School District of the City of Dearborn, Michigan

(includes P-12 and Henry Ford College)

Financial Report
with Supplemental Information
June 30, 2022

Contents

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Independent Auditor's Report

To the Board of Education
School District of the City of Dearborn, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the major funds, the aggregate remaining fund information, and the discretely presented component unit of the School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds, the aggregate remaining fund information, and the discretely presented component unit of the School District as of June 30, 2022 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The Henry Ford College Foundation was not audited under *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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.

To the Board of Education
School District of the City of Dearborn, Michigan

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

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
School District of the City of Dearborn, Michigan

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 26, 2022

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the School District of the City of Dearborn, Michigan (collectively the "School District") as of and for the year ended June 30, 2022. The School District is identified as a P-12 school district located in Wayne County, Michigan. The P-12 component (the "P-12") reflects the preschool, elementary, and secondary components of the School District. Henry Ford College (the "College") represents the post-secondary education component of the School District. Henry Ford College Foundation (the "Foundation") is reported within the component unit column in the financial statements as a legally separate entity from the School District.

This section of the School District's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds. The P-12 activities are classified as governmental funds and include the following for the P-12: the General Fund, the Funded Projects fund, the General Building and Site fund, with all other funds presented in one column as nonmajor funds. The College's activities are reflected in the proprietary funds of the School District's fund financial statements and include all funds of the College. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the P-12 acts solely as an agent for the benefit of students and parents. This report is comprised of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements | Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds
Schedules of Proportionate Share of the Net Pension and OPEB Liabilities
Schedules of the School District's Pension and OPEB Plan Contributions

Other Supplemental Information

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

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

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

The statement of net position and the statement of activities report the governmental, business-type, and component unit activities for the School District. The governmental activities encompass all of the P-12’s services, including instruction, support services, adult and community education, athletics, center programs, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities. The business-type activities encompass all of the College’s activities, including instruction, support services, and auxiliary activities. Property taxes, unrestricted state appropriations, tuition and fees, and federal and state grants finance most college activities. Component unit activities include the activities of Henry Ford College Foundation.

Reporting the School District’s Most Significant Funds - Fund Financial Statements

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

Governmental funds - All of the P-12’s services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the P-12 and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the P-12’s programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The proprietary funds of the School District include only the activities of the College and use the following accounting approach:

Proprietary funds - All college services are reported in proprietary funds. Proprietary funds are accounted for using an economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded when an obligation has been incurred.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

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

Discussion of the P-12 and college activities follows.

Dearborn Public Schools (P-12) as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the P-12's net position as of June 30, 2021 and 2022, which is reported as governmental activities of the School District:

TABLE 1

	Governmental Activities	
	June 30	
	2021	2022
	(in millions)	
Assets		
Current and other assets	$ 111.5	$ 127.3
Restricted assets	10.7	10.4
Capital assets	253.7	252.7
Total assets	375.9	390.4
Deferred Outflows of Resources	150.7	145.9
Total assets and deferred outflows of resources	526.6	536.3
Liabilities		
Current liabilities	52.8	58.9
Noncurrent liabilities	90.1	76.7
Net pension liability	513.5	374.2
Net OPEB liability	80.4	25.2
Total liabilities	736.8	535.0
Deferred Inflows of Resources	81.3	243.2
Total liabilities and deferred inflows of resources	818.1	778.2
Net Position		
Net investment in capital assets	166.9	178.7
Restricted	11.1	11.0
Unrestricted	(469.5)	(431.6)
Total net position	**$ (291.5)**	**$ (241.9)**

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The P-12's net position was $(241.9) million at June 30, 2022. Capital assets, net of related debt totaling $178.7 million, compares the original cost, less depreciation of the P-12's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the P-12's ability to use those net position for day-to-day operations. The remaining amount of net position, $(431.6) million, was unrestricted.

The $(431.6) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the P-12 to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The negative unrestricted net position balance is attributed to the net pension and OPEB liabilities arising from the underfunded MPSERS obligations.

The results of this year's operations for the P-12 as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years 2021 and 2022.

TABLE 2	Governmental Activities	
	2021	2022
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 0.5	$ 1.6
Operating grants and contributions	119.6	168.1
General revenue:		
Property taxes	57.6	52.8
State foundation allowance	139.2	144.7
Other	1.1	3.2
Total revenue	318.0	370.4
Functions/Program Expenses		
Instruction	185.6	188.6
Support services	98.4	99.6
Athletics	2.7	2.7
Food services	11.3	13.7
Community services	1.8	2.2
Interest on long-term debt	3.3	3.3
Fees and other bond costs	0.6	0.5
Depreciation (unallocated)	10.3	10.2
Total functions/program expenses	314.0	320.8
Change in Net Position	4.0	49.6
Net Position (Deficit) - Beginning of year	(295.5)	(291.5)
Net Position (Deficit) - End of year	**$ (291.5)**	**$ (241.9)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $320.8 million. Certain activities were partially funded from those who benefited from the programs ($1.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($168.1 million). We paid for the remaining "public benefit" portion of our governmental activities with $52.8 million in taxes, $144.7 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The P-12 experienced an increase in net position of $49.6 million. Key reasons for the change in net position are due to the following:

- The P-12 received additional federal and state revenue to help offset pandemic costs. This was partially offset by one-time purchases, additional staffing costs, and virtual/hybrid instructional costs but increased the net position in the financial statements.

- Unrestricted county-wide enhancement programs in the current year implemented more programs than the subsequent school year.

- Food service program received additional funding during the pandemic for feeding students at home for our families and neighboring areas while working with reduced staffing levels.

As discussed above, the net cost shows the financial burden that was placed on the State and the P-12's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the P-12 and balance those needs with state-prescribed available unrestricted resources.

The P-12's Funds

As we noted earlier, the P-12 uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the P-12 is being accountable for the resources taxpayers and others provide to it and may provide more insight into the P-12's overall financial health.

As the P-12 completed this year, the governmental funds reported a combined fund balance of $78.9 million, which is an increase of $9.2 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance decreased by $1.5 million (budgeted decrease $1.6 million). However, this was offset by a $7.6 million increase in the Funded Projects Fund fund balance, due to the additional federal revenue received to help offset pandemic costs. Additionally, the General Building and Site Fund fund balance increased by $4.4 million due to a transfer from the General Fund.

General Fund fund balance is available to fund costs related to allowable school operating purposes.

General Fund Budgetary Highlights

Over the course of the year, the P-12 revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year end. A schedule showing the P-12's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

During the course of the 2021-2022 school year, General Fund budgeted revenue was increased from the original budget by $9.4 million. The revenue from State sources adopted in the final amendment did not include the anticipated $650 per pupil cut in funding based on revenue estimates in a memo published by the Senate Fiscal Agency on May 19, 2020, and instead included a $65 one-time per pupil payment which was provided to school districts. In total, actual revenue came in slightly above the final amended budget by $5.2 million.

Budgeted expenditures were increased $15.0 million to account for the changes in salaries, staffing levels and purchased professional services resulting from the P-12's revised operating plan due to the fluctuations in revenue.

Actual expenditures exceeded the final budget amount by $1.9 million, or 0.8 percent. This is due to higher operational costs and changes in salaries.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the P-12 had $252.7 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $1.0 million from last year.

	2021	2022
Land	$ 11,624,315	$ 11,624,315
Construction in progress	2,320,971	7,810,721
Buildings and building improvements	315,939,385	317,624,542
Land improvement	24,970,055	25,688,027
Buses and other vehicles	11,348,052	10,865,389
Furniture and equipment	49,892,528	50,419,042
Total capital assets	416,095,306	424,032,036
Less accumulated depreciation	(162,393,237)	(171,322,876)
Net capital assets	**$ 253,702,069**	**$ 252,709,160**

This year's additions of $9.3 million included building renovations, buses, vehicles, and technology. No debt was issued for these additions.

Debt

At the end of this year, the P-12 had $75.0 million in general obligation bonds outstanding (excluding related discounts, premiums, and issuance costs) versus $86.9 million in the previous year.

The School District's general obligation bond rating is A+. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt is below this statutorily imposed limit.

Other obligations include compensated absences, risk management and claims, and debt premiums and discounts. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

Our elected officials and administration consider many factors when setting the P-12’s 2022-2023 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2022-2023 budget was adopted in June 2022 based on an estimate of students who will enroll in September 2022. A significant percentage of total General Fund revenue is derived from the foundation allowance. Under state law, the P-12 cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data for the 2022-2023 school year, we anticipated that the fall student count will be lower than estimates used in creating the 2022-2023 budget. Once the final student count and related per pupil funding is validated, state law requires the P-12 to amend the budget if actual district resources are not sufficient to fund original appropriations. The P-12 amends the budget two to three times per year to reflect the most accurate projections in revenue including state aid, local revenue, or other resources. We also analyze the budget for potential changes in staffing, healthcare costs, utilities, and other costs.

The State’s budget was not completed by the adoption of the 2022-2023 budget. The District used a “most likely” model and estimated an increase of $435 per pupil in state aid revenue, which increases the P-12’s foundation allowance to $9,386 per pupil or 4.86 percent increase. However, the P-12’s salary base for most union groups will increase contractually by the increase in the foundation or a net of 4.08 percent offset by the increase in retirement benefit of roughly 0.78 percent. The associated benefit expenditures will increase, which will compound and decrease per pupil funding. Typically, the slight student decrease will be offset by staff reductions, however, the District decided to maintain staffing due to the limited staff pool that is available during the pandemic economy. Contracted services for substitutes are expected to remain higher than normal levels. There are also additional social and emotional positions to be increased like counseling, English Language Learning and immigrant programs, social workers, nurses and other instructional support that will be funded from promised ESSER funds by the Michigan and Federal legislature. The District’s utilization of CARES Act funding will help in the balancing of the general fund overage of staff and offset the need in staff and program reductions due to the decrease in student enrollment.

Over the past several years, the P-12 has worked with all employee groups to provide savings in salaries and benefits including voluntary reduced salary schedules, changes to healthcare benefit plans, changes in healthcare providers, and changes in employee contributions to health care. Salaries are modified per contract for a variable 4.86 percent in 2022-2023 and all contracts are open for negotiation for the start of the 2023-24 school year. Future salaries will be based upon the foundation allowance, offset by an increase in retirement rates and other factors. The staffing shortage in the public worker arena is not showing signs of improvement and will create a staffing shortage for the P-12. We are looking at updating the starting wages and modified bonuses for many positions to be competitive in the market for new hires for needed positions.

Each year, the P-12 considers critical budget issues including long-range planning, state aid funding, student enrollment, program reductions, compensation and revenue enhancement as well as cost containment efforts. All contracts with unions expire after the 2022-2023 school year. The new employee marketplace will have a major impact for any subsequent negotiations for staff compensation. Many contract adjustments have been made to fill positions in 2021-22 and 2022-23, but as previously stated, these conditions remain a significant issue and will impact instructional and support staff levels and services provided by the District.

Therefore, long term on the infrastructure needs, the District will be engaging a consultant to help establish a master facility plan in conjunction with administration, staff, students and community on a long term plan that addresses future infrastructure needs that meet our curriculum and community needs.

Future year operating budgets will also be challenged as the ability of the State to provide funding for schools is in question due to the volatility of state budget shortfalls. Student enrollment is projected to slightly decrease based on existing demographics, both in the P-12 and across the state. In future budget planning, the P-12 will continue to be challenged to provide a balanced budget without reducing the P-12’s fund equity. The administration will be taking into consideration the promised ESSER grant funds to help balance needed staff, supplies, and equipment to address the current pandemic needs of the P-12. The P-12 is maintaining a positive cash flow in the general fund to help fill in needs as ESSER funds are used to address budget stress on employment and pandemic needs. Any excess general funds currently are being transferred to the building and Site fund for infrastructure needs, but as ESSER funds expire, these excess funds will be shifted back to the operational side to balance the operating budget.

Since the P-12’s revenue is heavily dependent on state funding and the health of the state's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the P-12.

The impact of COVID-19 will require the P-12 to carefully monitor its budget for 2022-23 be monitored, as they will have a direct impact on the P-12’s budget. As information becomes known by the P-12, the budget will be reviewed and adjusted as needed to ensure adequate resources are available both now and in the future.

Henry Ford College

This discussion and analysis of Henry Ford College's (the "College") financial statements provides an overview of the College's financial activities for the year ended June 30, 2021. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management and is unaudited.

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements in the above referred format, notes to financial statements, and supplemental information.

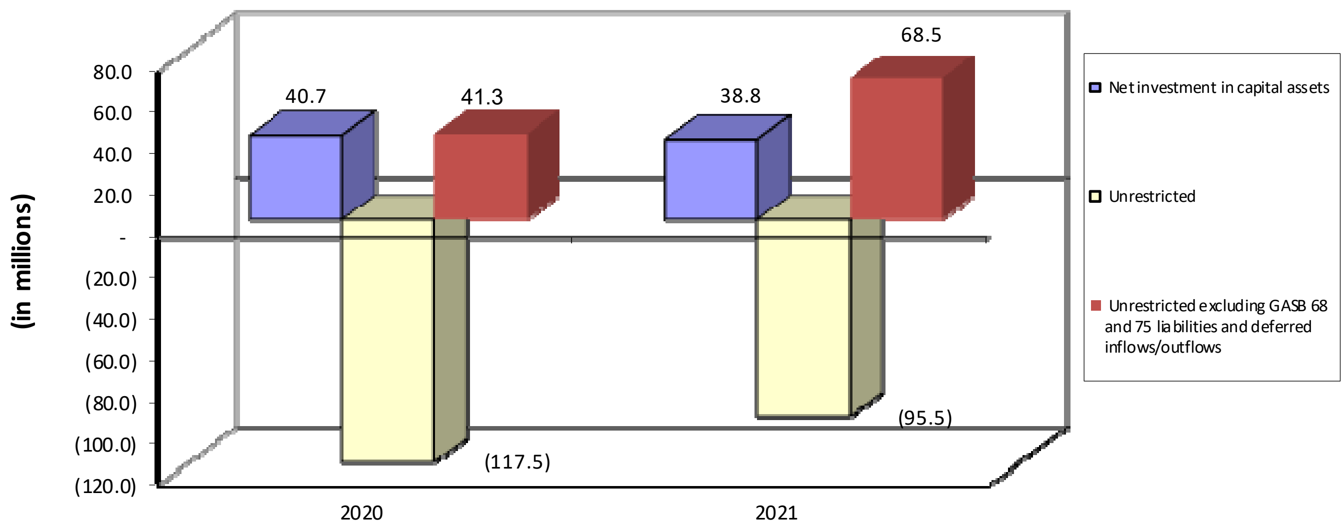
Financial Highlights

Overall, the College's financial position strengthened at June 30, 2021 from June 30, 2020 prior to the effects of GASB Statement No. 68 and 75. In total, the College's net position, prior to the effects of GASB Statement No. 68 and 75, increased from $81.9 million to $107.3 million for an increase of $25.4 million, which reflects a 31.0 percent increase from the beginning of the year. This is the fifth year in a row in which the College's net position in the General Fund would have increased if the adjustments required by GASB Statement No. 68 and 75 were not made. The following table provides net position with and without the effect of the accounting pronouncement GASB Statement No. 68 and 75 as of June 30, 2021:

	Per Financial Statements on Page 31	Without GASB Statement No. 68 and 75	Difference
Net position at July 1, 2020	$ (76,875,058)	$ 81,913,675	$ (158,788,733)
Net (decrease) increase in net position	20,112,986	25,344,579	(5,231,593)
Net position at June 30, 2021	**$ (56,762,072)**	**$ 107,258,254**	**$ (164,020,326)**

However, due to the requirement of GASB Statement No. 68 and 75 to reflect and report the unfunded actuarial accrued liability of the state pension fund and Other Post-Employment Benefits (OPEB) fund (MPSERS) onto the College's financial statements, the College has to reflect a $164.0 million cumulative adjustment to the College's net position which includes a $152.9 million pension liability, a $23.2 million OPEB liability, and $12.1 million in net deferred outflows of resources. The change in net position with the effects of GASB 68 and 75 resulted in an increase totaling $20.1 million for the year ended June 30, 2021, while without the GASB 68 and 75 required adjustments, there would have been an increase in the College's net position of $25.3 million.

The following chart provides a graphic breakdown of net position by category as of June 30, 2021 and 2020



As shown in the above chart, the combination of "Net Investment in Capital Assets" and "Unrestricted" at the end of fiscal year 2020 (June 30, 2020) is a deficit of $76.8 million ($40.7 less $117.5) and without GASB Statement No. 68 and 75 in effect, the combined balance would be $82.0 million ($40.7 plus $41.3). The combination of "Net Investment in Capital Assets" and "Unrestricted" at June 30, 2021 is a deficit of $56.7 million ($38.8 less $95.5), whereas the balance without GASB Statement No. 68 and 75 would be $107.3 ($38.8 plus $68.5) million. The unrestricted balance increased from $41.3 million to $68.5 million, or by $27.2 million, when GASB 68 and 75 reporting is not included.

<u>The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position</u>

One of the most important questions asked about the College's finances is, "Is the College as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information on the College as a whole and on its activities in a way that helps answer this question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as the College's operating results.

These two statements report the College's net position and changes in net position. You can think of the College's net position and the difference between assets and liabilities as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. You should consider many other nonfinancial factors, such as the trend in college applications, student retention, condition of the buildings, and strength of the faculty, to assess the overall health of the College.

These financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector entities. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The following is an analysis of the major components of the net position of the College as of June 30, 2021 and 2020:

Condensed Net Position as of June 30
(in millions)

	2020	2021	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 69.0	$ 82.9	$ 13.9	20.1
Long-term assets	0.5	2.8	2.3	460.0
Capital assets - Net	67.2	75.6	8.4	12.5
Deferred outflows	52.0	41.9	(10.1)	(19.4)
Total assets and deferred outflows	188.7	203.2	14.5	7.7
Liabilities				
Current liabilities	15.4	16.9	1.5	9.7
Long-term liabilities	223.6	213.4	(10.2)	(4.6)
Deferred inflows	26.5	29.6	3.1	11.7
Total liabilities and deferred inflows	265.5	259.9	(5.6)	(2.1)
Net Position				
Net investment in capital assets	40.7	38.8	(1.9)	(4.7)
Unrestricted	(117.5)	(95.5)	22.0	(18.7)
Total net position	**$ (76.8)**	**$ (56.7)**	**$ 20.1**	(26.2)

Net position represents the difference between the College's assets and liabilities, and at June 30, 2021, the net position of the College was a $56.7 million deficit. The strength in total assets and deferred outflows of $203.2 million lies primarily with capital assets, which is $75.6 million. The College's net position increased in 2021 by $25.3 million, prior to the effect of GASB Statement No. 68 and 75, due to decreased expenses related primarily to only filling key vacant positions and by reducing other operating expenses due to travel and reductions on Campus due to Covid-19. In addition, the College received additional federal funding from the CARES act, including HEERF and CRF funding.

Operational revenue exceeded expenses due to cost savings as a result of continuing the changes in the College's procedures around registration and financial aid in comparison to prior years. The College continues to strictly adhere to the process of deregistration of students who had not either paid their tuition and fees, did not have approved financial aid, or did not enter into an installment payment plan for their unpaid tuition and fees. The final deregistration for each term continues to take place one day after the official add/drop date, which means that those students could no longer register for the classes from which they were just deregistered. The continual adherence to the strict deregistration procedures leads directly to the continuation of low bad debt of $0.4 million in fiscal year 2020 and $0.6 million in 2021.

Current assets increased $13.9 million, or 20.1 percent, from the prior year primarily as a result of an increase in investments held by the College and federal funding received related to Coronavirus Relief. Net deferred outflows decreased by $10.1 million, or 19.4 percent, from the prior year primarily as a result of changes in actuarial assumptions and changes in the proportionate share of the total net pension and OPEB liabilities of the MPSERS plan.

Current liabilities increased $1.5 million, or 9.7 percent, from the prior year primarily as a result of increases in operational accrued liability balances as of June 30, 2021. Long-term liabilities showed a decrease of $10.2 million as a result of decreases to the MPSERS unfunded OPEB liability. In addition, various changes in the calculation of the College's share of the MPSERS unfunded pension liability resulted in an increase from $151.6 million in 2020 to $152.9 million in 2021. Without the GASB Statement No. 68 and 75 MPSERS liabilities shown for fiscal years 2020 and 2021, the total liabilities and deferred inflows of resources would have been $54.1 million for fiscal year 2021 and $55.2 million for fiscal year 2020 compared to $39.5 million in fiscal year 2019.

The following is an analysis of the major components of the changes in net position of the College for the years ended 2021 and 2020:

Condensed Changes in Net Position for the Year Ended June 30 (in millions)

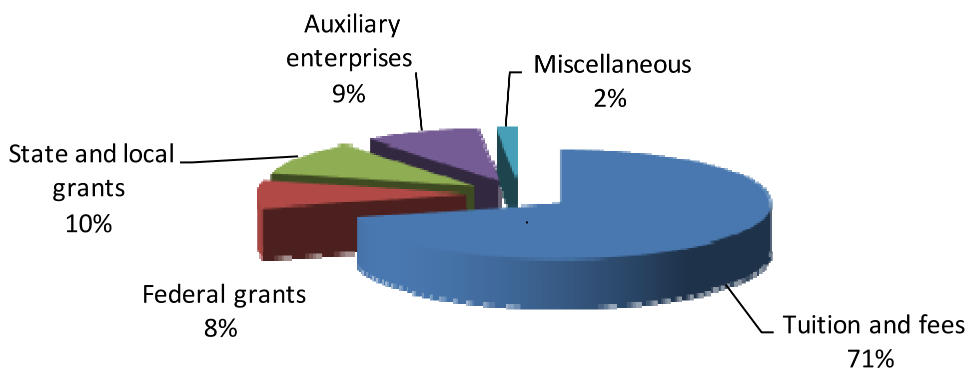
	2020	2021	Increase (Decrease)	Percent Change
Operating Revenue				
Tuition and fees	$ 23.8	$ 26.9	$ 3.1	13.0
Grants and contracts	7.8	7.0	(0.8)	(10.3)
Auxiliary enterprises	5.1	3.4	(1.7)	(33.3)
Other	0.9	0.6	(0.3)	(33.3)
Total operating revenue	37.6	37.9	0.3	0.8
Operating Expenses				
Instruction	47.8	47.7	(0.1)	(0.2)
Information technology	5.1	5.2	0.1	-
Instructional support	3.0	3.2	0.2	6.7
Student services	19.8	27.5	7.7	38.9
Institutional administration	8.3	9.0	0.7	8.4
Physical plant operations	7.9	8.0	0.1	1.3
Auxiliary enterprises	4.8	3.5	(1.3)	(27.1)
Depreciation expense	8.5	7.9	(0.6)	(7.1)
Repairs and maintenance	1.4	1.7	0.3	21.4
Pension/OPEB expense *	10.3	4.7	(5.6)	(54.4)
Total operating expenses	116.9	118.4	1.5	1.3
Operating Loss	(79.3)	(80.5)	(1.2)	1.5
Nonoperating Revenue (Expense)				
Federal grants - Pell	26.6	25.7	(0.9)	(3.4)
Federal grants - Other	3.6	28.8	25.2	N/A
State appropriations	29.8	32.6	2.8	9.4
Property taxes	14.0	14.7	0.7	5.0
Other nonoperating expenses	(0.7)	(1.2)	(0.5)	71.4
Net nonoperating revenue	73.3	100.6	27.3	37.2
Net (Decrease) Increase in Net Position	(6.0)	20.1	26.1	(435.0)
Net Position - Beginning of year	(70.9)	(76.9)	(6.0)	8.5
Net Position - End of year	**$ (76.9)**	**$ (56.8)**	**$ 20.1**	(26.1)

* As a result of the change in the unfunded actuarial accrued liability, the College recognized pension and OPEB expense of $4.7 million and $10.3 million for 2021 and 2020, respectively. This expense resulted from changes in actuarial assumptions and investment performance. For presentation purposes in the MD&A, this amount has been included on a separate line.

Operating Revenue

Operating revenue includes all transactions that result in the sales and/or receipts from goods and services such as tuition and fees and bookstore operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

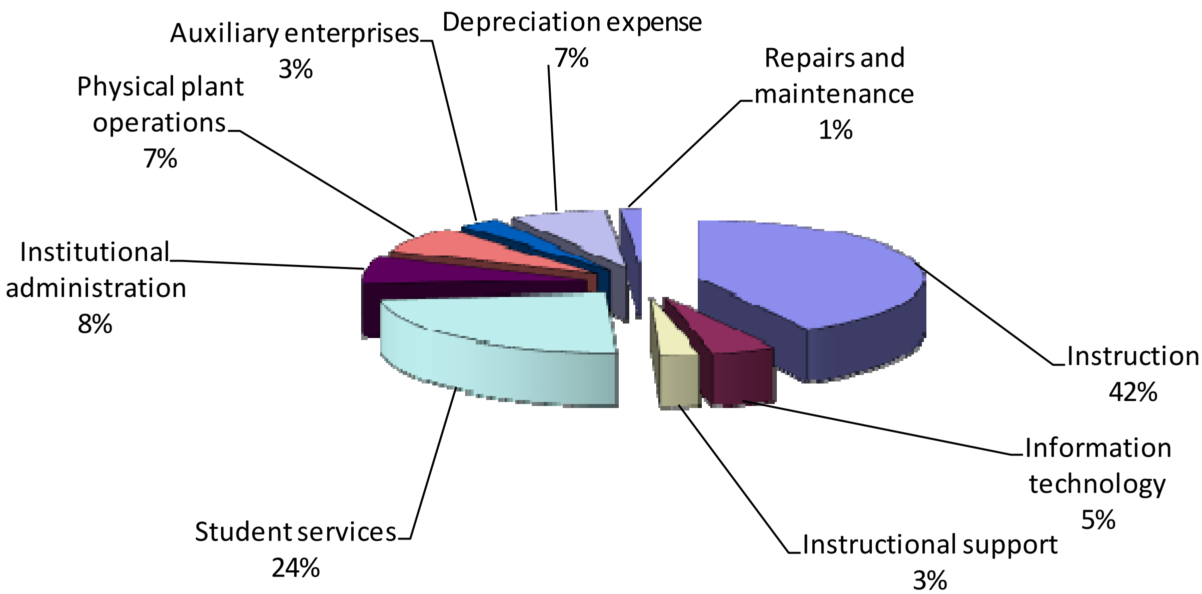
Operating revenue increased by $0.3 million, or 0.8 percent, from $37.6 million to $37.9 million. The increase is a result of increases in tuition revenue of $3.1 million, primarily related to the combined Spring/Summer 2021 semester. The Spring/Summer 2021 semester had an increase in enrollment of 24% compared to the prior year. The following is a graphic illustration of operating revenue by source for the year ended June 30, 2021:



Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Overall, operating expenses increased $1.5 million or 1.3 percent. Increases in expenses relate primarily to the voluntary separation agreement initiated during the year, an expense of $1.1 million.

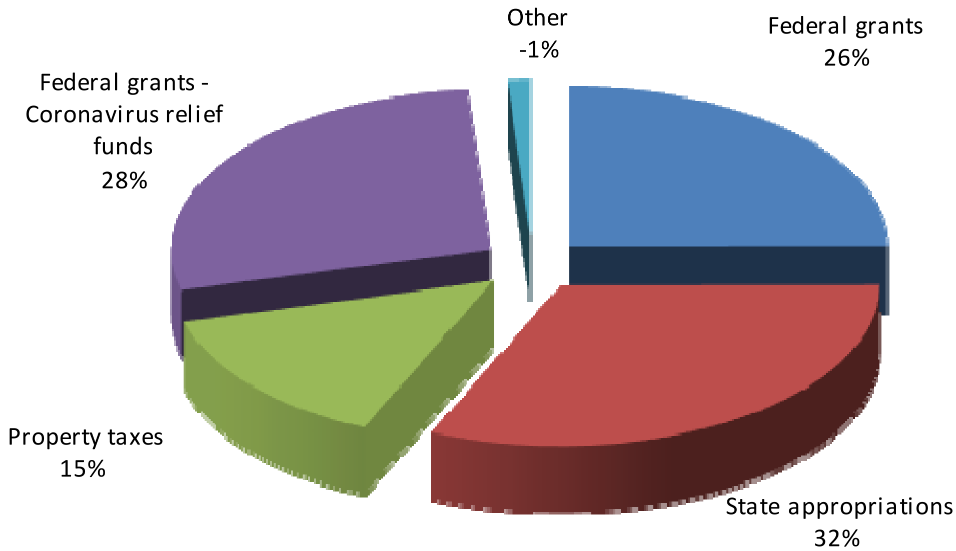
For the fiscal year ended June 30, 2021, depreciation expense was $7.9 million, which is consistent with the amount expensed in the year ended June 30, 2020 of $8.5 million by approximately $0.6 million. The following is a graphic illustration of operating expenses by source:



Nonoperating Revenue

Non operating revenue is all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), and grants and contracts that do not require any services to be performed.

Federal Pell grant revenue decreased by approximately $0.9 million, from $26.6 million to $25.7 million as a result of decreases in financial aid. For 2021, the College received federal CARES, CRF, and Futures for Frontliners funding for student direct payments and institutional expenses totaling $28.8 million. The College was approved to receive $26.4 million in Student HEERF Act funding and over $37.4 million in Institutional HEERF Act Funding to offset lost revenue and COVID-19 related expenses. The following is a graphic illustration of non operating revenue (expense) by source:



Statement of Cash Flows

Another way to assess the financial health of a college is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its needs for external financing

Cash Flows for the Year (in millions)

	2020	2021	Increase (Decrease)	Percent Change
Cash (Used in) Provided by				
Operating activities	$ (60.5)	$ (65.4)	$ (4.9)	(8.1)
Noncapital financing activities	75.5	94.9	19.4	25.7
Capital and related financing activities	9.7	(19.8)	(29.5)	304.1
Investing activities	(7.6)	(20.0)	(12.4)	-
Net (Decrease) Increase in Cash	17.1	(10.3)	(27.4)	160.2
Cash - Beginning of year	8.7	25.8	17.1	196.6
Cash - End of year	**$ 25.8**	**$ 15.5**	**$ (10.3)**	(39.9)

Overall, total cash balances as of June 30, 2021 decreased from June 30, 2020 to $15.5 million from $25.8 million. However, $53.1 million is invested in various funds handled by Fifth Third Bank, UBS, and Michigan Liquid Asset Fund Plus (MILAF+) as of June 30, 2021, an increase of $20.1 million from 2020. Due to cash flow issues in prior years, investing to earn interest income for the College was not a viable option. Total cash used for operating activities showed a decrease of $4.9 million from the prior year. Net cash provided by noncapital financing activities increased by $19.4 million and was used for capital and related financing activities was approximately equal to the prior year.

Capital and related finance activity cash decreased due to the College partial funding of the College's Institutional Energy Master Plan (IEMP), which has an overall investment of $23.1 million.

Capital Assets At June 30, 2021, the College held $214.6 million in capital assets. Depreciation charges totaled $7.9 million for the current year. The major capital items for fiscal year 2021 included the initiation of the College's Integrated Energy Master Plan (IEMP) which has a cost of $25.1 million. Approximately 40% of the project was completed in fiscal year 2021. The expected completion date for the IEMP will be approximately October 2022.

Details of these assets for the past two years are shown below:

	2020	2021	Increase
		(in millions)	
Land	$ 3.5	$ 3.5	$ -
Construction in progress	1.2	14.3	13.1
Land improvements	23.6	23.6	-
Buildings	93.8	93.8	-
Building improvements	32.4	33.1	0.7
Furniture	4.9	5.1	0.2
Equipment and other vehicles	38.9	41.2	2.3
Total	**$ 198.3**	**$ 214.6**	**$ 16.3**

Long-term Debt

At June 30, 2021, the College had approximately $39.2 million of bonds and notes payable outstanding as compared with $41.4 million at June 30, 2020. More detailed information regarding the College's long-term liabilities is presented in the notes to the financial statements.

Economic Factors that Will Affect the Future

As the State of Michigan continues the transformation from a manufacturing-based economy, more and more residents are looking to community colleges to provide education and training for the new economy. This includes students who would otherwise attend a residential four-year university, students who in the past may not have attended college, and students seeking retraining for new occupations.

The economic position of the College is closely tied to that of the State of Michigan and southeast Michigan and the State recognizes the role of community colleges in workforce and economic development. While state appropriations have had small increases in recent years, a decrease was realized in the 2020-2021 fiscal year. State equalized value and taxable values have increased from the prior years, which have now stabilized the College's property tax base.

The College was successful in fiscal year 2021 in obtaining a $2 million Grant from the Ralph Wilson Foundation for use in the expansion of Technical Training for high school students in a dual enrollment setting. The classes began in the Winter 2021 semester, which was one semester later than originally planned due to the effect of Covid-19 on space updates, equipment installation, and course scheduling. This program will continue in fiscal 2022.

As previously noted, GASB pronouncement No. 68 was implemented in fiscal year 2015 and addresses the accounting and financial reporting of the unfunded portion of the MPSERS pension liability. The College's portion of the net unfunded pension liability is approximately $152.9 million. The College's share of the unfunded postemployment benefit liability is approximately $23.2 million.

Also, with the full effect of COVID-19 affecting the College as of March 2020, State General Fund Appropriations in the prior year were reduced by 11%, but were replaced with State CARES Act, CRF, funding of $2.5 million received in 2021. In addition, the College received over $28.8 million in Federal CARES Act, CRF, and Futures for Frontliners funding. The College was approved to receive $26.4 million in Student CARES Act funding and over $37.4 in Institutional Cares Act Funding to offset lost revenue and COVID-19 related expenses. The funds to date have been used to assist students in funding for expenses related to remote learning, assist the College with COVID-19 expenses (i.e., Remote instructional infrastructure) and make up for lost revenue as a result of the pandemic.

Management believes the following actions presently being taken will improve the College's financial position:

- Tuition rates during the year ended June 30, 2021 were not increased from the prior year. Rates for the coming fiscal year of 2022 have been increased from $101.50 per credit hour to $105.75, from $177.00 to $184.50 for out-of-district students, and from $257.00 to $267.50 for out-of-state and international students.

- For fiscal year 2021, the College continues to be subject to Section 4 of Michigan Public Act 152 of 2011. This act allowed the College to cap the costs related to medical benefits that are offered to its employees. The College's share of medical benefits cannot exceed 80 percent of the total annual cost of all the medical benefit plans it offers for its employees. The annual savings through fiscal year 2021 was approximately $4,200,000 since the act took effect, with an additional estimated savings of approximately $365,000 for fiscal year 2021.

As the College continues to re-establish its unrestricted reserves (net of the GASB Statement No. 68 Pension Liability and GASB Statement No. 75 restatement), the combined net position for the General Fund, Auxiliary Fund, and Designated Fund at the beginning of fiscal year 2021 (July 1, 2020), was $22,494,111 ($13,721,909 plus $5,816,005, plus $2,956,197). The results for fiscal year 2021 changed to the General Fund, Auxiliary Fund, and Designated Fund $843,779, $(168,753), and $738,291, respectively, to produce a balance of $23,907,428, prior to GASB Statement No. 68 and 75 effects, at the end of fiscal year 202

Statement of Net Position

June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities (Henry Ford College)	Total	Henry Ford College Foundation
Assets				
Cash and investments (Note 3)	$ 62,678,859	$ 72,268,910	$ 134,947,769	$ 1,117,590
Receivables - Net:				
Student receivables	-	2,244,009	2,244,009	-
Accounts and grants	22,415,335	8,316,415	30,731,750	-
Due from other governments	36,669,619	5,438,426	42,108,045	-
Contributions	-	-	-	68,371
Internal balances	(13,125)	13,125	-	-
Inventories	146,380	695,217	841,597	-
Prepaid costs and other assets	5,379,429	1,353,375	6,732,804	42,963
Restricted assets (Note 11)	10,440,679	-	10,440,679	-
Long-term investments (Note 3)	-	473,270	473,270	17,337,189
Capital assets - Net (Note 6)	252,709,160	84,178,905	336,888,065	-
Total assets	390,426,336	174,981,652	565,407,988	18,566,113
Deferred Outflows of Resources				
Deferred charges on bond refunding (Note 8)	1,756,580	196,824	1,953,404	-
Deferred outflows related to pensions (Note 9)	102,284,036	19,796,554	122,080,590	-
Deferred OPEB costs (Note 9)	41,892,778	7,752,186	49,644,964	-
Total deferred outflows of resources	145,933,394	27,745,564	173,678,958	-
Liabilities				
Accounts and contracts payable	9,560,982	4,068,391	13,629,373	174,392
Scholarships payable	-	-	-	42,819
Deposits held for others	-	130,397	130,397	-
Accrued salary, wage, and fringe benefits payable	38,763,574	7,060,563	45,824,137	-
Unearned revenue (Note 5)	10,369,810	2,882,842	13,252,652	-
Other current liabilities	280,530	-	280,530	-
Noncurrent liabilities:				
Due within one year (Note 8)	14,918,003	2,767,631	17,685,634	-
Due in more than one year (Note 8)	61,751,675	34,587,016	96,338,691	-
Net pension liability (Note 9)	374,213,558	102,675,767	476,889,325	-
Net OPEB liability (Note 9)	25,190,870	6,517,188	31,708,058	-
Total liabilities	535,049,002	160,689,795	695,738,797	217,211
Deferred Inflows of Resources				
Inflows related to pensions and revenue contributions (Note 9)	149,107,237	45,214,994	194,322,231	-
Deferred OPEB cost reductions (Note 9)	94,144,759	26,316,476	120,461,235	-
Total deferred inflows of resources	243,251,996	71,531,470	314,783,466	-
Net Position (Deficit)				
Net investment in capital assets	178,693,439	47,552,228	226,245,667	-
Restricted:				
Debt service	11,009,730	-	11,009,730	-
Component unit (expendable)	-	-	-	6,602,492
Component unit (nonexpendable)	-	-	-	6,960,526
Unrestricted (deficit)	(431,644,437)	(77,046,277)	(508,690,714)	4,785,884
Total net position (deficit)	**$ (241,941,268)**	**$ (29,494,049)**	**$ (271,435,317)**	**$ 18,348,902**

		Expenses		Charges for Services		Operating Grants and Contributions
Functions/Programs						
Primary government:						
Governmental activities:						
Instruction	$	188,576,938	$	184,786	$	97,321,614
Support services		99,631,402		-		57,157,138
Athletics		2,740,452		97,456		-
Food services		13,668,825		696,338		12,929,628
Community services		2,213,238		624,133		-
Interest		3,309,807		-		756,763
Fees and other bond costs		470,263		-		-
Depreciation expense (unallocated)		10,223,347		-		-
Total governmental activities		320,834,272		1,602,713		168,165,143
Business-type activities - Henry Ford College		119,601,652		31,310,312		8,666,204
Total primary government	**$**	**440,435,924**	**$**	**32,913,025**	**$**	**176,831,347**
Component unit - Henry Ford College Foundation	**$**	**3,067,002**	**$**	**-**	**$**	**2,878,847**

General revenue:
Taxes:
Property taxes levied for general purposes
Property taxes levied for debt service
State aid not restricted to specific purposes
Federal grants - Pell
Federal grants and contributions not restricted to specific purposes
Interest and investment earnings
Federal grants - Other
Gain on disposal of capital assets
Other

Total general revenue

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities (Henry Ford College)	Total	Component Unit (Henry Ford College Foundation)
$ (91,070,538)	$ -	$ (91,070,538)	$ -
(42,474,264)	-	(42,474,264)	-
(2,642,996)	-	(2,642,996)	-
(42,859)	-	(42,859)	-
(1,589,105)	-	(1,589,105)	-
(2,553,044)	-	(2,553,044)	-
(470,263)	-	(470,263)	-
(10,223,347)	-	(10,223,347)	-
(151,066,416)	-	(151,066,416)	-
-	(79,625,136)	(79,625,136)	-
(151,066,416)	(79,625,136)	(230,691,552)	-
-	-	-	(188,155)
39,473,051	15,072,071	54,545,122	-
13,317,728	-	13,317,728	-
144,669,392	34,641,824	179,311,216	-
-	24,580,778	24,580,778	-
152,141	-	152,141	-
73,204	(234,000)	(160,796)	(3,565,799)
-	32,832,486	32,832,486	-
28,780	-	28,780	-
2,949,785	-	2,949,785	-
200,664,081	106,893,159	307,557,240	(3,565,799)
49,597,665	27,268,023	76,865,688	(3,753,954)
(291,538,933)	(56,762,072)	(348,301,005)	22,102,856
$ (241,941,268)	**$ (29,494,049)**	**$ (271,435,317)**	**$ 18,348,902**

Governmental Funds Balance Sheet

June 30, 2022

	General Fund	Funded Projects Fund	General Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	$ 57,621,863	$ -	$ -	$ 5,056,996	$ 62,678,859
Receivables (Note 4)	38,532,354	19,007,512	-	1,545,088	59,084,954
Due from other funds (Note 7)	9,680,025	-	25,145,800	2,249,885	37,075,710
Inventories	63,984	-	-	82,396	146,380
Prepaid costs and other assets	4,896,878	12,885	-	2,187	4,911,950
Restricted assets (Notes 3 and 11)	-	-	-	10,440,679	10,440,679
Total assets	**$ 110,795,104**	**$ 19,020,397**	**$ 25,145,800**	**$ 19,377,231**	**$ 174,338,532**
Liabilities					
Accounts and contracts payable	$ 6,858,339	$ 86,468	$ 972,863	$ 1,656,437	$ 9,574,107
Due to other funds (Note 7)	27,334,435	9,169,848	-	103,948	36,608,231
Accrued salary, wage, and fringe benefits payable	31,146,734	5,793,861	-	1,555,502	38,496,097
Unearned revenue (Note 5)	6,075,895	3,970,220	-	323,695	10,369,810
Other current liabilities	280,530	-	-	-	280,530
Total liabilities	71,695,933	19,020,397	972,863	3,639,582	95,328,775
Deferred Inflows of Resources - Unavailable revenue (Note 5)	-	71,851	61,250	-	133,101
Total liabilities and deferred inflows of resources	71,695,933	19,092,248	1,034,113	3,639,582	95,461,876
Fund Balances (Deficit)					
Nonspendable:					
Inventory	63,984	-	-	82,396	146,380
Prepaid costs	4,896,878	12,885	-	2,187	4,911,950
Restricted:					
Debt service	-	-	-	11,277,207	11,277,207
Food service	-	-	-	2,674,746	2,674,746
Committed - Student activities	-	-	-	834,201	834,201
Assigned:					
Capital projects	-	-	24,111,687	-	24,111,687
Adult education	-	-	-	868,154	868,154
Unassigned fund balances (deficit)	34,138,309	(84,736)	-	(1,242)	34,052,331
Total fund balances (deficit)	39,099,171	(71,851)	24,111,687	15,737,649	78,876,656
Total liabilities, deferred inflows of resources, and fund balances (deficit)	**$ 110,795,104**	**$ 19,020,397**	**$ 25,145,800**	**$ 19,377,231**	**$ 174,338,532**

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	$ 78,876,656
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 are not reported in the funds:	
Cost of capital assets	424,032,036
Accumulated depreciation	(171,322,876)
Net capital assets used in governmental activities	252,709,160
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	133,101
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,756,580
Bonds payable, including premium/discount, are not due and payable in the current period and are not reported in the funds	(75,772,301)
Accrued interest is not due and payable in the current period and is not reported in the funds	(267,477)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences and severance agreements	(467,160)
Provision for risk management and claims	(430,217)
Net pension liability and related deferred inflows and outflows	(421,036,759)
Net OPEB liability and related deferred inflows and outflows	(77,442,851)
Net Position (Deficit) of Governmental Activities	**$ (241,941,268)**

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	Funded Projects Fund	General Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 41,710,758	$ 5,634	$ -	$ 15,700,089	$ 57,416,481
State sources	184,483,618	12,182,836	-	9,861,370	206,527,824
Federal sources	84,078	71,453,092	-	13,630,178	85,167,348
Interdistrict - Incoming transfers from other districts	15,986,706	113,127	-	11,620,374	27,720,207
Total revenue	242,265,160	83,754,689	-	50,812,011	376,831,860
Expenditures					
Current:					
Instruction	145,555,901	53,376,257	-	12,378,338	211,310,496
Support services	82,372,132	20,106,939	-	6,970,890	109,449,961
Athletics	2,840,235	-	-	-	2,840,235
Food services	-	-	-	14,245,860	14,245,860
Community services	278,089	1,969,211	-	150,548	2,397,848
Debt service:					
Principal (Note 8)	-	-	-	12,704,301	12,704,301
Interest	-	-	-	3,529,998	3,529,998
Fees and other bond costs	-	-	-	470,263	470,263
Capital outlay	2,492,050	156,572	7,552,916	659,664	10,861,202
Total expenditures	233,538,407	75,608,979	7,552,916	51,109,862	367,810,164
Excess of Revenue Over (Under) Expenditures	8,726,753	8,145,710	(7,552,916)	(297,851)	9,021,696
Other Financing Sources (Uses)					
Face value of debt issued (Note 8)	-	-	-	15,580,000	15,580,000
Proceeds on sale of fixed assets	71,917	-	-	775	72,692
Transfers in (Note 7)	3,266,411	398,499	12,000,000	2,093,696	17,758,606
Payment to bond refunding escrow agent (Note 8)	-	-	-	(15,480,627)	(15,480,627)
Transfers out (Note 7)	(13,547,153)	(945,042)	-	(3,266,411)	(17,758,606)
Total other financing (uses) sources	(10,208,825)	(546,543)	12,000,000	(1,072,567)	172,065
Net Change in Fund Balances	(1,482,072)	7,599,167	4,447,084	(1,370,418)	9,193,761
Fund Balances (Deficit) - Beginning of year	40,581,243	(7,671,018)	19,664,603	17,108,067	69,682,895
Fund Balances (Deficit) - End of year	**$ 39,099,171**	**$ (71,851)**	**$ 24,111,687**	**$ 15,737,649**	**$ 78,876,656**

See notes to financial statements.

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

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	$ 9,193,761
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	9,274,350
Depreciation expense	(10,223,347)
Net book value of assets disposed of	(43,912)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	133,101
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(15,580,000)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	28,354,211
Interest expense is recognized in the government-wide statements as it accrues	50,908
Some employee costs (pension, OPEB, compensated absences, and claims) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	28,438,593
Change in Net Position of Governmental Activities	**$ 49,597,665**

See notes to financial statements.

Proprietary Funds
Statement of Net Position

June 30, 2022

	Henry Ford College	Component Unit - Henry Ford College Foundation
Assets		
Current assets:		
Cash and cash equivalents	$ 17,478,017	$ 1,117,590
Short-term investments (Note 3)	54,790,893	-
Receivables - Net: (Note 4)		
Student receivables	2,244,009	-
Accounts and grants	8,316,415	-
Due from other governments	5,438,426	-
Contributions	-	68,371
Due from other funds	13,125	-
Inventories	695,217	-
Prepaid expenses and other assets	1,353,375	42,963
Total current assets	90,329,477	1,228,924
Noncurrent assets:		
Long-term investments (Note 3)	473,270	17,337,189
Capital assets - Net (Note 6)	84,178,905	-
Total noncurrent assets	84,652,175	17,337,189
Total assets	174,981,652	18,566,113
Deferred Outflows of Resources		
Deferred outflows related to pensions (Note 9)	19,796,554	-
Deferred charges on bond refunding (Note 8)	196,824	-
Deferred OPEB costs (Note 9)	7,752,186	-
Total deferred outflows of resources	27,745,564	-
Liabilities		
Current liabilities:		
Accounts payable	4,068,391	174,392
Scholarships payable	-	42,819
Deposits held for others	130,397	-
Accrued salary, wage, and fringe benefits payable	7,060,563	-
Unearned revenue (Note 5)	2,882,842	-
Early termination obligation	132,707	-
Risk management (Note 10)	382,486	-
Current portion of long-term liabilities (Note 8)	2,252,438	-
Total current liabilities	16,909,824	217,211
Noncurrent liabilities:		
Bonds and notes payable - Net of unamortized premium and discounts (Note 8)	34,571,063	-
Early termination obligation	15,953	-
Net pension liability (Note 9)	102,675,767	-
Net OPEB liability (Note 9)	6,517,188	-
Total noncurrent liabilities	143,779,971	-
Total liabilities	160,689,795	217,211
Deferred Inflows of Resources (Notes 1 and 9)	71,531,470	-
Net Position (Deficit)		
Net investment in capital assets	47,552,228	-
Restricted:		
Component unit (expendable)	-	6,602,492
Component unit (nonexpendable)	-	6,960,526
Unrestricted	(77,046,277)	4,785,884
Total net position (deficit)	**$ (29,494,049)**	**$ 18,348,902**

See notes to financial statements.

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2022

	Henry Ford College	Component Unit - Henry Ford College Foundation
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $25,090,924	$ 27,174,874	$ -
Federal grants	2,729,489	-
State and local grants and gifts	5,936,715	1,798,151
Miscellaneous	861,612	1,080,696
Auxiliary enterprises	3,273,826	-
Total operating revenue	39,976,516	2,878,847
Operating Expenses		
Instruction	40,429,778	-
Instructional support	2,347,765	8,610
Student services	39,743,239	3,022,714
Institutional administration	10,604,329	35,678
Physical plant operations	8,116,040	-
Auxiliary enterprises	3,444,005	-
Repairs and maintenance	1,468,237	-
Information technology	4,291,121	-
Depreciation expense	7,896,621	-
Total operating expenses	118,341,135	3,067,002
Operating Loss	(78,364,619)	(188,155)
Nonoperating Revenue (Expense)		
Federal grants - Pell	24,580,778	-
State appropriations	34,641,824	-
Property taxes	15,072,071	-
Investment income	(234,000)	(3,565,799)
Federal grants - Other	32,832,486	-
Interest on capital asset-related debt expenses	(1,260,517)	-
Total nonoperating revenue (expense)	105,632,642	(3,565,799)
Change in Net Position	27,268,023	(3,753,954)
Net Position (Deficit) - Beginning of year	(56,762,072)	22,102,856
Net Position (Deficit) - End of year	**$ (29,494,049)**	**$ 18,348,902**

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2022

	Henry Ford College	Component Unit - Henry Ford College Foundation
Cash Flows from Operating Activities		
Tuition and fees	$ 24,028,958	$ -
Grants, contracts, and gifts	9,045,979	513,278
Payments to suppliers	(69,576,336)	(371,693)
Payments to employees	(51,024,569)	-
Payments to educational scholarship and special program funds	-	(300,228)
Auxiliary enterprise charges	3,273,826	-
William D. Ford direct lending receipts	15,000,738	-
William D. Ford direct lending disbursements	(14,100,738)	-
Other	861,612	4,480
Net cash used in operating activities	(82,490,530)	(154,163)
Cash Flows from Noncapital Financing Activities		
Local property taxes	14,993,850	-
Pell grant revenue	24,580,778	-
State appropriations	32,832,486	-
Federal grants - Other	34,520,708	-
Net cash provided by noncapital financing activities	106,927,822	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(16,505,736)	-
Principal paid on capital debt	(2,284,723)	-
Property tax collections	78,221	-
Permanently restricted contributions	-	95,627
Interest paid on capital debt	(1,260,517)	-
Net cash (used in) provided by capital and related financing activities	(19,972,755)	95,627
Cash Flows from Investing Activities		
Interest received on investments	(234,000)	328,552
Purchases of investments	(126,305,647)	(6,832,131)
Proceeds from sale of investments	124,096,000	6,797,573
Net cash (used in) provided by investing activities	(2,443,647)	293,994
Net Increase in Cash and Cash Equivalents	2,020,890	235,458
Cash and Cash Equivalents - Beginning of year	15,457,127	882,132
Cash and Cash Equivalents - End of year	**$ 17,478,017**	**$ 1,117,590**

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2022

	Henry Ford College	Component Unit - Henry Ford College Foundation
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (78,364,619)	$ (188,155)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	7,896,621	-
Permanently restricted contributions	-	(95,627)
Bad debt expense	900,000	-
Changes in assets and liabilities:		
Accounts receivable	(2,919,911)	63,774
Federal and state grant receivable	1,279,775	-
Inventories	168,238	-
Prepaid assets and other current assets	(200,290)	(3,224)
Deferred outflows of resources	14,200,578	-
Accounts payable	2,376,464	30,156
Scholarships payable	-	38,913
Accrued payroll and other compensation	(1,265,240)	-
Other accrued liabilities	(254,852)	-
Deposits	20,055	-
Unearned tuition and fees	(1,302,231)	-
Pension and OPEB liabilities	(66,944,109)	-
Deferred inflows of resources	41,918,991	-
Net cash used in operating activities	**$ (82,490,530)**	**$ (154,163)**

There were no noncash capital, noncapital, or investing activities for the year ended June 30, 2022.

Fiduciary Fund
Statement of Fiduciary Net Position

	June 30, 2022
Assets - Cash and investments (Note 3)	$ 789,290
Liabilities	
Accounts and contracts payable	2,371
Due to other funds (Note 7)	467,479
Total liabilities	469,850
Net Position - Restricted for student activities	**$ 319,440**

See notes to financial statements.

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

	Year Ended June 30, 2022
Additions - Local sources	$ 165,840
Deductions - Activities	148,033
Net Increase in Fiduciary Net Position	17,807
Net Position - Beginning of year	301,633
Net Position - End of year	**$ 319,440**

See notes to financial statements.

Note 1 - Significant Accounting Policies

The School District of the City of Dearborn, Michigan (the "School District") follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The School District includes the operations related to preschool through grade 12 (the "P-12") and Henry Ford College (the "College"). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements present the School District and its component unit, entities for which the School District is considered to be financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the School District's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity and which organizations are legally separate component units of the School District.

Component Unit

Henry Ford College Foundation (the "Foundation") was organized to develop fundraising programs and events and administer the resulting assets in order to provide scholarships to students and other financial assistance to Henry Ford College's special programs and department projects. The Foundation is discretely reported as part of the School District's reporting entity (although it is legally separate and governed by its own board of directors) because its sole purpose is to provide support to the College. The Foundation is a private organization that reports under the Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation's financial information included in the College's financial report to account for these differences. Audited financial statements of the Foundation may be obtained by contacting the Foundation at 5101 Evergreen Road, Dearborn, MI 48128.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit, as applicable. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All P-12 activities are classified as governmental activities, and all college and component unit activities are classified as business-type activities. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

Note 1 - Significant Accounting Policies (Continued)

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

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the School District's business-type and governmental activities. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Fund Accounting

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

<u>Governmental Funds</u>

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

- The General Fund is the P-12's primary operating fund because it accounts for all financial resources of the P-12 used to provide government services other than those specifically assigned to another fund.
- The Funded Projects Fund is a special revenue fund used to record grants received from the federal government and other sources and the expenditures associated with those programs.
- The General Building and Site Fund is a capital projects fund used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs for the P-12.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or assigned to expenditure for specified purposes.
- The debt service fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt for the P-12.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The proprietary funds are where the College's and component unit functions are reported. The proprietary fund statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Under the full accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. The College's policy for defining operating activities, as reported on the statement of revenue, expenses, and changes in net position, is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB Statement No. 34, including state appropriations, property taxes, grants, and investment income. Student tuition and related revenue and expenses of an academic semester are reported in the fiscal year in which the program is conducted.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a student activity custodial fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and are held for the students.

Interfund Activity

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

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

Basis of Accounting

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for investments in external investment pools, which are valued at amortized cost.

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Accounts and grants receivable consist of amounts due from the State of Michigan for state appropriations and due from federal, state, and local governments in connection with the reimbursement of allowable expenditures made pursuant to the School District's grants and contracts. Accounts receivable also include tuition and fee charges to students and other third parties and auxiliary enterprise services provided to students, faculty, and staff. These balances are recorded net of an allowance for doubtful accounts.

Inventories and Prepaid Items

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

Restricted Assets

The unspent bond proceeds and related interest of the capital projects funds require amounts to be set aside for construction. Cash held in debt service funds is restricted for bond repayment and in set-aside accounts. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the P-12 as assets with an initial individual cost of more than $15,000 and an estimated useful life in excess of one year. The College's capitalization policy includes all items with a cost of $5,000 or more and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Note 1 - Significant Accounting Policies (Continued)

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

	Depreciable Life - Years
Buildings	50
Building improvements	15-50
Land improvements	25
Equipment, vehicles, and furniture	5-10

Compensated Absences (Vacation) and Early Retirement Benefits

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of earned but unused accumulated vacation benefits. A liability for these amounts is reported in the governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The first type of deferred outflow of resources is the deferred charge on refunding bond issuances, which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second deferred outflow of resources relates to deferred outflows of resources for certain pension-related and OPEB-related amounts, such as changes in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 9.

In addition to liabilities, the School District reports various types of deferred inflows. The first arises only under a modified accrual basis of accounting and, therefore, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from federal sources for grant reimbursements that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflow of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 9.

Note 1 - Significant Accounting Policies (Continued)

The College and the P-12 reported deferred inflows of resources at June 30, 2022 on the statement of net position, including $6,165,843 and $26,135,839, respectively, for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $65,365,627 and $217,116,157, respectively, related to the pension and OPEB plans described in Note 9.

Pensions

The School District offers pension benefits to retirees. The School District records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Other Postemployment Benefit Costs

The School District offers retiree health care benefits to retirees. The School District records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPSERS plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position

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

Net Position Flow Assumption

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

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

From time to time, the School District receives grants from federal, state, and local grants, as well as contributions. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Note 1 - Significant Accounting Policies (Continued)

Tuition and Fees

The academic programs are offered in traditional fall, winter, and summer semesters. Revenue from tuition and student fees is recognized during the academic term. Revenue from the summer semester, which occurs from May to August, is split and recognized proportionally to the number of days of the semester within the fiscal year. Tuition revenue is reported at established rates net of institutional financial aid and discounts provided by the College to the students.

Scholarship Discounts and Allowances

Student tuition, fee revenue, and certain other revenue from students are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

College Unearned Revenue

Revenue received prior to year end that is related to the next fiscal period is recorded as unearned revenue. This includes $192,836 for the fall semester and $639,636 of unearned revenue in the summer semester, which began in June 2022 and ended in August 2022. The remaining amount of $2,050,370 included within unearned revenue at year end relates to grant funds received in advance of meeting eligibility criteria.

Use of Estimates

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

Comparative Data/Reclassifications

Comparative data is not included in the School District's financial statements.

Upcoming Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2023.

Note 1 - Significant Accounting Policies (Continued)

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2023.

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

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 87, *Leases*. The financial statements for the year ended June 30, 2022 have not been impacted by this adoption.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and proprietary, debt service, and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The P-12 budgeted revenue was increased during the year in response to an increase in anticipated state revenue due to the COVID-19 pandemic. The P-12 budgeted expenditures were increased during the year in response to increased operating costs due to a return to the in-person instructional model.

The P-12 budgets and reports capital outlay expenditures within the related function in the budgetary comparison schedules. In accordance with generally accepted accounting principles, the P-12 reports capital outlay separately in the statement of revenue, expenditures, and changes in fund balances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The P-12 did not have significant expenditure budget variances.

Fund Deficits

The P-12 had a fund balance deficit in the Funded Projects Fund of $71,851 at June 30, 2022.

Note 3 - Deposits and Investments

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

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

At year end, the P-12 had $45,241,528 in investment pool funds at Comerica Bank, which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

At year end, the College had $178,500 in investment pools in the Michigan Liquid Asset Fund, which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals, except that there is a 1-day minimum investment period, and investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of $39,161,382 had bank deposits of $38,411,382 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The College's investments are all in the name of the College. The investments are custodied with each bank from which they were purchased. Therefore, custodial credit risk is limited.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements. The P-12's investments in governmental cash investment funds of $45,241,528 have a weighted-average maturity of less than one year. The P-12's investments in U.S. Treasury STRIP bonds and U.S. Treasury notes of $9,266,917 and $724,287, respectively, have maturities in 2027.

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At year end, the College had the following investments and maturities:

Investments	Fair Value	Less Than 1 Year	1-5 Years
Certificate of deposit	$ 3,815,258	$ 3,815,258	$ -
U.S. Treasury bills	473,270	-	473,270
Corporate paper	50,797,135	50,797,135	-
Michigan Liquid Asset Fund - Investment Pools*	178,500	178,500	-
Total	$ 55,264,163	$ 54,790,893	$ 473,270

*Investment fair value reported at amortized cost.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

The College is authorized by Michigan Public Act 331 of 1966, as amended through 2012, and by resolution of the board of trustees to invest surplus moneys in bonds, bills, and notes of the United States or obligations of the State of Michigan; mutual funds and investment pools that are composed of authorized investments; bankers' acceptances; commercial paper rated prime by at least one of the standard rating services; negotiable certificates of deposit; and certain repurchase agreements. The College has no investment policy that would further limit its investment choices.

At year end, the maturities of investments and credit quality ratings of debt securities (other than the U.S. government) held by the P-12 are as follows:

Investment	Fair Value	Maturity Date	Rating	Rating Organization
Comerica Governmental Cash Investment Fund*	$ 45,241,528	N/A	N/A**	N/A**

*Investment fair value reported at amortized cost
**Investment is a collective fund and not rated by rating agencies.

Note 3 - Deposits and Investments (Continued)

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) held by the College are as follows:

Investment	Fair Value	Rating	Rating Organization
Certificate of deposit	$ 3,815,258	N/A	N/A
Corporate paper	50,797,135	P1, P2, and P3	Moody's
Michigan Liquid Asset Fund - Investment Pools*	178,500	AAAm	S&P
Total	$ 54,790,893		

*Investment fair value reported at amortized cost

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The College's investments in corporate paper include investments in General Motors, AT&T, BASF, Enel Finance America, and Credit Suisse, TransCanada Pipelines, and Telstra Corporation that are considered to be concentrations.

Foreign Currency Risk

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

Note 4 - Receivables

Receivables at year end for the School District's individual major funds and the nonmajor funds in the aggregate, proprietary fund, and component unit, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government							
	General Fund	Funded Projects Fund	General Building and Site Fund	Other Nonmajor Governmental Funds	Total Governmental Activities	Proprietary Fund	Henry Ford College Foundation	Total
Receivables:								
Accounts, grants, and other	$ 1,862,735	$ 19,007,512	$ -	$ 1,545,088	$ 22,415,335	$ 39,264,722	$ 68,371	$ 61,748,428
Intergovernmental	36,669,619	-	-	-	36,669,619	13,479,812	-	50,149,431
Less allowance for uncollectibles	-	-	-	-	-	(36,745,684)	-	(36,745,684)
Net receivables	$ 38,532,354	$ 19,007,512	$ -	$ 1,545,088	$ 59,084,954	$ 15,998,850	$ 68,371	$ 75,152,175

Note 5 - Unavailable/Unearned Revenue

Governmental and proprietary funds report unearned revenue in connection with resources that have been received but not yet earned.

Note 5 - Unavailable/Unearned Revenue (Continued)

At the end of the current fiscal year, the School District had various components of unavailable and unearned revenue as follows:

	Deferred Inflows - Unavailable Revenue	Unearned Revenue
Governmental funds - Receivables for revenue not available in current period	$ 133,101	$ -
Governmental activities - Tuition and state, federal, and local grant moneys received prior to meeting all eligibility requirements	-	4,293,915
Governmental activities - Unearned hold harmless property tax revenue	-	6,075,895
Business-type activities - Tuition and grant revenue	-	2,882,842
Total	$ 133,101	$ 13,252,652

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:					
Land	$ 11,624,315	$ -	$ -	$ -	$ 11,624,315
Construction in progress	2,320,971	(85,500)	5,575,250	-	7,810,721
Subtotal	13,945,286	(85,500)	5,575,250	-	19,435,036
Capital assets being depreciated:					
Buildings	108,466,313	-	-	-	108,466,313
Building improvements	207,473,072	85,500	1,599,657	-	209,158,229
Land improvements	24,970,055	-	717,972	-	25,688,027
Buses and other vehicles	11,348,052	-	854,957	(1,337,620)	10,865,389
Equipment and other	49,892,528	-	526,514	-	50,419,042
Subtotal	402,150,020	85,500	3,699,100	(1,337,620)	404,597,000
Accumulated depreciation:					
Buildings	45,408,709	-	1,627,742	-	47,036,451
Building improvements	59,913,397	-	4,321,646	-	64,235,043
Land improvements	7,801,222	-	1,033,048	-	8,834,270
Buses and other vehicles	8,430,358	-	878,467	(1,293,708)	8,015,117
Equipment and other	40,839,551	-	2,362,444	-	43,201,995
Subtotal	162,393,237	-	10,223,347	(1,293,708)	171,322,876
Net capital assets being depreciated	239,756,783	85,500	(6,524,247)	(43,912)	233,274,124
Net governmental activities capital assets	$ 253,702,069	$ -	$ (948,997)	$ (43,912)	$ 252,709,160

Depreciation for the fiscal year ended June 30, 2022 totaled $10,223,347 for governmental capital assets. Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is not practical.

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. At year end, the School District's remaining commitments with contractors are $8,700,853 for the P-12 and $16,639,448 for the College.

A summary of changes in the capital assets of business-type activities is as follows:

Business-type Activities

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 3,482,436	$ -	$ -	$ 3,482,436
Construction in progress	14,446,537	15,280,238	(1,443,799)	28,282,976
Subtotal	17,928,973	15,280,238	(1,443,799)	31,765,412
Capital assets being depreciated:				
Buildings	93,832,421	-	-	93,832,421
Building improvements	33,092,189	120,028	386,946	33,599,162
Land improvements	23,590,290	14,945	362,630	23,967,865
Furniture and library books	5,107,793	103,524	-	5,211,317
Equipment and other vehicles	41,170,085	1,440,795	240,430	42,851,310
Subtotal	196,792,778	1,679,292	990,006	199,462,075
Accumulated depreciation:				
Buildings	56,953,161	2,015,500	-	58,968,661
Building improvements	28,355,054	1,609,192	-	29,964,246
Land improvements	15,724,909	1,579,279	-	17,304,188
Furniture and library books	4,461,552	239,277	-	4,700,829
Equipment and other	33,657,285	2,453,373	-	36,110,658
Subtotal	139,151,961	7,896,621	-	147,048,582
Net capital assets being depreciated	57,640,817	(6,217,329)	990,006	52,413,493
Net business-type activities capital assets	$ 75,569,790	$ 9,062,909	$ (453,793)	$ 84,178,905

Depreciation for the fiscal year ended June 30, 2022 totaled $7,896,621 for business-type capital assets.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From				
Fund Due To	General Fund	Funded Projects Fund	Nonmajor Funds	Fiduciary Fund	Total
General Fund	$ -	$ 9,108,598	$ 103,948	$ 467,479	$ 9,680,025
General Building and Site Fund	25,084,550	61,250	-	-	25,145,800
Nonmajor funds	2,249,885	-	-	-	2,249,885
Total	$ 27,334,435	$ 9,169,848	$ 103,948	$ 467,479	$ 37,075,710

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Other nonmajor governmental funds	General Fund	$ 3,266,411
Funded Projects Fund	Other nonmajor governmental funds	945,042
General Fund	Other nonmajor governmental funds	1,148,654
	Building and Site Fund	12,000,000
	Funded Projects Fund	398,499
	Total	$ 17,758,606

The transfers from the General Fund and Funded Projects Fund to other nonmajor governmental funds and the General Building and Site Fund subsidized operations of the Center Program and General Building and Site funds, respectively, and serviced nonvoted debt obligations for the School District. The transfers from other nonmajor governmental funds to the General Fund are for reimbursement to the General Fund for indirect costs and costs paid on behalf of other nonmajor governmental funds.

Note 8 - Long-term Obligations

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
General obligation	$ 86,880,005	$ 15,580,000	$ (27,479,301)	$ 74,980,704	$ 13,902,563
Issuance premiums (discounts)	2,358,190	-	(1,566,593)	791,597	118,063
Total bonds payable	89,238,195	15,580,000	(29,045,894)	75,772,301	14,020,626
Compensated absences	443,919	23,241	-	467,160	467,160
Risk management and claims (Note 10)	357,829	287,497	(215,109)	430,217	430,217
Total governmental activities long-term debt	$ 90,039,943	$ 15,890,738	$ (29,261,003)	$ 76,669,678	$ 14,918,003

The P-12 recognized additional general obligation deferred charges on bond refunding of $396,988 from current year issuances. The current year expense for general obligation deferred outflows related to deferred charges on bond refunding is $1,088,671, with a balance of $1,756,580 at June 30, 2022.

Note 8 - Long-term Obligations (Continued)

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligations	$ 36,674,995	$ -	$ (2,175,699)	$ 34,499,296	$ 2,252,438
Less deferred amounts - Deferred outflows - Deferred charges on bond refunding	(216,925)	-	20,101	(196,824)	-
Issuance premiums (discount)	2,500,430	-	(176,226)	2,324,204	-
Total bonds payable	38,958,500	-	(2,331,824)	36,626,676	2,252,438
Direct borrowing - Note payable	109,025	-	(109,025)	-	-
Severance and other obligations	553,909	-	(405,249)	148,660	132,707
Risk management (Note 10)	617,159	588,747	(823,420)	382,486	382,486
Total business-type activities long-term debt	$ 40,238,593	$ 588,747	$ (3,669,518)	$ 37,157,822	$ 2,767,631

General Obligation Bonds and Contracts

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

The School District issued Qualified School Construction Bonds in a previous year. Qualified School Construction Bonds, a program under the America Recovery and Reinvestment Act of 2009, provide funding for state and local governments at lower borrowing costs of state and local governments than traditional tax-exempt bonds. The federal interest subsidy is indicated as a reduction of interest payments in the table below. The net interest column indicates the amount of cash that the School District will pay in interest.

Debt Service Requirements to Maturity

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

	Governmental Activities				Business-type Activities		
	Other Debt				Other Debt		
Years Ending June 30	Principal	Interest	Interest Subsidy	Total - Net	Principal	Interest - Net of Interest Subsidy	Total - Net
2023	$ 13,902,563	$ 2,133,167	$ (755,343)	$ 15,280,387	$ 2,252,438	$ 954,035	$ 3,206,473
2024	6,053,141	1,739,642	(755,343)	7,037,440	2,321,858	888,962	3,210,820
2025	5,380,000	1,628,384	(755,343)	6,253,041	2,330,000	824,482	3,154,482
2026	5,150,000	1,574,238	(755,343)	5,968,895	2,375,000	759,420	3,134,420
2027	19,740,000	1,639,107	(755,343)	20,623,764	2,475,000	694,250	3,169,250
2028-2032	24,755,000	1,441,498	-	26,196,498	13,750,000	2,390,343	16,140,343
2033-2037	-	-	-	-	6,605,000	842,112	7,447,112
2038-2039	-	-	-	-	2,390,000	147,312	2,537,312
Total	$ 74,980,704	$ 10,156,036	$ (3,776,715)	$ 81,360,025	$ 34,499,296	$ 7,500,916	$ 42,000,212

Note 8 - Long-term Obligations (Continued)

Advance Bond Refunding

During the year, the School District issued $15.58 million in general obligation bonds with an average interest rate of 1.85 percent. The proceeds of these bonds were used to advance refund $14.78 million of outstanding 2015 Series A bonds with an average interest rate of 5.0 percent. The net proceeds of $15.58 million (after payment of $99,373 in underwriting fees, insurance, and other issuance costs) plus an additional $370,000 of the Debt Service Fund moneys were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding reduced total debt service payments over the next four years by approximately $5,500,000, which represents an economic gain of approximately $3,000,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Qualified bonds are fully guaranteed by the State of Michigan. Bonds and notes payable and installment purchase agreements consist of the following:

	Allocated to	
	Governmental Activities	Business-type Activities
$15,000,000 building and site bonds that are designated qualified school construction bonds, due in a lump-sum payment of $15,000,000 on May 1, 2027, bearing interest at 6.625 percent. The School District will receive direct payment from the United States Treasury equal to 5.70 percent of yearly interest payable on the bonds	$ 15,000,000	$ -
$17,055,000 refunding bonds, due in annual installments of $550,000 to $1,195,000 through May 1, 2039, interest at 5.00 percent	-	15,320,000
$13,900,000 energy conservation bonds, due in annual installments of $1,055,000 to $1,310,000 through May 1, 2033, interest at 3.00 percent	-	12,070,000
$9,730,000 qualified refunding bonds, due in annual installments of $620,000 to $625,000 through May 1, 2024, interest at 2.50 percent to 4.00 percent	1,100,705	144,296
$68,475,000 qualified serial bonds, due in an annual installment of $3,375,000 on May 1, 2023, interest at 5.0 percent	3,375,000	-
$2,480,000 nonqualified serial bonds, due in an annual installment of $360,000 on May 1, 2023, interest at 3.25 percent	360,000	-
$9,165,000 refunding bonds, due in annual installments of $515,000 to $790,000 through May 1, 2032, interest at 3.00 percent to 3.25 percent	-	6,965,000
$39,880,000 qualified refunding bonds, due in annual installments of $395,000 to $5,105,000 through May 1, 2032, interest at 0.30 to 2.05 percent	39,565,000	-
$15,580,000 qualified refunding bonds, due in annual installments of $460,000 to $9,220,000 through May 1, 2026, interest at 1.850 percent	15,580,000	-
Total bonds and notes payable	$ 74,980,705	$ 34,499,296

Bond Refunding

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2022, $52,075,000 of bonds outstanding is considered defeased.

Note 9 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

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

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

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

Note 9 - Michigan Public School Employees' Retirement System (Continued)

Contributions

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

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

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

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

The ranges of rates are as follows for both the College and P-12:

	Pension	OPEB
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

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

The P-12's required and actual pension contributions to the plan for the year ended June 30, 2022 were $60,789,973, which include the P-12's contributions required for those members with a defined contribution benefit. The P-12's required and actual pension contributions include an allocation of $26,135,839 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022.

The College's required and actual pension contributions to the plan for the year ended June 30, 2022 were $13,930,204, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of $6,165,843 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability stabilization rate for the year ended June 30, 2022.

The P-12's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were $14,642,972, which includes the School District's contributions required for those members with a defined contribution benefit.

Note 9 - Michigan Public School Employees' Retirement System (Continued)

The College's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were $3,299,252, which includes the College's contributions required for those members with a defined contribution benefit.

The P-12 and the College's required and actual OPEB contributions did not include an allocation of revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability stabilization rate for the year ended June 30, 2022.

Net Pension Liability

At June 30, 2022, the School District reported a liability of $476,889,325 (the P-12 totaled $374,213,558 and the College totaled $102,675,767) for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the P-12's proportion was 1.5806 percent and 1.4948 percent, respectively, representing a change of 5.74 percent. At September 30, 2021 and 2020, the College's proportion was 0.4337 percent and 0.4451 percent, respectively, representing a change of 2.56 percent.

Net OPEB Liability

At June 30, 2022, the School District reported a liability of $31,708,058 (the P-12 totaled $25,190,870 and the College totaled $6,517,188) for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the P-12's proportion was 1.6503 percent and 1.5015 percent of MPSERS, respectively, representing a change of 9.91 percent. At September 30, 2021 and 2020, the College's proportion was 0.4270 percent and 0.4337 percent of MPSERS, respectively, representing a change of 1.55 percent.

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

For the year ended June 30, 2022, the P-12 recognized pension expense of $49,282,938, inclusive of payments to fund the MPSERS UAAL stabilization rate. For the year ended June 30, 2022, the College recognized pension expense of $9,380,363.

Note 9 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2022, the P-12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,796,728	$ (2,203,673)
Changes in assumptions	23,589,085	-
Net difference between projected and actual earnings on pension plan investments	-	(120,308,456)
Changes in proportion and differences between the P-12's contributions and proportionate share of contributions	22,064,480	(459,269)
The P-12's contributions to the plan subsequent to the measurement date	50,833,743	-
Total	$ 102,284,036	$ (122,971,398)

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,590,492	$ (606,112)
Changes in assumptions	6,472,313	-
Net difference between projected and actual earnings on pension plan investments	-	(33,009,929)
Changes in proportion and differences between college contributions and proportionate share of contributions	-	(5,433,110)
College contributions subsequent to the measurement date	11,733,749	-
Total	$ 19,796,554	$ (39,049,151)

Additionally, the P-12 and the College reported deferred inflows of resources at June 30, 2022 on the statement of net position of $26,135,839 and $6,165,843, respectively, for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date, which are not included in the tables above.

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

Years Ending	P-12	College	Total
2023	$ (3,507,060)	$ (5,012,236)	$ (8,519,296)
2024	(14,720,107)	(7,537,293)	(22,257,400)
2025	(23,297,534)	(9,171,788)	(32,469,322)
2026	(29,996,404)	(9,263,555)	(39,259,959)
Total	$ (71,521,105)	$ (30,984,872)	$ (102,505,977)

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

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

For the year ended June 30, 2022, the P-12 recognized OPEB recovery of $11,667,627. For the year ended June 30, 2022, the College recognized OPEB recovery of $4,258,071.

At June 30, 2022, the P-12 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (71,905,544)
Changes in assumptions	21,058,317	(3,151,111)
Net difference between projected and actual earnings on OPEB plan investments	-	(18,986,812)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	10,849,910	(101,292)
P-12 employer contributions to the plan subsequent to the measurement date	9,984,551	-
Total	$ 41,892,778	$ (94,144,759)

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ (18,602,850)
Changes in assumptions	5,448,046	(815,231)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,912,122)
Changes in proportionate share or difference between college amount contributed and proportionate share of contributions	53,219	(1,986,273)
College employer contributions to the plan subsequent to the measurement date	2,250,921	-
Total	$ 7,752,186	$ (26,316,476)

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

Years Ending	P-12	College	Total
2023	$ (16,542,903)	$ (5,529,131)	$ (22,072,034)
2024	(15,108,349)	(5,033,873)	(20,142,222)
2025	(13,965,624)	(4,506,635)	(18,472,259)
2026	(12,897,004)	(4,151,594)	(17,048,598)
2027	(3,290,888)	(1,409,106)	(4,699,994)
Thereafter	(431,764)	(184,872)	(616,636)
Total	$ (62,236,532)	$ (20,815,211)	$ (83,051,743)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the OPEB liability in the next year (2022).

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2021 are based on the results of an actuarial valuation as of September 30, 2020 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5%, in year 15, 3.0%, in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% male and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

Significant assumption changes since the prior measurement date, September 30, 2020, for the OPEB plan include an increase in the health care cost trend rate of 0.75 percentage points for members under 65 and a reduction from 7.0 percent to 5.25 percent for members over 65. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

Significant assumption changes since the measurement date, September 30, 2021, for the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plan's net pension liability by approximately $8.1 billion and the total plan's net OPEB liability by approximately $1.1 billion.

Note 9 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2021, depending on the plan option. The discount rate used to measure the total OPEB liability was 7.15 percent as of September 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.40 %
Private equity pools	16.00	9.10
International equity pools	15.00	7.50
Fixed-income pools	10.50	(0.70)
Real estate and infrastructure pools	10.00	5.40
Absolute return pools	9.00	2.60
Short-term investment pools	2.00	(1.30)
Real return/opportunistic pools	12.50	6.10
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.0 percent.

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
P-12	$ 535,023,901	$ 374,213,558	$ 240,891,236
College	146,798,499	102,675,766	66,095,125

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
P-12	$ 46,809,183	$ 25,190,870	$ 6,844,643
College	12,110,112	6,517,188	1,770,794

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
P-12	$ 6,131,258	$ 25,190,870	$ 46,635,229
College	1,586,232	6,517,188	12,065,108

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2022, the P-12 reported a payable of $10,921,775 and $1,532,948 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022. At June 30, 2022, the College reported a payable of $1,757,707 and $251,265 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

Note 10 - Risk Management

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

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

Note 10 - Risk Management (Continued)

For risk retention situations (other than commercial coverage or risk-sharing pools), the School District estimates the liability for dental and workers' compensation claims that have been incurred through the end of the fiscal year, including both claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2022	2021
Estimated liability - Beginning of year	$ 974,988	$ 660,138
Estimated claims incurred - Including changes in estimates	876,244	1,374,584
Claim payments	(1,038,529)	(1,059,734)
Estimated liability - End of year	$ 812,703	$ 974,988

Property and General Liability

The P-12 and the College have limited risk management programs for property coverage and general liability. Risk management pool assets are held and administered by the Metropolitan Association for Improved School Legislation for the P-12 and by the Michigan Community College Risk Management Authority for the College. Premiums are paid by the P-12's General Fund and are available to pay claims, claim reserves, and administrative costs of the program. Premiums are paid by the College and are available to pay claims, claim reserves, and administration costs of the program up to a maximum of $15,000 per claim or up to $45,000 per year. During fiscal year 2022, approximately $839,000 and $315,000 was paid in premiums by the P-12 and the College, respectively. An excess insurance policy covers individual claims in excess of $1,000 for the P-12 and $10,000 for the College.

Dental

The self-insured dental plan covers all employees of Henry Ford College. Claims are funded by the College and paid by the plan administrator. The College pays all administrative costs of the plan. During fiscal year 2022, $470,554 was charged to expense relating to these benefits, including claims incurred but not reported.

Workers' Compensation

The self-insured workers' compensation plan covers all employees of Henry Ford College. Claims are funded by the School District and paid by the plan administrator. An insurance policy covers claims in excess of $400,000 per occurrence. During fiscal year 2022, $38,414 was charged to expense relating to these benefits, including claims incurred but not reported.

Note 11 - Restricted Assets

The balance of the P-12 restricted assets account at June 30, 2022 of $10,440,679 represents bonded debt service reserve.

Note 12 - Contingent Liabilities

In the normal course of their activities, the P-12 and the College are parties to various legal actions. It is the opinion of officials of both the P-12 and the College that potential claims in excess of insurance coverage resulting from pending litigation will not have a material effect on the financial statements, and no reserves for losses are accrued.

Note 13 - Henry Ford College Foundation

Henry Ford College Foundation was organized to develop fundraising programs and events and to administer the resulting assets in order to provide scholarships to students and other financial assistance to Henry Ford College's special programs and department projects.

Note 13 - Henry Ford College Foundation (Continued)

The Internal Revenue Service has determined that the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

The College assumes the liability for the salaries of the Foundation's employees and certain general and administrative expenses. Expenses assumed by the College were $1,080,696 for the year ended June 30, 2022.

Note 14 - Designated Net Position

Within the proprietary funds' unrestricted net position, certain amounts are designated at June 30, 2022. The amounts are as follows:

	College
Working capital	$ 15,607,347
Technology improvements	3,918,758
Programming	8,201
Total	$ 19,534,306

Note 15 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 15 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Assets				
P-12 investments - Fixed income - U.S. Treasurys	$ -	$ 9,991,204	$ -	$ 9,991,204
College investments:				
Fixed income - Corporate paper	-	50,797,135	-	50,797,135
Fixed income - Certificate of deposits - Participating	-	3,815,258	-	3,815,258
Fixed income - U.S. Treasuries	-	473,270	-	473,270
Total college investments	-	55,085,663	-	55,085,663
Foundation investments:				
Fixed income - Core	11,514,149	-	-	11,514,149
Equity - Large growth and value	5,823,040	-	-	5,823,040
Total foundation investments	17,337,189	-	-	17,337,189
Total assets	$ 17,337,189	$ 65,076,867	$ -	$ 82,414,056

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities.

The fair value of investments of the P-12 and the College at June 30, 2022 was determined primarily based on Level 2 inputs. The P-12 and the College estimate the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Short-term investments on the proprietary funds' statement of net position at June 30, 2022 include investments in Michigan Liquid Asset Fund - Investment Pools of $178,500, recorded at amortized cost.

Component Unit

Investments are presented in the financial statements at fair market value. Unrealized gains or losses are reported as changes in net position in the statement of activities. Realized gains or losses on investments are recorded upon sale and are determined based on specific identification.

Note 16 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), brownfield redevelopment (PA 381 of 1996), and PILOT (PA346 of 1966) agreements granted by companies within Wayne County that impact the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities, brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties, and PILOT exemptions are intended to sustain apartments and workspace for low-income artists.

For the fiscal year ended June 30, 2022, the School District's property tax revenue was reduced by $852,648 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District is not reimbursed for lost revenue from the debt service millages. There are no abatements made by the School District.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 46,678,502	$ 39,922,502	$ 41,710,758	$ 1,788,256
State sources	167,250,301	183,065,096	184,483,618	1,418,522
Federal sources	51,964	379,650	84,078	(295,572)
Interdistrict - Incoming transfers from other districts	13,746,904	13,740,238	15,986,706	2,246,468
Total revenue	227,727,671	237,107,486	242,265,160	5,157,674
Expenditures				
Current:				
Instruction:				
Basic programs	110,983,893	121,291,630	124,137,358	2,845,728
Added needs	20,180,906	21,247,173	21,697,145	449,972
Support services:				
Pupil	9,743,805	10,188,355	9,343,554	(844,801)
Instructional staff	10,151,789	10,315,949	10,272,237	(43,712)
General administration	1,399,687	1,164,128	1,085,712	(78,416)
School administration	16,227,131	16,770,179	17,004,854	234,675
Business	2,475,894	2,646,010	2,139,943	(506,067)
Operations and maintenance	26,816,938	28,068,153	28,131,105	62,952
Pupil transportation services	9,667,993	11,316,686	11,208,688	(107,998)
Central	6,043,787	5,353,489	5,281,429	(72,060)
Athletics	2,916,940	3,048,700	2,958,293	(90,407)
Community services	92,205	271,020	278,089	7,069
Total expenditures	216,700,968	231,681,472	233,538,407	1,856,935
Excess of Revenue Over Expenditures	11,026,703	5,426,014	8,726,753	3,300,739
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	-	75,000	71,917	(3,083)
Transfers in	3,214,038	4,022,563	3,266,411	(756,152)
Transfers out	(13,037,762)	(14,526,398)	(13,547,153)	979,245
Total other financing uses	(9,823,724)	(10,428,835)	(10,208,825)	220,010
Net Change in Fund Balance	1,202,979	(5,002,821)	(1,482,072)	3,520,749
Fund Balance - Beginning of year	40,581,243	40,581,243	40,581,243	-
Fund Balance - End of year	**$ 41,784,222**	**$ 35,578,422**	**$ 39,099,171**	**$ 3,520,749**

See notes to required supplemental information.

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Fund
Funded Projects Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	$ 38,706	$ 30,583	$ 5,634	$ (24,949)
State sources	9,053,363	15,638,633	12,182,836	(3,455,797)
Federal sources	58,385,193	76,178,902	71,453,092	(4,725,810)
Interdistrict - Incoming transfers from other districts	95,700	160,800	113,127	(47,673)
Total revenue	67,572,962	92,008,918	83,754,689	(8,254,229)
Expenditures				
Current:				
Instruction:				
Basic programs	34,380,780	36,817,029	38,774,242	1,957,213
Added needs	11,329,412	15,612,863	14,519,541	(1,093,322)
Adult/Continuing education	204,414	254,107	170,983	(83,124)
Support services:				
Pupil	7,992,474	16,397,063	10,656,902	(5,740,161)
Instructional staff	6,334,010	9,619,469	6,858,079	(2,761,390)
General administration	53,693	115,481	51,863	(63,618)
School administration	347,442	408,853	854,368	445,515
Business	293,559	117,135	208,819	91,684
Operations and maintenance	3,289,535	800,153	422,416	(377,737)
Pupil transportation services	490,888	672,360	585,327	(87,033)
Central	224,256	411,156	491,012	79,856
Other	-	1,507	46,216	44,709
Community services	1,832,996	2,369,583	1,969,211	(400,372)
Total expenditures	66,773,459	83,596,759	75,608,979	(7,987,780)
Excess of Revenue Over Expenditures	799,503	8,412,159	8,145,710	(266,449)
Other Financing Sources (Uses)				
Transfers in	25,203	398,499	398,499	-
Transfers out	(824,547)	(1,139,640)	(945,042)	194,598
Total other financing uses	(799,344)	(741,141)	(546,543)	194,598
Net Change in Fund Balance	159	7,671,018	7,599,167	(71,851)
Fund Balance (Deficit) - Beginning of year	(7,671,018)	(7,671,018)	(7,671,018)	-
Fund Balance (Deficit) - End of year	**$ (7,670,859)**	**$ -**	**$ (71,851)**	**$ (71,851)**

See notes to required supplemental information.

Required Supplemental Information
Schedule of the School District of the City of Dearborn, Michigan's Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Eight Plan Years

Years Ended September 30

	2021		2020		2019		2018	
	College	P-12	College	P-12	College	P-12	College	P-12
Proportion of the collective MPSERS net pension liability	0.43368 %	1.58060 %	0.44512 %	1.49485 %	0.45765 %	1.49049 %	0.46436 %	1.47706 %
School District's proportionate share of the net pension liability	$ 102,675,766	$ 374,213,558	$ 152,902,744	$ 513,496,271	$ 151,557,535	$ 493,600,427	$ 139,595,750	$ 444,032,271
Covered payroll	$ 38,807,429	$ 149,949,336	$ 38,599,452	$ 133,449,438	$ 39,563,341	$ 130,904,452	$ 39,016,622	$ 127,124,502
Proportionate share of the net pension liability as a percentage of its covered payroll	264.58 %	249.56 %	396.13 %	384.79 %	383.08 %	377.07 %	357.79 %	349.29 %
MPSERS fiduciary net position as a percentage of total pension liability	72.32 %	72.32 %	59.49 %	59.49 %	60.08 %	60.08 %	62.12 %	62.12 %

	2017		2016		2015		2014	
	College	P-12	College	P-12	College	P-12	College	P-12
Proportion of the collective MPSERS net pension liability	0.47006 %	1.46387 %	0.46260 %	1.45070 %	0.44420 %	1.40690 %	0.41190 %	1.36530 %
School District's proportionate share of the net pension liability	$ 121,812,093	$ 379,349,782	$ 115,404,414	$ 361,929,771	$ 108,513,913	$ 343,626,845	$ 90,738,688	$ 300,722,387
Covered payroll	$ 39,611,832	$ 122,229,184	$ 39,002,600	$ 124,444,156	$ 37,594,029	$ 117,342,529	$ 35,090,424	$ 115,972,345
Proportionate share of the net pension liability as a percentage of its covered payroll	307.51 %	310.36 %	295.89 %	290.84 %	288.64 %	292.84 %	258.59 %	259.31 %
MPSERS fiduciary net position as a percentage of total pension liability	63.96 %	63.96 %	63.01 %	63.01 %	63.17 %	62.92 %	66.18 %	66.20 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of the School District of the City of Dearborn, Michigan's Pension Contributions
Michigan Public School Employees' Retirement System

Last Eight Fiscal Years

Years Ended June 30

	2022		2021		2020		2019	
	College	P-12	College	P-12	College	P-12	College	P-12
Statutorily required contribution	$ 13,556,278	$ 58,918,049	$ 13,126,437	$ 45,862,226	$ 12,456,336	$ 41,632,191	$ 12,165,227	$ 40,027,978
Contributions in relation to the contractually required contribution	13,556,278	58,918,049	13,126,437	45,862,226	12,456,336	41,632,191	12,165,227	40,027,978
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 37,216,689	$ 165,084,389	$ 38,222,721	$ 134,821,087	$ 38,550,737	$ 132,645,482	$ 38,945,452	$ 130,601,702
Contributions as a Percentage of Covered Payroll	36.43 %	35.69 %	34.34 %	34.02 %	32.31 %	31.39 %	31.24 %	30.65 %

	2018		2017		2016		2015	
	College	P-12	College	P-12	College	P-12	College	P-12
Statutorily required contribution	$ 11,950,133	$ 37,839,965	$ 11,211,788	$ 34,322,159	$ 10,751,416	$ 32,998,038	$ 6,397,865	$ 25,594,553
Contributions in relation to the contractually required contribution	11,950,133	37,839,965	11,211,788	34,322,159	10,751,416	32,998,038	6,397,685	25,594,553
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ -	$ -
Covered Payroll	$ 38,942,209	$ 126,354,565	$ 40,361,645	$ 121,864,395	$ 38,380,413	$ 118,269,399	$ 37,197,602	$ 117,149,391
Contributions as a Percentage of Covered Payroll	30.69 %	29.95 %	27.78 %	28.16 %	28.01 %	27.90 %	17.20 %	21.85 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of the School District of the City of Dearborn, Michigan's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement System

Last Five Plan Years

Plan Years Ended September 30

	2021		2020		2019		2018		2017	
	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12
Proportion of the net OPEB liability	0.42697 %	1.65037 %	0.43370 %	1.50152 %	0.45080 %	1.49524 %	0.45676 %	1.49200 %	0.46946 %	1.46266 %
Proportionate share of the net OPEB liability	$ 6,517,188	$ 25,190,870	$ 23,234,320	$ 80,440,604	$ 32,357,545	$ 107,324,382	$ 36,307,482	$ 118,598,141	$ 41,572,746	$ 129,525,038
Covered payroll	$ 38,807,429	$ 149,949,336	$ 38,599,452	$ 133,449,438	$ 39,563,341	$ 130,904,452	$ 39,016,622	$ 127,124,502	$ 39,611,832	$ 122,229,184
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.79 %	16.80 %	60.19 %	60.28 %	81.79 %	81.99 %	93.06 %	93.29 %	104.95 %	105.97 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	88.87 %	59.76 %	59.76 %	48.67 %	48.67 %	43.10 %	43.10 %	36.53 %	36.53 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of the School District of the City of Dearborn, Michigan's OPEB Contributions
Michigan Public School Employees' Retirement System

Last Five Fiscal Years

Years Ended June 30

	2022		2021		2020		2019		2018	
	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12
Statutorily required contribution	$ 3,032,862	$ 13,453,057	$ 3,180,799	$ 11,219,474	$ 3,097,783	$ 10,658,860	$ 3,059,175	$ 10,258,796	$ 2,814,540	$ 9,126,243
Contributions in relation to the statutorily required contribution	3,032,862	13,453,057	3,180,799	11,219,474	3,097,783	10,658,860	3,059,175	10,258,796	2,814,540	9,126,243
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 37,216,689	$ 165,084,389	$ 38,222,721	$ 134,821,087	$ 38,550,737	$ 132,645,482	$ 38,945,452	$ 130,601,702	$ 38,942,209	$ 126,354,565
Contributions as a Percentage of Covered Payroll	8.15 %	8.15 %	8.32 %	8.32 %	8.04 %	8.04 %	7.86 %	7.86 %	7.23 %	7.22 %

See notes to required supplemental information.

Pension Information

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

Benefit Changes

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

Changes in Assumptions

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

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

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

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

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

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

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

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

		Special Revenue Funds				
	Debt Service Fund	Cafeteria Fund	Adult Education Fund	Center Program Fund	School Activity Fund	Total Nonmajor Funds
Assets						
Cash and investments	$ -	$ 3,652,160	$ 566,694	$ -	$ 838,142	$ 5,056,996
Receivables	379,092	595,208	570,788	-	-	1,545,088
Due from other funds	465,489	247,729	-	1,536,667	-	2,249,885
Inventories	-	82,396	-	-	-	82,396
Prepaid costs and other assets	-	-	945	1,242	-	2,187
Restricted assets	10,440,679	-	-	-	-	10,440,679
Total assets	**$ 11,285,260**	**$ 4,577,493**	**$ 1,138,427**	**$ 1,537,909**	**$ 838,142**	**$ 19,377,231**
Liabilities						
Accounts and contracts payable	$ 8,053	$ 1,345,153	$ 25,209	$ 274,081	$ 3,941	$ 1,656,437
Due to other funds	-	-	103,948	-	-	103,948
Accrued salary, wage, and fringe benefits payable	-	221,165	70,509	1,263,828	-	1,555,502
Unearned revenue	-	254,033	69,662	-	-	323,695
Total liabilities	8,053	1,820,351	269,328	1,537,909	3,941	3,639,582
Fund Balances						
Nonspendable:						
Inventory	-	82,396	-	-	-	82,396
Prepaid costs	-	-	945	1,242	-	2,187
Restricted:						
Debt service	11,277,207	-	-	-	-	11,277,207
Food service	-	2,674,746	-	-	-	2,674,746
Committed - Student activities	-	-	-	-	834,201	834,201
Assigned - Adult education	-	-	868,154	-	-	868,154
Unassigned fund deficit	-	-	-	(1,242)	-	(1,242)
Total fund balances	11,277,207	2,757,142	869,099	-	834,201	15,737,649
Total liabilities and fund balances	**$ 11,285,260**	**$ 4,577,493**	**$ 1,138,427**	**$ 1,537,909**	**$ 838,142**	**$ 19,377,231**

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

Year Ended June 30, 2022

	Debt Service Fund	Special Revenue Funds: Cafeteria Fund	Special Revenue Funds: Adult Education Fund	Special Revenue Funds: Center Program Fund	Special Revenue Funds: School Activity Fund	Total Nonmajor Funds
Revenue						
Local sources	$ 13,319,543	$ 699,243	$ 999,537	$ -	$ 681,766	$ 15,700,089
State sources	1,479,975	258,396	2,165,900	5,957,099	-	9,861,370
Federal sources	756,763	12,873,415	-	-	-	13,630,178
Interdistrict - Incoming transfers from other districts	-	-	-	11,620,374	-	11,620,374
Total revenue	15,556,281	13,831,054	3,165,437	17,577,473	681,766	50,812,011
Expenditures						
Current:						
Instruction	-	-	1,291,797	11,086,541	-	12,378,338
Support services	32,257	-	1,237,981	5,099,870	600,782	6,970,890
Food services	-	14,245,860	-	-	-	14,245,860
Community services	-	-	150,548	-	-	150,548
Debt service:						
Principal	12,704,301	-	-	-	-	12,704,301
Interest and other	3,529,998	-	-	-	-	3,529,998
Fees and other bond costs	470,263	-	-	-	-	470,263
Capital outlay	-	459,779	-	199,885	-	659,664
Total expenditures	16,736,819	14,705,639	2,680,326	16,386,296	600,782	51,109,862
Excess of Revenue (Under) Over Expenditures	(1,180,538)	(874,585)	485,111	1,191,177	80,984	(297,851)
Other Financing Sources (Uses)						
Face value of debt issued	15,580,000	-	-	-	-	15,580,000
Proceeds on sale of fixed assets	-	775	-	-	-	775
Transfers in	960,900	14,352	-	1,118,444	-	2,093,696
Payment to bond refunding escrow agent	(15,480,627)	-	-	-	-	(15,480,627)
Transfers out	-	(957,180)	-	(2,309,231)	-	(3,266,411)
Total other financing sources (uses)	1,060,273	(942,053)	-	(1,190,787)	-	(1,072,567)
Net Change in Fund Balances	(120,265)	(1,816,638)	485,111	390	80,984	(1,370,418)
Fund Balances (Deficit) - Beginning of year	11,397,472	4,573,780	383,988	(390)	753,217	17,108,067
Fund Balances - End of year	**$ 11,277,207**	**$ 2,757,142**	**$ 869,099**	**$ -**	**$ 834,201**	**$ 15,737,649**

	Combined Total	General Fund	Pension and OPEB Liability Fund*	Auxiliary Services Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 17,478,017	$ 17,300,058	$ -	$ 11,674
Short-term investments	54,790,893	54,790,893	-	-
Receivables - Net:				
Student receivables	2,244,009	2,180,760	-	20,874
Accounts and grants	8,316,415	275,029	-	-
Due from other governments	5,438,426	5,438,426	-	-
Due from other funds	13,125	13,125	-	-
Inventories	695,217	-	-	687,035
Prepaid expenses and other assets	1,353,375	1,353,375	-	-
Total current assets	90,329,477	81,351,666	-	719,583
Noncurrent assets:				
Long-term investments	473,270	473,270	-	-
Capital assets - Net	84,178,905	-	-	-
Total noncurrent assets	84,652,175	473,270	-	-
Total assets	174,981,652	81,824,936	-	719,583
Deferred Outflows of Resources				
Deferred outflows related to pensions	19,796,554	-	19,796,554	-
Deferred charges on bond refunding	196,824	-	-	-
Deferred OPEB costs	7,752,186	-	7,752,186	-
Total deferred outflows of resources	27,745,564	-	27,548,740	-
Liabilities				
Current liabilities:				
Accounts payable	4,068,391	3,892,878	-	-
Due to other funds	-	55,193,610	-	(4,578,687)
Deposits held for others	130,397	-	-	-
Accrued salary, wage, and fringe benefits payable	7,060,563	6,820,551	-	5,907
Unearned revenue	2,882,842	(220,596)	-	-
Early termination obligation	132,707	132,707	-	-
Risk management	382,486	382,486	-	-
Current portion of long-term liabilities	2,252,438	-	-	-
Total current liabilities	16,909,824	66,201,636	-	(4,572,780)
Noncurrent liabilities:				
Bonds and notes payable - Net of unamortized premium and discounts	34,571,063	-	-	-
Early termination obligation	15,953	15,953	-	-
Net pension liability	102,675,767	-	102,675,767	-
Net OPEB liability	6,517,188	-	6,517,188	-
Total noncurrent liabilities	143,779,971	15,953	109,192,955	-
Total liabilities	160,689,795	66,217,589	109,192,955	(4,572,780)
Deferred Inflows of Resources	71,531,470	-	71,531,470	-
Net Position (Deficit)				
Net investment in capital assets	47,552,228	-	-	-
Unrestricted	(77,046,277)	15,607,347	(153,175,685)	5,292,363
Total net position (deficit)	**$ (29,494,049)**	**$ 15,607,347**	**$ (153,175,685)**	**$ 5,292,363**

June 30, 2022

Designated Fund	Restricted Fund	Agency Fund	Plant Funds
$ 200	$ 40,001	$ 126,084	$ -
-	-	-	-
-	(1,400)	43,775	-
-	8,041,386	-	-
-	-	-	-
-	-	-	-
8,182	-	-	-
-	-	-	-
8,382	8,079,987	169,859	-
-	-	-	-
-	-	-	84,178,905
-	-	-	84,178,905
8,382	8,079,987	169,859	84,178,905
-	-	-	-
-	-	-	196,824
-	-	-	-
-	-	-	196,824
-	173,454	-	2,059
(4,442,984)	5,988,872	39,462	(52,200,273)
-	-	130,397	-
180	9,490	-	224,435
524,227	1,908,171	-	671,040
-	-	-	-
-	-	-	-
-	-	-	2,252,438
(3,918,577)	8,079,987	169,859	(49,050,301)
-	-	-	34,571,063
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	34,571,063
(3,918,577)	8,079,987	169,859	(14,479,238)
-	-	-	-
-	-	-	47,552,228
3,926,959	-	-	51,302,739
$ 3,926,959	**$ -**	**$ -**	**$ 98,854,967**

*The Pension and OPEB Liability Fund reflects GASB 68 and GASB 75 adjustments and state appropriations for UAAL.

	Combined Total	Eliminations	General Fund	Pension and OPEB Liability Fund*
Operating Revenue				
Tuition and fees - Net of scholarship allowance of $24,435,813	$ 27,174,874	$ (24,435,813)	$ 48,467,120	$ -
Federal grants	2,729,489	-	-	-
State and local grants and gifts	5,936,715	-	-	-
Auxiliary enterprises	3,273,826	-	-	-
Other funds expenditures for capital assets	-	(1,681,038)	-	-
Miscellaneous	861,612	-	795,338	-
Total operating revenue	39,976,516	(26,116,851)	49,262,458	-
Operating Expenses				
Instruction	40,429,778	(1,506,533)	46,681,759	(6,535,948)
Information technology	4,291,121	-	4,678,899	(402,655)
Instructional support	2,347,765	-	3,147,942	(801,890)
Student services	39,743,239	(24,435,813)	11,975,781	(1,692,433)
Institutional administration	10,604,329	(60,620)	11,651,455	(1,014,125)
Physical plant operations	8,116,040	(113,885)	8,224,311	(754,882)
Auxiliary enterprises	3,444,005	-	-	(135,000)
Repairs and maintenance	1,468,237	-	398,822	-
Depreciation expense	7,896,621	-	-	-
Total operating expenses	118,341,135	(26,116,851)	86,758,969	(11,336,933)
Operating (Loss) Income	(78,364,619)	-	(37,496,511)	11,336,933
Nonoperating Revenue (Expense)				
Federal grants - Pell	24,580,778	-	-	-
State appropriations	34,641,824	-	35,134,116	(492,292)
Property taxes	15,072,071	-	14,993,850	-
Investment income	(234,000)	-	(234,000)	-
Federal grants - Other	32,832,486	-	-	-
Interest on capital asset-related debt expenses	(1,260,517)	-	-	-
Total nonoperating revenue (expense)	105,632,642	-	49,893,966	(492,292)
Transfers (Out) In	-	-	(11,355,796)	-
Change in Net Position	27,268,023	-	1,041,659	10,844,641
Net Position (Deficit) - Beginning of year	(56,762,072)	-	14,565,688	(164,020,326)
Net Position (Deficit) - End of year	**$ (29,494,049)**	**$ -**	**$ 15,607,347**	**$ (153,175,685)**

Year Ended June 30, 2022

Auxiliary Services Fund	Designated Fund	Restricted Fund	Plant Funds
$ -	$ 1,459,922	$ -	$ 1,683,645
-	-	2,729,489	-
-	-	5,936,715	-
3,233,036	40,790	-	-
-	-	-	1,681,038
-	66,274	-	-
3,233,036	1,566,986	8,666,204	3,364,683
826	224,717	1,564,957	-
-	14,877	-	-
65	1,648	-	-
-	84,378	53,811,326	-
-	-	27,619	-
-	-	760,496	-
3,579,005	-	-	-
8,029	200,880	860,506	-
-	-	-	7,896,621
3,587,925	526,500	57,024,904	7,896,621
(354,889)	1,040,486	(48,358,700)	(4,531,938)
-	-	24,580,778	-
-	-	-	-
-	-	-	78,221
-	-	-	-
-	-	32,832,486	-
-	-	-	(1,260,517)
-	-	57,413,264	(1,182,296)
-	(808,014)	(9,054,564)	21,218,374
(354,889)	232,472	-	15,504,140
5,647,252	3,694,487	-	83,350,827
$ 5,292,363	**$ 3,926,959**	**$ -**	**$ 98,854,967**

*The Pension and OPEB Liability Fund reflects GASB 68 and GASB 75 adjustments and state appropriations for UAAL.

Other Supplemental Information
Schedule of Bonded Indebtedness

June 30, 2022

Years Ending June 30	2010 QSCB Principal	2013 Refunding Principal	2015 Site Bond (Series A) Principal	2015 Site Bond (Series B) Principal	2021 Refunding Principal	2022 Refunding Principal	Total
2023	$ -	$ 552,563	$ 3,375,000	$ 360,000	$ 395,000	$ 9,220,000	$ 13,902,563
2024	-	548,142	-	-	335,000	5,170,000	6,053,142
2025	-	-	-	-	4,650,000	730,000	5,380,000
2026	-	-	-	-	4,690,000	460,000	5,150,000
2027	15,000,000	-	-	-	4,740,000	-	19,740,000
2028	-	-	-	-	4,800,000	-	4,800,000
2029	-	-	-	-	4,875,000	-	4,875,000
2030	-	-	-	-	4,950,000	-	4,950,000
2031	-	-	-	-	5,025,000	-	5,025,000
2032	-	-	-	-	5,105,000	-	5,105,000
Total remaining payments	**$ 15,000,000**	**$ 1,100,705**	**$ 3,375,000**	**$ 360,000**	**$ 39,565,000**	**$ 15,580,000**	**$ 74,980,705**
Interest rate	6.625%	2.5-4.0%	5.0%	3.25%	0.30 - 2.05%	1.85%	
Original issue	**$ 15,000,000**	**$ 8,602,293**	**$ 68,475,000**	**$ 2,480,000**	**$ 39,880,000**	**$ 15,580,000**	**$ 150,017,293**

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