	86,295	-
Change in proportion of net pension liability (asset)	121,280	15,294
Contributions subsequent to the measurement date of June 30, 2022	143,604	-
Total	$ 378,427	$ 60,050

GDPS TN's employer contributions of $143,604, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		Deferred Outflow/(Inflows) of Resources
2024	$	13,559
2025		13,796
2026		9,980
2027		50,423
2028		16,135
Thereafter		70,880
Total	$	174,773

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increase	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125 percent

Mortality rates are customized based on experience including an adjustment for some anticipated improvements.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension asset to changes in the discount rate

The following presents GDPS TN's proportionate share of the net pension asset calculated using the discount rate of 6.75%, as well as what GDPS TN's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GDPS TN's proportionate share of the net pension liability (assets)	$ 386,701	$ (73,665)	$ (409,875)

Pension plan fiduciary net position

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

Payable to the Pension Plan

At June 30, 2023, GDPS TN reported no payable for any outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

Defined Contribution Plan

The TCRS Retirement Plan has a defined contribution component to the plan. Under the terms of the Plan for the defined contribution component, employees contribute 2% of their salaries to the plan, but are allowed an opt-out feature. GDPS TN is required to contribute 5% of annual salaries, to an individual employee account. For the year ended June 30, 2023, the GDPS TN recognized pension expense of $115,976 related to the defined contribution component of the plan. Employees are immediately vested in the plan.

Tennessee Consolidated Retirement System Teacher Hybrid Retirement Plan – Bluff City

Plan Description

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Teachers employed by GDPS TN with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90.

Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by GDPS TN for the year ended June 30, 2023 to the Teacher Retirement Plan were $40,103 which is 2.87% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liabilities (assets)

At June 30, 2023, GDPS TN reported a liability (asset) of $(22,852) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. GDPS TN's proportion of the net pension liability (asset) was based on GDPS TN's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022 GDPS TN's proportion was 0.075439%. The proportion measured as of June 30, 2021 was 0.095774%.

Pension expense

For the year ended June 30, 2023, GDPS TN recognized pension expense (negative pension expense) of $30,617.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2023, GDPS TN 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
Differences between expected and actual experience	$ 1,250	$ 13,884
Net difference between projected and actual earnings on pension plan investment	7,203	-
Changes of assumptions	26,770	-
Change in proportion of net pension liability (asset)	12,509	25,336
Contributions subsequent to the measurement date of June 30, 2021	40,103	-
Total	$ 87,835	$ 39,220

GDPS TN's employer contributions of $40,103, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2023	$ (1,155)
2024	(1,081)
2025	(2,265)
2026	10,281
2027	(356)
Thereafter	3,088
Total	$ 8,512

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increase	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125 percent

Mortality rates are customized based on experience including an adjustment for some anticipated improvements.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension asset to changes in the discount rate

The following presents GDPS TN's proportionate share of the net pension asset calculated using the discount rate of 6.75%, as well as what GDPS TN's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GDPS TN's proportionate share of the net pension liability (assets)	$ 119,961	$ (22,852)	$ (127,150)

Pension plan fiduciary net position

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

Payable to the Pension Plan

At June 30, 2023, GDPS TN reported no payable for any outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

TCRS Stabilization Trust

Legal Provisions

GDPS TN is a member of the TCRS Stabilization Reserve Trust. GDPS TN has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated ("TCA"), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of GDPS TN.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. GDPS TN may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances

Reserve Trust, are invested in the Tennessee Retiree Group Trust ("TRGT"). The TRGT is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2023, GDPS TN had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
U.S. equity	N/A	N/A	$ 117,821
Developed market international equity	N/A	N/A	53,209
Emerging market international equity	N/A	N/A	15,203
Investment at Amortized Cost using the NAV			
Private equity and strategic lending	N/A	N/A	76,013
U.S. fixed income	N/A	N/A	76,013
Real estate	N/A	N/A	38,007
Short-term securities	N/A	N/A	3,801
Total			$ 380,067

Investment Type	Fair Value 6/30/2021	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized Cost NAV
U.S. equity	$ 117,821	$ 117,821	$ -	$ -	$ -
Developed market international equity	53,209	53,209	-	-	-
Emerging market international equity	15,203	15,203	-	-	-
Private equity and strategic lending	76,013	-	-	-	76,013
U.S. fixed income	76,013	-	76,013	-	-
Real estate	38,007	-	-	38,007	-
Short-term securities	3,801	-	3,801	-	-
Total	$ 380,067	$ 186,233	$ 79,814	$ 38,007	$ 76,013

Risks and Uncertainties

The TCRS Stabilization Reserve Trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. GDPS TN does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GDPS TN does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. GDPS TN places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of GDPS TN to pay retirement benefits of GDPS TN employees.

For further information concerning the GDPS TN's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at https://comptroller.tn.gov/content/dam/cot/sa/advancedsearch/disclaimer/2019/ag18092.pdf.

401K

Effective January 1, 2016, GDPS TN established a defined contribution plan, the Green Dot Public Schools 401K, covering all eligible employees 21 years or older and with one year of eligibility service. All employees who meet the 401K plan entry requirements, which is the completion of one year of employment and 1,000 hours, are eligible for Safe Harbor Match Contributions. Safe Harbor Matching Contributions are always 100% vested and non-forfeitable. GDPS TN makes a matching contribution equal to participants' contributions to the Green Dot Public Schools 401K up to 4.00% of the participant's compensation. The employer's contribution to the Green Dot Public Schools 401K for the year ended June 30, 2023, was $313,342. Only employees not in the pension plan are eligible to participate in the 401K plan.

Note 10 - Commitments and Contingencies

Grants

GDPS TN received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of GDPS TN at June 30, 2023.

Litigation

GDPS TN has various outstanding claims or litigation. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on GDPS TN's financial position or result of operations.

Note 11 - Related Party Transactions

Related Organizations

GDPS TN Regional Office ensures that its schools' legal requirements, and all such conditions as may have been imposed by the appropriate authorizers are fully complied with at all times. The GDPS TN regional office provides the following services to the schools: human resources, information technology, fund raising, facilities management, operations management, financial oversight, executive management, and curriculum development. GDPS TN schools paid $3,831,337 in fees to GDPS TN regional office during the year. At June 30, 2023, GDPS TN schools reported an accounts receivable of $4,486,127 and accounts payable of $1,461,645 from GDPS TN regional office.

Required Supplementary Information
June 30, 2023

Green Dot Public Schools Tennessee

Green Dot Public Schools Tennessee

Schedule of the Proportionate Share of the Net Pension Liability (Asset)

Year Ended June 30, 2023

Teacher Legacy Pension Plan - Achievement	2022	2021	2020	2019	2018	2017	2016
GDPS TN's proportion of the net pension liability (asset)	0.138616%	0.131882%	0.149358%	0.151205%	0.137437%	0.129817%	0.063552%
GDPS TN's proportionate share of the net pension liability (asset)	$ (1,699,997)	$ (5,688,384)	$ (1,138,961)	$ (1,554,656)	$ (483,631)	$ (42,473)	$ 397,162
GDPS TN's covered - employee payroll	$ 4,561,774	$ 4,331,633	$ 3,985,758	$ 5,070,112	$ 4,812,616	$ 4,819,251	$ 2,294,081
GDPS TN's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	-37.27%	-131.41%	-22.91%	-30.66%	-10.05%	-0.88%	17.31%
Plan fiduciary net position as a percentage of the total pension liability (asset)	-104.42%	116.13%	103.09%	104.28%	101.49%	100.14%	97.14%

Teacher Legacy Pension Plan - Bluff City	2022	2021	2020	2019	2018
GDPS TN's proportion of the net pension liability (asset)	0.027954%	0.018904%	0.013723%	0.011976%	0.008677%
GDPS TN's proportionate share of the net pension liability (asset)	$ (342,832)	$ (815,388)	$ (104,648)	$ (123,130)	$ (30,533)
GDPS TN's covered - employee payroll	$ 919,957	$ 620,471	$ 266,602	$ 401,556	$ 303,831
GDPS TN's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	-37.27%	-131.41%	-22.91%	-30.66%	-10.05%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.42%	116.13%	103.09%	104.28%	101.49%

Teacher Hybrid Retirement Plan - Achievement	2022	2021	2020	2019	2018	2017	2016
GDPS TN's proportion of the net pension liability (asset)	0.243180%	0.266079%	0.081129%	0.405550%	0.474202%	0.678577%	0.488770%
GDPS TN's proportionate share of the net pension liability (asset)	$ (73,665)	$ (288,220)	$ (46,133)	$ (228,928)	$ (215,064)	$ (179,032)	$ (50,883)
GDPS TN's covered - employee payroll	$ 4,152,795	$ 3,840,089	$ 6,885,582	$ 4,291,547	$ 4,143,953	$ 4,223,468	$ 2,150,617
GDPS TN's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	-1.77%	-7.51%	-4.51%	-5.33%	-5.19%	-4.24%	-2.37%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.55%	121.53%	116.52%	123.07%	126.97%	126.81%	121.88%

Teacher Hybrid Retirement Plan - Bluff City	2022	2021	2020	2019	2018
GDPS TN's proportion of the net pension liability (asset)	0.075439%	0.095774%	0.261252%	0.075178%	0.044219%
GDPS TN's proportionate share of the net pension liability (asset)	$ (22,852)	$ (103,744)	$ (148,559)	$ (42,437)	$ (20,055)
GDPS TN's covered - employee payroll	$ 1,288,261	$ 1,382,225	$ 1,184,871	$ 795,537	$ 386,423
GDPS TN's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	-1.77%	-7.51%	-4.51%	-5.33%	-5.19%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.55%	121.53%	116.52%	123.07%	126.97%

Teacher Legacy Pension Plan - Achievement	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 420,157	$ 469,863	$ 444,859	$ 423,686	$ 530,334	$ 436,985	$ 414,842	$ 207,385
Contributions in relation to the contractually required contribution	420,157	469,863	444,859	423,686	530,334	436,985	414,842	207,385
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GDPS TN's covered - employee payroll	$ 4,834,952	$ 4,561,774	$ 4,331,633	$ 3,985,758	$ 5,070,112	$ 4,812,616	$ 4,819,251	$ 2,294,081
Contributions as a percentage of covered - employee payroll	8.69%	10.30%	10.27%	10.63%	10.46%	9.08%	8.61%	9.04%

Teacher Legacy Pension Plan - Bluff City	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 74,752	$ 94,756	$ 63,722	$ 28,340	$ 42,003	$ 27,588
Contributions in relation to the contractually required contribution	74,752	94,756	63,722	28,340	42,003	27,588
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
GDPS TN's covered - employee payroll	$ 860,205	$ 919,957	$ 620,471	$ 266,602	$ 401,556	$ 303,831
Contributions as a percentage of covered - employee payroll	8.69%	10.30%	10.27%	10.63%	10.46%	9.08%

Teacher Hybrid Retirement Plan - Achievement	2023	2022	2021	2020	2019*	2018	2017	2016
Contractually required contribution	$ 143,604	$ 83,471	$ 77,570	$ 66,925	$ 83,256	$ 67,577	$ 178,151	$ 53,834
Contributions in relation to the contractually required contribution	143,604	83,471	77,570	66,925	83,256	165,758	178,151	86,024
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (98,181)	$ -	$ (32,190)
District's covered - employee payroll	$ 5,003,618	$ 4,152,795	$ 3,840,089	$ 6,885,582	$ 4,291,547	$ 4,143,953	$ 4,223,468	$ 2,150,617
Contributions as a percentage of covered - employee payroll	2.87%	2.01%	2.02%	0.97%	1.94%	4.00%	4.22%	4.00%

Teacher Hybrid Retirement Plan - Bluff City	2023	2022	2021	2020	2019*	2018
Contractually required contribution	$ 40,103	$ 46,790	$ 47,014	$ 23,743	$ 15,433	$ 6,302
Contributions in relation to the contractually required contribution	40,103	46,790	47,014	23,743	15,433	15,457
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (9,155)
District's covered - employee payroll	$ 1,397,319	$ 1,288,261	$ 1,382,225	$ 1,184,871	$ 795,537	$ 386,423
Contributions as a percentage of covered - employee payroll	2.87%	3.63%	3.40%	2.00%	1.94%	4.00%

*In FY 2019 GDPS TN placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

Note 1 - Purpose of Schedules

Schedule of Proportionate Share of the Net Pension Liability (Asset)

This schedule presents information on GDPS TN's proportionate share of the net pension liability (asset) ("NPL"), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with GDPS TN. In the future, as data becomes available, ten years of information will be presented. Teacher Legacy Pension Plan – Bluff City and Teacher Hybrid Retirement Plan – Bluff City has information starting in 2018 due to Bluff City HS opening during the fiscal year end June 30, 2018.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for Teacher Hybrid Retirement Plan and Teacher Legacy Pension Plan.
- *Changes of Assumptions* – In 2022, the following assumptions were changed: decreased inflation rate from 2.1% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; decreased salary growth graded ranges from an average of 3.44% to an average of 8.72%; and modified mortality assumptions.

Schedule of Contributions

This schedule presents information on GDPS TN's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented. Teacher Legacy Pension Plan – Bluff City and Teacher Hybrid Retirement Plan – Bluff City has information starting in 2018 due to Bluff City HS opening during the fiscal year end June 30, 2018.

Supplementary Information
June 30, 2023

Green Dot Public Schools Tennessee

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through Achievement School District			
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	[1]	$ 1,514,283
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	[1]	1,833,237
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	[1]	626,732
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	[1]	20,021
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Innovative School Models (ARP-ESSER Federal Funds)	84.425U	[1]	112,374
Subtotal			4,106,647
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	[1]	2,549,928
Title I, School Improvement Grant, Turnaround Action Grant	84.010A	[1]	705,742
Subtotal			3,255,670
Title II, Part A, Improving Teacher Quality	84.367	[1]	122,333
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	[1]	573,527
Safe and Supportive Schools	84.184Y	[1]	80,164
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	[1]	341,520
American Rescue Plan IDEA, Part B, Sec 611, Local Assistant Entitlement	84.027	[1]	156,900
IDEA, Part B: Special Education Grants to States-Best for All	84.027A	[1]	31,252
Total Special Education Cluster			529,672
Total U.S. Department of Education			8,668,013

[1] Pass-Through Entity Identifying Number not available

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through Achievement School District			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	[1]	$ 477,820
Resilient School Communities	93.354	[1]	136,033
Total U.S. Department of Health and Human Services			613,853
Total Federal Financial Assistance			$ 9,281,866

[1] Pass-Through Entity Identifying Number not available

Grantor/Pass-Through Grantor	State Awards
Passed through Achievement School District	
Basic Education Program	$ 18,078,859
Passed through Memphis Shelby County Schools	
Basic Education Program	5,250,207
Charter School Facility Grant	1,537,657
Charter Scholl Facilities Grant Non-Competitive	639,515
Learning Camp Transportation	12,954
Learning Loss Bridge Camp	66,155
Total State Financial Assistance	$ 25,585,347

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Beginning Balance July 1, 2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Ending Balance June 30, 2023
Governmental Activities:									
Loan payable									
Loan payable through CSGF Memphis, LLC	$ 585,000	1.00%	8/7/2015	12/31/2025	$ 585,000	$ -	$ -	$ -	$ 585,000
Loan payable through CSGF Memphis, LLC	820,000	1.00%	10/5/2016	8/1/2025	596,000	-	(149,000)	-	447,000
Loan payable through Nonprofit Finance Fund	2,740,083	5.75%	4/4/2018	4/1/2025	2,571,483	-	(85,214)	-	2,486,269
Loan payable through Nonprofit Finance Fund	3,300,000	6.50%	5/17/2019	4/1/2025	3,254,166	-	(23,029)	-	3,231,137
Total loan payable					$ 7,006,649	$ -	$ (257,243)	$ -	$ 6,749,406

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Beginning Balance July 1, 2022	Issued During Period	Paid and/or Matured During Period	Remeasurements	Ending Balance June 30, 2023
Right-of-use lease liability									
Lease - Bluff City High School Building	$ 3,594,973	4.50%	5/1/2020	3/1/2052	$ 3,574,733	$ -	$ (11,001)	$ -	$ 3,563,732

Lease requirements by year are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 15,012	$ 160,067	$ 175,079
2025	19,276	159,304	178,580
2026	23,808	158,344	182,152
2027	28,620	157,174	185,794
2028	33,728	155,782	189,510
2029-2033	256,702	749,243	1,005,945
2034-2038	438,295	672,350	1,110,645
2039-2043	677,785	548,457	1,226,242
2044-2048	991,017	362,852	1,353,869
2049-2052	1,079,489	103,376	1,182,865
Total	$ 3,563,732	$ 3,226,949	$ 6,790,681

	Fairley HS Fund	Wooddale MS Fund	Hillcrest HS Fund	Kirby MS Fund	Bluff City HS Fund	Total General Fund
Assets						
Restricted investments -						
TCRS Stabilization Reserve	$ 65,278	$ 76,918	$ 80,207	$ 69,475	$ 88,189	$ 380,067
Accounts receivable	959,798	3,405,966	1,176,363	3,504,364	1,077,959	10,124,450
Prepaid expenses	8,090	8,285	8,231	5,945	20,884	51,435
Total assets	$ 1,033,166	$ 3,491,169	$ 1,264,801	$ 3,579,784	$ 1,187,032	$ 10,555,952
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 926,028	$ 71,883	$ 654,317	$ 51,328	$ 41,295	$ 1,744,851
Unearned revenue	39,052	41,176	35,675	50,064	33,948	199,915
Total liabilities	965,080	113,059	689,992	101,392	75,243	1,944,766
Fund Balances						
Nonspendable	8,090	8,285	8,231	5,945	20,884	51,435
Restricted	65,278	76,918	80,207	69,475	88,189	380,067
Unassigned	(5,282)	3,292,907	486,371	3,402,972	1,002,716	8,179,684
Total fund balances	68,086	3,378,110	574,809	3,478,392	1,111,789	8,611,186
Total liabilities and fund balances	$ 1,033,166	$ 3,491,169	$ 1,264,801	$ 3,579,784	$ 1,187,032	$ 10,555,952

	Fairley HS Fund	Wooddale MS Fund	Hillcrest HS Fund	Kirby MS Fund	Bluff City HS Fund	Total General Fund
Revenues						
Basic education program revenue	$ 4,282,106	$ 5,215,622	$ 4,491,614	$ 4,089,517	$ 5,250,207	$ 23,329,066
Federal sources	1,710,504	1,938,774	1,983,877	1,932,180	1,716,531	9,281,866
Other State sources	668,369	197,927	634,001	637,211	118,773	2,256,281
Local sources	79,669	76,193	94,578	78,378	115,940	444,758
Local sources - Internal school fund	16,008	32,692	39,401	27,766	13,921	129,788
Total revenues	6,756,656	7,461,208	7,243,471	6,765,052	7,215,372	35,441,759
Expenditures						
Current						
Instructional						
Salaries and benefits	2,962,623	3,986,155	3,689,212	3,205,271	3,634,875	17,478,136
Student services	268,929	129,368	168,817	115,816	326,976	1,009,906
Materials and supplies	313,966	263,878	322,036	293,487	333,965	1,527,332
Internal School Fund	16,008	32,692	39,401	27,766	13,921	129,788
Nutrition	275	240	232	132	566	1,445
Other expenses	412,041	427,705	472,806	369,486	505,678	2,187,716
General and administrative						
Operational services	104,962	126,995	109,787	99,312	149,011	590,067
Rental, leases, and maintenance	801,048	707,347	681,016	486,592	488,896	3,164,899
Professional services	693,556	866,742	735,751	691,158	821,942	3,809,149
Capital outlay	660,688	13,700	458,138	509,244	13,700	1,655,470
Debt service						
Principal	-	-	76,317	72,683	119,244	268,244
Interest and other	-	-	(3,440)	(3,029)	516,615	510,146
Total expenditures	6,234,096	6,554,822	6,750,073	5,867,918	6,925,389	32,332,298
Net Change in Fund Balances	522,560	906,386	493,398	897,134	289,983	3,109,461
Fund Balance - Beginning	(454,474)	2,471,724	81,411	2,581,258	821,806	5,501,725
Fund Balance - Ending	$ 68,086	$ 3,378,110	$ 574,809	$ 3,478,392	$ 1,111,789	$ 8,611,186

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal awards

<u>Basis of Presentation</u>
The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal activity of GDPS TN under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards*("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of GDPS TN, it is not intended to and does not present the financial position, or changes in net position or fund balance of GDPS TN.

<u>Summary of Significant Accounting Policies</u>
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

<u>Indirect Cost Rate</u>
GDPS TN has not elected to use the ten percent de minimis cost rate.

<u>Food Donation</u>
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, GDPS TN did not have any food commodities in inventory.

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of state awards includes the state activity of GDPS TN under programs of the state government for the year ended June 30, 2023.

Schedule of Change in Long Term Debt By Individual Issue

Schedule of changes in long-term debt by individual issue as noted on the financial statements of the governmental activities.

Schedule of Change in Lease Obligation

Schedule of changes in lease obligation by individual issue as noted on the financial statements of the governmental activities.

Combining Balance Sheet by School and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by School

The Combining Balance Sheet by School and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by School is included to provide information regarding the individual schools that have been included in the General Fund.

Independent Auditor's Reports
June 30, 2023

Green Dot Public Schools Tennessee

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Green Dot Public Schools Tennessee
Memphis, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities and the major fund information of Green Dot Public Schools Tennessee ("GDPS TN"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 18, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Green Dot Public Schools Tennessee
Memphis, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Green Dot Public Schools Tennessee's ("GDPS TN") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of GDPS TN's major federal programs for the year ended June 30, 2023. GDPS TN's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 18, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Green Dot Public Schools Tennessee

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weakness identified	No
Significant deficiency identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
Material weakness identified	No
Significant deficiency identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major Federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Title I, Part A, Basic Grants Low-Income and Neglected and Title I, School Improvement Grant, Turnaround Action Grant	84.010, 84.010A
COVID-19 Education Stabilization Fund	84.425D, 84.425U, 84.425W

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.