

**School District of the City of
Dearborn, Michigan**
**(includes P-12 and
Henry Ford College)**

**Financial Report
with Supplemental Information
June 30, 2014**

School District of the City of Dearborn, Michigan

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School District of the City of Dearborn, Michigan

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, 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, 2014 and the related notes to the financial statements, which collectively comprise the School District of the City of Dearborn, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Henry Ford Community College Foundation was not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the School District of the City of Dearborn, Michigan as of June 30, 2014 and the respective changes in its financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund budgetary comparison schedule, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of the City of Dearborn, Michigan'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.

The other supplemental information, as identified in the table of contents, 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. Such 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, as identified in the table of contents, 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 November 3, 2014 on our consideration of the School District of the City of Dearborn, Michigan'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 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 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 School District of the City of Dearborn, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 3, 2014

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - Introduction

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 (the "School District") as of and for the year ended June 30, 2014. The School District is identified as a P-12 school district located in Wayne County, Michigan. The P-12 component 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, 2014. 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 and the Debt Service 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 net position, presents financial information about activities for which the P-12 acts solely as an agent for the benefit of students and parents.

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 Fund

Other Supplemental Information

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - Introduction (Continued)

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

The statement of net position and the statement of activities report the governmental, 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.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - Introduction (Continued)

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 include only the activities of the P-12 and 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 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 is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Discussion of the P-12 and College activities follows.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12

Dearborn Public Schools (P-12)

Recall that the statement of net position provides the perspective of the School District as a whole. Table I provides a summary of the P-12's net position as of June 30, 2014 and 2013, which are reported as governmental activities of the School District:

Table I

	Governmental Activities	
	June 30	
	2013	2014
	(in millions)	
Assets		
Current assets	\$ 46.9	\$ 48.9
Restricted assets	5.8	81.0
Capital assets	<u>218.0</u>	<u>218.7</u>
Total assets	270.7	348.6
Deferred Outflows of Resources -		
Deferred charges on bond refunding	<u>0.5</u>	<u>0.4</u>
Total assets and deferred outflows of resources	271.2	349.0
Liabilities		
Current liabilities	56.0	58.3
Long-term liabilities	<u>107.7</u>	<u>172.3</u>
Total liabilities	<u>163.7</u>	<u>230.6</u>
Net Position		
Net investment in capital assets	93.6	101.6
Restricted	6.6	7.3
Unrestricted	<u>7.3</u>	<u>9.5</u>
Total net position	<u>\$ 107.5</u>	<u>\$ 118.4</u>

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12

The above analysis focuses on the net position (see Table 1) of the P-12. The change in net position (see Table 2) of the P-12's activities is discussed below. The P-12's net position was \$118.4 million at June 30, 2014. Capital assets, net of related debt, totaling \$101.6 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 of \$7.3 million is reported separately to show legal constraints from debt covenants and enabling legislation that limit the P-12's ability to use the net position for day-to-day operations. The remaining amount of net position, \$9.5 million, was unrestricted.

The \$9.5 million in unrestricted net position of governmental activities represents the accumulated results of all past years' P-12 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.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12 (Continued)

The results of this year's operations for the P-12 as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal years 2014 and 2013.

Table 2

	Governmental Activities	
	Year Ended June 30	
	2013	2014
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 5.9	\$ 5.7
Operating grants	47.5	45.0
General revenue:		
Property taxes	55.9	54.9
State foundation allowance	118.3	128.8
Federal sources - Unrestricted	0.1	0.1
Other	-	0.3
Total revenue	<u>227.7</u>	<u>234.8</u>
Functions/Program Expenses		
Instruction	124.9	125.9
Support services	75.1	73.7
Food services	6.7	7.0
Athletics	2.0	2.1
Community services	1.5	1.0
Interest on long-term debt	6.1	6.9
Other	0.4	1.2
Depreciation (unallocated)	6.1	6.1
Total functions/program expenses	<u>222.8</u>	<u>223.9</u>
Increase in Net Position	<u>\$ 4.9</u>	<u>\$ 10.9</u>

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12 (Continued)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$223.9 million. Certain activities were partially funded from those who benefited from the programs, \$5.7 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$45.0 million. We paid for the remaining "public benefit" portion of our governmental activities with \$54.9 million in taxes, \$128.8 million in state foundation allowance, \$0.1 million in unrestricted federal sources, and \$0.3 million in other revenue.

The P-12 experienced an increase in net position of \$10.9 million. Key reasons for the change in net position are due to the following:

- The inclusion of both MSPERS 147(a) and 147(c) payments within our State Aid revenue coupled with higher revenue from prior-period adjustments
- The \$1.9 million reduction in support services expenditures from prior year
- The planned reduction of debt service and capital project related funds as those funds are spent to pay for specific bond related and capital related expenditures

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 \$89.3 million, which is an increase of \$73.6 million from last year. The primary reasons for the increase are as follows:

In the 2014 Capital Projects Fund, the successful sale of our 2014 Bond (series A and series B) resulted in net proceeds of \$75,992,836 less bond expenditures related to issuance/closing costs and phase I construction expenditures.

In the General Fund, our principal operating fund, the fund balance increased by \$2,133,913. The increase was primarily due to successful cuts to expenditures and more favorable state revenue from prior period adjustments.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12 (Continued)

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 in June. A schedule showing the P-12 revised original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were adjustments made to the 2013-2014 original revenue budget. Budgeted state aid revenue was increased by \$7,900,390 primarily to account for state aid payments related to MPSERS 147(c) retirement as well as to reflect higher student enrollment.

There were favorable variances between the final budget and actual expenditures. Those variances are due to lower salary and benefit costs primarily within basic programs, pupil support, and central support services

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12 (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2014, the P-12 had \$323.6 million invested in a broad range of capital assets, including land, construction in progress, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and adjustments) of approximately \$6.7 million, or 2.1 percent, from last year.

During the year ended June 30, 2014, the P-12 purchased a building with a net book value of \$288,408 from the College for consideration of \$1,500,000 resulting in an internal District transfer of \$1,212,592 between the P-12 and the College. The P-12 intends to use this building for the following programs: Howe Montessori, Howe Special Education, Academic Center of Excellence Program, 6th and 7th grade S.T.E.M., Adult education programs, and Community education programs.

This year's gross additions of \$6.7 million included land improvements, technology, a building, and building renovations.

P-12 capital assets consist of the following:

	<u>2013</u>	<u>2014</u>
Land	\$ 11,423,864	\$ 11,423,864
Construction in progress	-	5,537,398
Buildings and building improvements	257,230,272	257,754,223
Land improvements	10,678,877	10,763,147
Buses and other vehicles	8,895,517	8,895,517
Equipment and other	<u>28,656,465</u>	<u>29,212,038</u>
Total capital assets	<u>\$ 316,884,995</u>	<u>\$ 323,586,187</u>

We anticipate capital additions will be approximately \$10.4 million for the 2014-2015 year. Construction will take place for classroom expansions at William Ford Elementary, Henry Ford Elementary, and Geer Park Elementary.

Debt

At the end of this year, the School District had \$178.9 million in bonds outstanding (excluding related discounts, premiums, and issuance costs) versus \$121.4 million in the previous year - a change of approximately 47.4 percent. Those bonds consisted of the following:

	<u>2013</u>	<u>2014</u>
General obligation bonds	<u>\$ 121,426,843</u>	<u>\$ 178,853,535</u>

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12 (Continued)

The School District's general obligation bond ratings range from A+ and Aa3. 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 significantly below this \$671 million statutorily imposed limit.

Other obligations include accrued vacation pay, compensated absences, 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 School District's 2014-2015 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 blended count for the 2015 fiscal year is 10 percent and 90 percent of the February 2015 and Fall 2014 student counts, respectively. The 2014-2015 budget was adopted in June 2014, based on an estimate of students that will be enrolled in September 2014. Almost 90 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2014-2015 school year, we anticipate that the fall student count will be close to one half percent higher than the estimate used in creating the 2014-2015 budget. Once the final student count and related per pupil funding are validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. The School District 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, health care costs, utilities, and other costs.

The 2014-2015 budget includes a \$50 per pupil increase in state aid revenue which now brings the district's foundation allowance to \$8,412/pupil. However, the School District's MPSERS expenditures will increase by approximately 1 percent for 2014-2015 which will completely offset the increased per pupil funding.

Over the past several years, the School District has worked with all employee groups to provide savings in salaries and benefits including reduced salary schedules, changes to health care benefit plans, changes in health care providers, and changes in employee contributions to health care.

Each year the School District considers critical budget issues including long-range planning, state aid funding, student enrollment, program reductions, and revenue enhancement - cost containment efforts.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) - P-12 (Continued)

Future year operating budgets will also be challenged as the ability of the State to provide funding for schools is in question due to state budget shortfalls. Student enrollment is projected to remain consistent based on existing demographics, both in the School District and across the state. In future budget planning, the School District will continue to be challenged to provide a balanced budget without reducing the School District's fund equity.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College

Henry Ford College

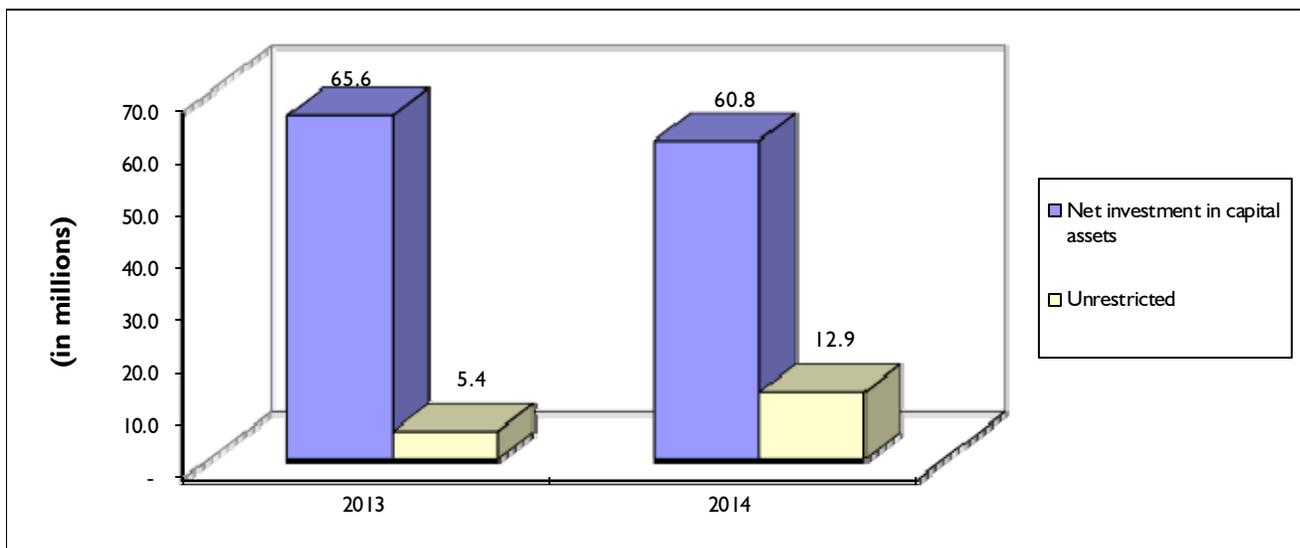
This discussion and analysis of Henry Ford College's (the "College") financial statements provide an overview of the College's financial activities for the year ended June 30, 2014. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

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 at June 30, 2014 strengthened from June 30, 2013. In total, the College's net position increased \$2.7 million, or 3.8 percent, from the prior year. The overall increase is primarily the result of an increase in unrestricted net position from operations.

The following chart provides a graphic breakdown of net position by category as of June 30, 2014 and 2013:



School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position

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, 2014 and 2013:

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

Condensed Net Position as of June 30

(in millions)

	2013	2014	Increase (Decrease)	Percent Change
Assets				
Current assets	\$ 17.9	\$ 26.1	\$ 8.2	45.8
Restricted assets	2.0	1.6	(0.4)	(20.0)
Capital assets - Net	<u>98.8</u>	<u>92.1</u>	<u>(6.7)</u>	(6.8)
Total assets	118.7	119.8	1.1	0.9
Liabilities				
Current liabilities	14.1	13.9	(0.2)	(1.4)
Long-term liabilities	<u>33.6</u>	<u>32.2</u>	<u>(1.4)</u>	(4.2)
Total liabilities	<u>47.7</u>	<u>46.1</u>	<u>(1.6)</u>	(3.4)
Net Position				
Net investment in capital assets	65.6	60.8	(4.8)	(7.3)
Unrestricted	<u>5.4</u>	<u>12.9</u>	<u>7.5</u>	138.9
Total net position	<u>\$ 71.0</u>	<u>\$ 73.7</u>	<u>\$ 2.7</u>	3.8

Net position represents the difference between the College's assets and liabilities and, at June 30, 2014, the net position of the College was \$73.7 million. The strength in total assets of \$119.8 million lies primarily with net investment in capital assets, which is \$60.8 million. The College's net position increased in 2014 because operational revenues exceeded expenses due to marked decreases in operational expenses and other cost savings as a result of changes in the College's procedures around registration in comparison to prior years. The College strictly adhered 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 took place one day after the official add/drop date which meant that those students could no longer register for the classes from which they were just deregistered. The implementation of the strict deregistration procedures lead directly to a reduction in bad debt of \$8.4 million from \$11.6 million in fiscal year 2013 to \$3.2 million in fiscal year 2014.

Current assets increased \$8.2 million, or 45.8 percent, over the prior year primarily as a result of an increase in cash and cash equivalents. Capital assets decreased as a result of continued depreciation and there being no significant projects on-going at the College.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

Current liabilities decreased \$0.2 million, or 1.4 percent, due to reductions in the current portion of bonds payable. Long-term liabilities showed a decrease of \$1.4 million related to an overall reduction in bonds payable.

The following is an analysis of the major components of the changes in net position of the College for the years ended June 30, 2014 and 2013:

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

	2013	2014	Increase (Decrease)	Percent Change
Operating Revenue				
Tuition and fees	\$ 16.1	\$ 16.9	\$ 0.8	5.0
Grants and contracts	7.6	10.8	3.2	42.1
Auxiliary enterprises	10.6	8.0	(2.6)	(24.5)
Other	2.2	2.1	(0.1)	(4.5)
Total operating revenue	36.5	37.8	1.3	3.6
Operating Expenses				
Instruction	48.8	46.4	(2.4)	(4.9)
Instructional support	9.1	5.4	(3.7)	(40.7)
Student services	14.9	13.9	(1.0)	(6.7)
Institutional administration	20.6	10.7	(9.9)	(48.1)
Physical plant operations	8.2	8.1	(0.1)	(1.2)
Auxiliary enterprises	9.8	7.4	(2.4)	(24.5)
Depreciation expense	7.4	8.6	1.2	16.2
Repairs and maintenance	1.3	1.3	-	-
Total operating expenses	120.1	101.8	(18.3)	(15.2)
Operating Loss	(83.6)	(64.0)	19.6	(23.4)
Nonoperating Revenue (Expense)				
Federal grants	41.9	32.7	(9.2)	(22.0)
State appropriations	21.7	23.2	1.5	6.9
Property taxes	13.2	11.6	(1.6)	(12.1)
Other nonoperating expenses	(2.1)	(2.0)	0.1	(4.8)
Net nonoperating revenue	74.7	65.5	(9.2)	(12.3)
Increase (Decrease) in Net Position - Before transfers	(8.9)	1.5	10.4	(116.9)
Transfers In	-	1.2	1.2	-
Net Increase (Decrease) in Net Position	(8.9)	2.7	11.6	(130.3)
Net Position - Beginning of year	79.9	71.0	(8.9)	(11.1)
Net Position - End of year	<u>\$ 71.0</u>	<u>\$ 73.7</u>	<u>\$ 2.7</u>	3.8

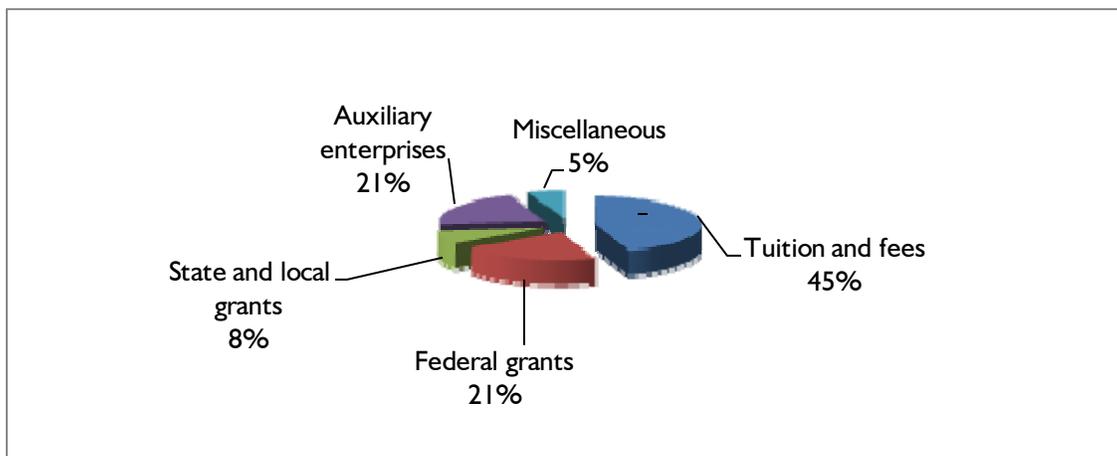
School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

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 \$1.3 million or 3.6 percent, from \$36.5 million to \$37.8 million. The increase is a result of an increase in grants and contracts revenue related to the federal grant for Trade Adjustment Assistance Community College and Career Training Grant Program (TAACCCT). The following is a graphic illustration of operating revenue by source for the year ended June 30, 2014:



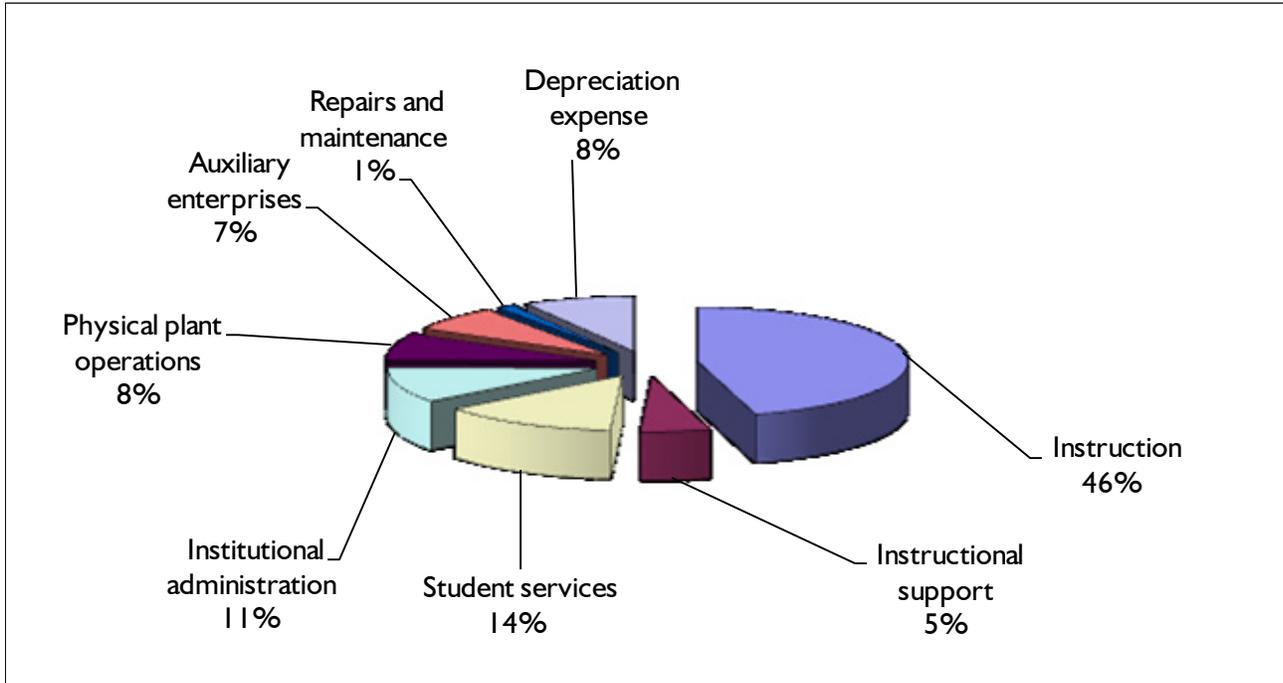
Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Overall, operating expenses decreased 15.2 percent. Decreases in instruction and instructional support relate primarily to decreased enrollment and the faculty retirement plan. Decreases in student services and institutional administration result from various, significant cost-cutting measures instituted by the College over the past fiscal year. Administrative expense decreased by \$9.9 million, of which \$8.4 million is due to the bad debt reduction from \$11.6 million from the previous year to \$3.2 million for fiscal 2014. For the fiscal year ended June 30, 2014, depreciation expense was \$8.6 million, up 16.2 percent from 2013 due to the completion of a number of construction in progress projects such as Datatel software implementation, the replacement of the Administrative Services roof, and a major upgrade to the College's SAN data storage capacity and capabilities.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

The following is a graphic illustration of operating expenses by source:



Nonoperating Revenue

Nonoperating revenue is all revenue sources that are primarily nonexchange 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.

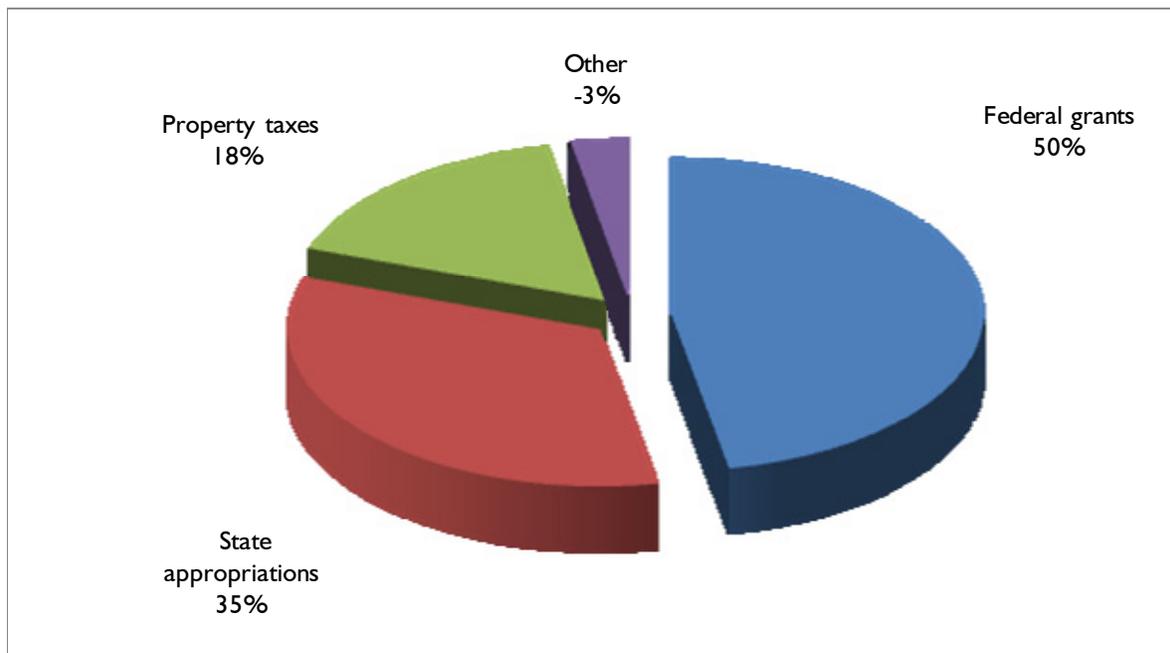
In fiscal year 2013-2014, the State of Michigan continued an increase in state aid support for community colleges in order to partially alleviate the burden of increased MPSERS contributions. Property tax revenue decreased slightly for the fiscal year as a result of declines in taxable values.

Federal grant revenue decreased by approximately \$9.2 million, from \$41.9 million to \$32.7 million as a result of the declines in enrollment and financial aid.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

The following is a graphic illustration of nonoperating revenue (expense) by source:



Transfers In

During the year ended June 30, 2014, the College transferred a building with a net book value of \$288,408 to the P-12 for consideration of \$1,500,000 resulting in an internal District transfer of \$1,212,592 between the College and P-12 .

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

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

Cash Flows for the Year (in millions)

	2013	2014	Increase (Decrease)	Percent Change
Cash (Used in) Provided by				
Operating activities	\$ (72.9)	\$ (54.3)	\$ 18.6	25.5
Noncapital financing activities	73.7	68.0	(5.7)	(7.7)
Capital and related financing activities	(6.2)	(5.1)	1.1	17.7
Investing activities	-	-	-	-
Net Increase (Decrease) in Cash	(5.4)	8.6	14.0	259.3
Cash - Beginning of year	12.7	7.3	(5.4)	(42.5)
Cash - End of year	<u>\$ 7.3</u>	<u>\$ 15.9</u>	<u>\$ 8.6</u>	117.8

Overall, total cash balances as of June 30, 2014 increased from June 30, 2013 to \$15.9 million from \$7.3 million. Total cash used for operating activities showed an increase of \$18.6 million over the prior year. Net cash provided by noncapital financing activities decreased by \$5.7 million.

Capital Assets

At June 30, 2014, the College held \$168.3 million in capital assets. Depreciation charges totaled \$8.6 million for the current year. There were no significant projects on-going this year. Building improvement projects completed this year include the ASCC building roof replacement and renovation of the learning lab. Equipment purchases include technology upgrades to classrooms and laboratories.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

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

	2013	2014	(Decrease) Increase
Land	\$ 3.5	\$ 3.5	\$ -
Construction in progress	1.7	1.2	(0.5)
Land improvements	21.7	21.5	(0.2)
Buildings	93.7	93.7	-
Building improvements	21.1	20.8	(0.3)
Furniture	3.3	3.6	0.3
Equipment and other vehicles	22.0	24.0	2.0
Total	<u>\$ 167.0</u>	<u>\$ 168.3</u>	<u>\$ 1.3</u>

Long-term Debt

At June 30, 2014, the College had approximately \$33.3 million of bonds and notes payable outstanding as compared with \$35.6 million at June 30, 2013. More detailed information about 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.

Henry Ford College, along with 12 other community colleges, is the recipient of a U.S. Department of Labor grant under the Trade Adjustment Assistance Community College and Career Training program (TAACCCT) for \$15 million.

The TAACCCT grant program provides eligible institutions of higher education, as defined in Section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002), with funds to expand and improve their ability to deliver education and career training programs that can be completed in two years or less and are suited for workers who are eligible for training under the Trade Adjustment Assistance (TAA) for Workers Program of the Trade Act of 1974, as well as other adults. The funds will be used to develop new education and career training program strategies or for replicating existing evidence-based design, development, and/or delivery strategies for such programs.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Unaudited) Henry Ford College (Continued)

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 been held flat in recent years, a 7 percent increase was realized in the 2013-2014 fiscal year primarily as a result of the MPSERS UAAL rate stabilization payment approximating \$2,029,000. State equalized value and taxable values have continued to decrease in the College's taxing district. However, a modest increase in property tax revenue is expected for the 2014-2015 fiscal year as well as an additional \$3.2 million from an additional one mill tax increase that the College's taxpayers approved in November 2013. Henry Ford College will continue to partner with the State as well as business and industry to move Michigan forward and to provide the right education for the new economy.

GASB pronouncement No. 68 will be addressing the accounting and financial reporting of the unfunded pension liability. According to College estimates, the College's portion of the unfunded pension liability is approximately \$95 million. A future GASB pronouncement is expected to address the unfunded postemployment health care benefit. The College estimates that its share of the unfunded postemployment benefit liability is approximately \$53 million.

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

- Tuition for the fall 2014 semester was not increased from the prior year. Rates per credit hour were \$87 for in-district students, \$149.25 for out-of-district students, and \$154 for international students. Also, effective for the winter 2015 semester, tuition rates per credit hour will not be increased which means that tuition and fees for 2014-2015 will be the same as the final rates at the end of 2013-2014. Additional procedures to reduce the bad debt allowance further and to collect tuition have also been put into practice for 2014-2015 including the addition of a collection specialist who will contact students who have delinquent accounts before turning the accounts over to an outside collection agency.
- The faculty contract which was re-opened in May 2013 provided negotiated wage and benefit savings for fiscal year 2014 of over \$5,700,000 and an additional \$1,200,000 in savings for fiscal years 2015 and 2016. The savings are being realized from (1) health care plan changes of \$1,200,000, (2) a retirement plan for 16 faculty members, saving a net \$1,800,000, (3) savings in extra-contractual wages of \$1,375,000 (30 percent reduction), and (4) the deferral of filling 15 retire positions, saving \$1,350,000. The five-year savings associated with the new contract provides over \$30 million in savings to the College.
- For fiscal year 2014, the College was 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 for fiscal year 2014 was approximately \$1,600,000, with savings estimated at \$2,100,000 once the act is fully implemented.

School District of the City of Dearborn, Michigan

Statement of Net Position June 30, 2014

	Governmental Activities	Business-type Activities (Henry Ford College)	Component Unit (Henry Ford Community College Foundation)	Total (Memo Only)
Assets and Deferred Outflow of Resources				
Current Assets				
Cash and investments (Note 3)	\$ 13,364,947	\$ 14,290,190	\$ 12,160,680	\$ 39,815,817
Receivables - Net (Note 4):				
Accounts and grants	4,059,257	5,628,196	-	9,687,453
Contributions	-	-	28,262	28,262
Due from other governmental units	27,554,910	4,186,658	-	31,741,568
Internal balances	8,805	(8,805)	-	-
Inventories	74,331	986,805	-	1,061,136
Prepaid costs	3,881,918	998,004	-	4,879,922
Total current assets	48,944,168	26,081,048	12,188,942	87,214,158
Restricted Assets (Note 10)	81,017,945	1,572,187	-	82,590,132
Capital Assets - Net (Note 5)	218,653,274	92,155,831	-	310,809,105
Deferred Outflow of Resources -				
Deferred charges on bond refunding (Note 7)	429,871	-	-	429,871
Total assets and deferred outflows of resources	\$ 349,045,258	\$ 119,809,066	\$ 12,188,942	\$ 481,043,266

School District of the City of Dearborn, Michigan

Statement of Net Position (Continued) June 30, 2014

	Governmental Activities	Business-type Activities (Henry Ford College)	Component Unit (Henry Ford Community College Foundation)	Total (Memo Only)
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 12,468,185	\$ 4,799,872	\$ 78,026	\$ 17,346,083
Scholarships payable	-	-	65,140	65,140
Accrued payroll and other liabilities	18,386,538	4,850,157	-	23,236,695
Unearned revenue (Note 4)	1,213,528	2,706,051	-	3,919,579
Internal balances	1,073,136	(1,073,136)	-	-
Deposits held for others	-	147,418	-	147,418
Line of credit (Note 7)	6,000,000	-	-	6,000,000
State aid anticipation note (Note 7)	3,500,000	-	-	3,500,000
Other liabilities	58,250	-	-	58,250
Current portion of long-term liabilities (Note 7)	15,624,052	2,498,655	-	18,122,707
Total current liabilities	58,323,689	13,929,017	143,166	72,395,872
Long-term Liabilities - Net of current portion (Note 7)	172,295,969	32,199,518	-	204,495,487
Total liabilities	230,619,658	46,128,535	143,166	276,891,359
Net Position				
Net investment in capital assets	101,603,068	60,796,693	-	162,399,761
Restricted:				
Debt service	5,612,674	-	-	5,612,674
Temporarily - Component unit (expendable)	-	-	4,389,164	4,389,164
Permanently - Component unit (nonexpendable)	-	-	4,427,433	4,427,433
Food service	1,752,276	-	-	1,752,276
Unrestricted	9,457,582	12,883,838	3,229,179	25,570,599
Total net position	118,425,600	73,680,531	12,045,776	204,151,907
Total liabilities and net position	\$ 349,045,258	\$ 119,809,066	\$ 12,188,942	\$ 481,043,266

School District of the City of Dearborn, Michigan

	Program Revenue		
	Expenses	Charges for Services	Operating Grants/ Contributions
Functions/Programs			
Primary government:			
Governmental activities:			
Instruction	\$ 125,911,006	\$ 3,300,039	\$ 27,012,421
Support services	73,739,441	-	12,083,527
Food services	7,003,411	1,442,205	5,923,255
Athletics	2,143,062	81,676	-
Community services	975,389	892,238	-
Interest on long-term debt	6,909,545	-	-
Other	45,330	-	-
Depreciation (unallocated)	6,079,017	-	-
Total governmental activities	222,806,201	5,716,158	45,019,203
Business-type activities - Henry Ford College	103,870,061	26,995,694	10,830,167
Component unit - Henry Ford Community College Foundation	883,460	-	840,418
Total	<u>\$ 327,559,722</u>	<u>\$ 32,711,852</u>	<u>\$ 56,689,788</u>
General revenue:			
Taxes:			
Property taxes - Levied for general purposes			
Property taxes - Levied for debt service			
Federal sources - Pell			
Federal sources - Unrestricted			
State aid not restricted to specific purposes			
Interest earnings and other			
Total general revenue			
Change in Net Position - Before transfers			
Internal Transfer (Note 5)			
Net Change in Net Position			
Net Position - Beginning of year			
Net Position - End of year			

Statement of Activities
Year Ended June 30, 2014

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Component Unit - Henry Ford Community College Foundation	Total (Memo Only)
\$ (95,598,546)	\$ -	\$ -	\$ (95,598,546)
(61,655,914)	-	-	(61,655,914)
362,049	-	-	362,049
(2,061,386)	-	-	(2,061,386)
(83,151)	-	-	(83,151)
(6,909,545)	-	-	(6,909,545)
(45,330)	-	-	(45,330)
(6,079,017)	-	-	(6,079,017)
(172,070,840)	-	-	(172,070,840)
-	(66,044,200)	-	(66,044,200)
-	-	(43,042)	(43,042)
(172,070,840)	(66,044,200)	(43,042)	(238,158,082)
37,751,146	11,624,682	-	49,375,828
17,197,488	-	-	17,197,488
-	32,716,297	-	32,716,297
103,626	-	-	103,626
128,802,459	23,200,662	-	152,003,121
300,637	11,757	1,783,329	2,095,723
184,155,356	67,553,398	1,783,329	253,492,083
12,084,516	1,509,198	1,740,287	15,334,001
(1,212,592)	1,212,592	-	-
10,871,924	2,721,790	1,740,287	15,334,001
107,553,676	70,958,741	10,305,489	188,817,906
\$ 118,425,600	\$ 73,680,531	\$ 12,045,776	\$ 204,151,907

School District of the City of Dearborn, Michigan

Governmental Funds Balance Sheet June 30, 2014

	General Fund	2014 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 11,179,223	\$ -	\$ 2,185,724	\$ 13,364,947
Accounts and grants receivable (Note 4)	629,585	-	3,429,672	4,059,257
Due from other governments (Note 4)	27,554,910	-	-	27,554,910
Internal balances	8,805	-	-	8,805
Due from other funds (Note 6)	1,566,278	-	2,718,165	4,284,443
Prepaid costs	3,881,163	-	755	3,881,918
Inventories	-	-	74,331	74,331
Restricted assets (Note 10)	-	74,247,175	6,770,770	81,017,945
Total assets	\$ 44,819,964	\$ 74,247,175	\$ 15,179,417	\$ 134,246,556
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 5,025,165	\$ 4,663,941	\$ 904,146	\$ 10,593,252
Accrued salary, wage, and fringe benefits payable	16,549,722	-	1,836,816	18,386,538
Due to other funds (Note 6)	2,718,165	52,000	1,320,610	4,090,775
Line of credit (Note 7)	6,000,000	-	-	6,000,000
State aid anticipation note (Note 7)	3,500,000	-	-	3,500,000
Other current liabilities	35,956	-	584	36,540
Internal balances	1,073,136	-	-	1,073,136
Unearned revenue (Note 4)	-	-	1,213,528	1,213,528
Total liabilities	34,902,144	4,715,941	5,275,684	44,893,769
Deferred Inflows of Resources -				
Unavailable revenue (Note 4)	-	-	97,263	97,263
Total liabilities and deferred inflows of resources	34,902,144	4,715,941	5,372,947	44,991,032
Fund Balances				
Nonspendable:				
Inventory	-	-	74,331	74,331
Prepaid costs	3,881,163	-	755	3,881,918
Restricted:				
Capital projects	-	69,531,234	-	69,531,234
Debt service	-	-	7,702,985	7,702,985
Food service	-	-	1,677,945	1,677,945
Assigned - Adult education	-	-	311,822	311,822
Assigned - Capital projects	-	-	135,895	135,895
Unassigned	6,036,657	-	(97,263)	5,939,394
Total fund balances	9,917,820	69,531,234	9,806,470	89,255,524
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,819,964	\$ 74,247,175	\$ 15,179,417	\$ 134,246,556

The Notes to Financial Statements are an
Integral Part of this Statement.

School District of the City of Dearborn, Michigan

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2014

Fund Balance - Total Governmental Funds	\$	89,255,524
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 governmental funds:		
Capital assets	\$	323,586,187
Accumulated depreciation	<u>(104,932,913)</u>	218,653,274
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:		
Bonds and notes payable including premium/discount	(187,147,206)	
Compensated absences and severance agreements	(431,959)	
Risk management and claims	<u>(340,856)</u>	(187,920,021)
Accrued interest payable is not included as a liability in governmental funds		(2,090,311)
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds		97,263
Deferred outflows of resources (deferred interest) that do not benefit the current period are not reported in the governmental funds		<u>429,871</u>
Net Position - Governmental Activities	\$	<u>118,425,600</u>

School District of the City of Dearborn, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2014

	General Fund	2014 Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Local:				
Property taxes	\$ 37,694,113	\$ 57,033	\$ 17,197,488	\$ 54,948,634
Investment income	299,818	-	819	300,637
Tuition and other local revenue	550,107	-	1,398,327	1,948,434
Food service	-	-	1,442,205	1,442,205
Athletic gate receipts	81,676	-	-	81,676
Total local	38,625,714	57,033	20,038,839	58,721,586
State	135,806,546	-	5,425,537	141,232,083
Federal	103,626	-	23,232,843	23,336,469
Interdistrict - Incoming transfers from other districts	2,243,843	-	9,259,473	11,503,316
Total revenue	176,779,729	57,033	57,956,692	234,793,454
Expenditures				
Current:				
Instruction	105,553,006	-	20,273,841	125,826,847
Support services	63,976,430	-	9,473,317	73,449,747
Community services	206,127	-	769,262	975,389
Food service	-	-	7,003,411	7,003,411
Athletics	2,143,062	-	-	2,143,062
Debt service:				
Principal payments	-	-	13,530,058	13,530,058
Interest and other	-	-	5,678,546	5,678,546
Fees and other bond costs	-	301,559	3,476	305,035
Capital outlay	1,755,439	6,518,635	292,239	8,566,313
Total expenditures	173,634,064	6,820,194	57,024,150	237,478,408
Excess of Revenue Over (Under) Expenditures	3,145,665	(6,763,161)	932,542	(2,684,954)
Other Financing Sources (Uses)				
Transfers in (Note 6)	1,886,623	-	2,898,375	4,784,998
Transfers out (Note 6)	(2,898,375)	-	(1,886,623)	(4,784,998)
Face value of debt issued	-	70,955,000	-	70,955,000
Premium on debt issued	-	5,339,395	-	5,339,395
Total other financing (uses) sources	(1,011,752)	76,294,395	1,011,752	76,294,395
Net Change in Fund Balances	2,133,913	69,531,234	1,944,294	73,609,441
Fund Balances - Beginning of year	7,783,907	-	7,862,176	15,646,083
Fund Balances - End of year	\$ 9,917,820	\$ 69,531,234	\$ 9,806,470	\$ 89,255,524

School District of the City of Dearborn, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 73,609,441

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	\$ (6,079,017)	
Capitalized capital outlay	<u>6,701,192</u>	622,175

Underwriter's premiums and deferred charges are reported as revenue and expenditures in the funds and amortized in the statement of activities (4,806,822)

Revenue is reported in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end 97,263

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid (1,230,999)

Repayment of bond and note principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 13,528,308

Deferred interest is reported as an expenditure in the governmental funds but is capitalized and amortized in the statement of activities (43,580)

Bond proceeds provide financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of activities (70,955,000)

Compensated absences, as well as estimated self-insured liability claims, are recorded when earned or incurred in the statement of activities. In the current year, certain liabilities were reduced by the collective bargaining agreement 51,138

Change in Net Position of Governmental Activities \$ 10,871,924

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Net Position June 30, 2014

	Henry Ford College	Component Unit - Henry Ford Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 14,290,190	\$ 679,158
Investments (Note 3)	-	11,481,522
Receivables - Net (Note 4):		
Accounts and grants	5,628,196	-
Contributions	-	28,262
Due from other governmental units	4,186,658	-
Interfund receivables	(8,805)	-
Inventories	986,805	-
Prepaid costs	998,004	-
	<hr/>	<hr/>
Total current assets	26,081,048	12,188,942
Restricted Assets (Note 10)	1,572,187	-
Capital Assets - Net (Note 5)	92,155,831	-
	<hr/>	<hr/>
Total assets	\$ 119,809,066	\$ 12,188,942
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 4,799,872	\$ 78,026
Scholarships payable	-	65,140
Accrued payroll and other liabilities	4,850,157	-
Unearned revenue	2,706,051	-
Interfund payables	(1,073,136)	-
Deposits held for others	147,418	-
Current portion of long-term liabilities (Note 7)	2,498,655	-
	<hr/>	<hr/>
Total current liabilities	13,929,017	143,166
Long-term Liabilities - Net of current portion (Note 7)	32,199,518	-
	<hr/>	<hr/>
Total liabilities	46,128,535	143,166
Net Position		
Net investment in capital assets	60,796,693	-
Restricted:		
Temporarily - Component unit (expendable)	-	4,389,164
Permanently - Component unit (nonexpendable)	-	4,427,433
Unrestricted (Note 13)	12,883,838	3,229,179
	<hr/>	<hr/>
Total net position	73,680,531	12,045,776
	<hr/>	<hr/>
Total liabilities and net position	\$ 119,809,066	\$ 12,188,942

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2014

	Henry Ford College	Component Unit - Henry Ford Community College Foundation
Operating Revenue		
Tuition and fees - Net of scholarship allowance of \$33,143,831	\$ 16,901,596	\$ -
Federal grants	7,932,468	-
State and local grants and gifts	2,897,699	588,738
Auxiliary enterprises	8,020,912	-
Miscellaneous	2,073,186	316,106
	37,825,861	904,844
Operating Expenses		
Instruction	46,427,990	-
Instructional support	5,405,938	373,970
Student services	13,925,349	257,810
Institutional administration	10,736,293	316,106
Physical plant operations	8,105,846	-
Auxiliary enterprises	7,372,096	-
Repairs and maintenance	1,305,239	-
Depreciation expense	8,564,649	-
	101,843,400	947,886
Operating Loss	(64,017,539)	(43,042)
Nonoperating Revenue (Expenses)		
Federal grants	32,716,297	-
State appropriations	23,200,662	-
Property taxes	11,624,682	-
Investment income	11,757	1,783,329
Interest on capital asset-related debt expenses	(2,026,661)	-
	65,526,737	1,783,329
Increase in Net Position - Before transfers	1,509,198	1,740,287
Transfers In (Note 5)	1,212,592	-
Net Increase in Net Position	2,721,790	1,740,287
Net Position - Beginning of year	70,958,741	10,305,489
Net Position - End of year	\$ 73,680,531	\$ 12,045,776

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2014

	Henry Ford College	Component Unit - Henry Ford Community College Foundation
Cash Flows from Operating Activities		
Tuition and fees	\$ 17,495,310	\$ -
Grants, contracts, and gifts	10,011,258	25,403
Payments to suppliers	(52,253,799)	(243,100)
Payments to employees	(39,686,156)	-
Payments to educational scholarship and special program funds	-	(522,655)
Auxiliary enterprise charges	8,020,912	-
Other	2,073,186	551,837
	<u>(54,339,289)</u>	<u>(188,515)</u>
Net cash used in operating activities	(54,339,289)	(188,515)
Cash Flows from Noncapital Financing Activities		
Local property taxes	10,239,231	-
Pell grant revenue	33,553,901	-
William D. Ford direct lending receipts	41,684,292	-
William D. Ford direct lending disbursements	(41,095,108)	-
State appropriations	23,632,903	-
	<u>68,015,219</u>	<u>-</u>
Net cash provided by noncapital financing activities	68,015,219	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(2,509,639)	-
Proceeds from transfer of capital asset	500,000	-
Principal paid on capital debt	(2,454,154)	-
Property tax collections	1,423,536	-
Permanently restricted contributions	-	299,912
Interest paid on capital debt	(2,041,979)	-
	<u>(5,082,236)</u>	<u>299,912</u>
Net cash (used in) provided by capital and related financing activities	(5,082,236)	299,912
Cash Flows from Investing Activities		
Interest on investments	11,757	214,674
Purchase of investments	-	(4,415,364)
Proceeds from sale of investments	-	4,296,786
	<u>11,757</u>	<u>96,096</u>
Net cash provided by investing activities	11,757	96,096
Net Increase in Cash and Cash Equivalents	8,605,451	207,493
Cash and Cash Equivalents - Beginning of year	<u>7,256,926</u>	<u>471,665</u>
Cash and Cash Equivalents - End of year	<u>\$ 15,862,377</u>	<u>\$ 679,158</u>
Supplemental Cash Flow Information		
Cash and cash equivalents	\$ 14,290,190	\$ 679,158
Restricted assets	1,572,187	-
Cash and Cash Equivalents - End of year	<u>\$ 15,862,377</u>	<u>\$ 679,158</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2014

	Henry Ford College	Component Unit - Henry Ford Community College Foundation
Reconciliation of Operating Loss to Net Cash from		
Operating Activities		
Operating loss	\$ (64,017,539)	\$ (43,042)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	8,564,649	-
Permanently restricted contributions	-	(299,912)
Bad debt expense	3,182,254	-
(Increase) decrease in assets:		
Accounts receivable	(2,122,625)	-
Contributions receivable	-	73,264
Federal and state grant receivable	(1,051,800)	-
Inventories	314,851	-
Prepaid assets and other current assets	(122,695)	-
Due from other funds of DPS	(805,081)	-
(Decrease) increase in liabilities:		
Accounts payable	1,137,286	73,006
Scholarships payable	-	8,169
Accrued payroll and other compensation	1,152,153	-
Other accrued liabilities	(357,148)	-
Deposits	19,430	-
Unearned tuition and fees	(233,024)	-
Net cash used in operating activities	\$ (54,339,289)	\$ (188,515)

There were no noncash capital, noncapital, or investing activities for the year ended June 30, 2014.

School District of the City of Dearborn, Michigan

Fiduciary Fund Statement of Fiduciary Net Position June 30, 2014

	<u>Agency Funds</u>
Assets - Cash and investments (Note 3)	<u>\$ 1,388,389</u>
Liabilities	
Accounts payable	\$ 16,446
Due to other funds (Note 6)	193,668
Due to student/recipient groups	<u>1,178,275</u>
 Total liabilities	 <u>\$ 1,388,389</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the School District of the City of Dearborn, Michigan (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. 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, an entity 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 FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under the 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, Michigan 48128.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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 School District and its component unit. The effect of interfund activity has been removed from these statements. 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 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. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

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 are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between business-type and governmental activities, where eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

Fund Financial Statements

Governmental funds are those funds through which P-12 functions are financed. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the P-12 considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other governmental fund revenue items are considered to be available only when cash is received by the P-12.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

The proprietary funds are where the College and component unit functions are reported and the fiduciary funds are used to account for assets held by the P-12 in a trustee capacity or as an agent. The proprietary fund and fiduciary fund statements 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 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.

The School District reports the following major governmental funds:

General Fund - The General Fund is the P-12's primary operating fund. It accounts for all financial resources of the P-12, except those required to be accounted for in another fund.

2014 Capital Projects Fund - The 2014 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new equipment, technology, and for remodeling and equipping school facilities. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified P-12 purposes. The special revenue funds maintained by the P-12 include the Cafeteria Fund, Adult Education Fund, Funded Projects Fund, and Center Program. Any operating deficit generated by these activities is the responsibility of the General Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the funding and payment of principal, interest, and related costs on long-term debt for the P-12.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Projects Fund - Capital projects funds are used to account for the receipt and disbursement of proceeds from bond issues or other revenue specifically designated for certain capital expenditures of the P-12.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the P-12 in a trustee capacity or as an agent. Fiduciary fund net position and results of operations are not included in the government-wide statements. Agency funds are custodial in nature and do not involve measurement of results of operations. The P-12 presently maintains a Student Activities Fund to record the transactions of student and parent groups for school and school-related purposes and a Scholarship Fund to record donations and scholarships awarded to students. The funds are segregated and held in trust for the students and parents.

Proprietary Funds - Proprietary funds are used to account for the College and the Foundation as discussed above.

Assets, Liabilities, and Net Position or Equity

Cash and Investments - Cash and investments 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.

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.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Buildings improvements	15-50 years
Land improvements	25 years
Equipment, vehicles, and furniture	5-10 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

Compensated Absences (Vacation and Sick Leave) 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 and sick leave benefits and severance agreements. 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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Under a modified accrual basis of accounting, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Balance - In the government-wide and proprietary fund statements, the funds report the following components of net position:

- Unrestricted - Net position that is not subject to externally imposed restrictions
- Net investment in capital assets - Capital assets, accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

- Restricted - Nonexpendable - Net position subject to externally imposed constraints that it be maintained permanently by the Foundation. Nonexpendable net position includes the corpus portion (historical value) of gifts to the Foundation's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.
- Restricted - Expendable - Net position whose use by the School District is subject to externally imposed constraints that can be fulfilled by actions of the School District pursuant to those constraints or that expire by the passage of time.

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are comprised of the following: nonspendable, restricted, committed, assigned, and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed - Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- Assigned - Intent to spend resources on specific purposes expressed by the director of business services, who is authorized by a resolution approved by the Board of Education to make assignments
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Scholarship Discounts and Allowances - Student tuition and fee revenue and certain other revenue from students are reported net of scholarship discounts and allowances in the proprietary funds 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 \$330,947 for the fall semester and \$2,022,691 of unearned revenue on the summer semester, which began in July 2014 and ended in August 2014.

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

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General, Proprietary, Debt Service, and all Special Revenue Funds. The presentation of the budget information and the basic financial statements is consistent except that capital outlay is presented within the functional categories in the budget and the General Fund budget is presented with the original and amended budget adopted. The General Fund actual column in the budgetary comparison schedule includes transfers out to support the Athletic sub fund. The basic financial statements show the General Fund and Athletics Fund on a combined basis and transfers between the two funds are presented on a net basis. The budget for athletic activities was adopted separately and the actual results reported, as required by GASB Statement No. 54, as part of the General Fund on the statement of revenue, expenditures, and changes in fund balance. 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. The budget was amended during the year in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not reported as nonspendable or assigned fund balance because they are considered lapsed at year end and reappropriated in the following budget year.

Excess of Expenditures Over Appropriations in Budgeted Funds - The P12 had significant budget variances in the business services category.

Capital Projects Fund Compliance - The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Fund Deficits - Under Michigan law, school districts are required to maintain positive fund balance in each fund. The School District has an accumulated fund balance deficit in the Funded Projects Fund. Management anticipates the Funded Projects Fund deficit will be recovered in the next fiscal year.

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, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

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

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy 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 \$29,144,196 had \$28,394,196 of bank deposits (certificates of deposit, 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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 3 - Deposits and Investments (Continued)

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 pre-qualifying 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 School District does not have investments with custodial credit risk.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's 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 School District's investments in governmental cash investment funds of \$75,125,444 had a weighted average maturity of less than one year.

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.

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

Investments	Fair Value	Maturities	Rating	Rating Organization
Comerica Governmental Cash Investment Fund	\$ 75,125,444	N/A	A1/PI/FI	N/A*

* Fund is a bank collective fund and not rated by rating agencies.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 3 - Deposits and Investments (Continued)

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 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. All of the School District's investments are invested with certain investment pools.

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 policy prohibit investment in foreign currency.

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 statements of activities and changes in net position. Realized gains or losses on investments are recorded upon sale and are determined based on specific identification. The following table presents information about the component unit's investments measured at fair value on a recurring basis at June 30, 2014 and the valuation techniques used by the component unit to determine those fair values.

	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, 2014
Investments:				
Fixed income - Core	\$ 2,587,726	\$ -	\$ -	\$ 2,587,726
Fixed income - Emerging markets	718,333	-	-	718,333
Fixed income - International	446,224	-	-	446,224
Equity - Large growth and value	7,729,239	-	-	7,729,239
Total investments	<u>\$ 11,481,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,481,522</u>

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 3 - Deposits and Investments (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances whereby 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 component unit's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Receivables and Unavailable/Unearned Revenue

Receivables as of 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:

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Activities	Proprietary Fund	Component Unit	Total
Receivables:						
Accounts, grants, and other	\$ 629,585	\$ 3,429,672	\$ 4,059,257	\$ 35,839,782	\$ 28,262	\$ 39,927,301
Intergovernmental	27,554,910	-	27,554,910	4,186,658	-	31,741,568
Less allowance for uncollectibles	-	-	-	(30,211,586)	-	(30,211,586)
Net receivables	<u>\$ 28,184,495</u>	<u>\$ 3,429,672</u>	<u>\$ 31,614,167</u>	<u>\$ 9,814,854</u>	<u>\$ 28,262</u>	<u>\$ 41,457,283</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 4 - Receivables and Unavailable/Unearned Revenue (Continued)

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the School District had various components of unearned and unavailable revenue as follows:

	Deferred Inflow - Unavailable	Unearned Revenue
Governmental activities - Receivables for revenue not available in current period	\$ 97,263	\$ -
Governmental activities - Tuition and state, federal, and local grant monies received prior to meeting all eligibility requirements	-	1,213,528
Business-type activities - Tuition and grant revenue	-	2,706,051
Total	<u>\$ 97,263</u>	<u>\$ 3,919,579</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 5 - Capital Assets

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

	Balance July 1, 2013	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 11,423,864	\$ -	\$ -	\$ -	\$ 11,423,864
Construction in progress	-	-	5,537,398	-	5,537,398
Subtotal	11,423,864	-	5,537,398	-	16,961,262
Capital assets being depreciated:					
Buildings	108,700,074	-	288,408	-	108,988,482
Building improvements	148,530,198	-	235,543	-	148,765,741
Land improvements	10,678,877	-	84,270	-	10,763,147
Buses and other vehicles	8,895,517	-	-	-	8,895,517
Equipment and other	28,656,465	-	555,573	-	29,212,038
Subtotal	305,461,131	-	1,163,794	-	306,624,925
Accumulated depreciation:					
Buildings	32,859,611	-	1,624,858	-	34,484,469
Building improvements	30,305,357	-	3,119,169	-	33,424,526
Land improvements	1,705,953	-	433,236	-	2,139,189
Buses and other vehicles	7,333,616	-	426,125	-	7,759,741
Equipment and other	26,649,359	-	475,629	-	27,124,988
Subtotal	98,853,896	-	6,079,017	-	104,932,913
Net capital assets being depreciated	206,607,235	-	(4,915,223)	-	201,692,012
Net governmental capital assets	\$ 218,031,099	\$ -	\$ 622,175	\$ -	\$ 218,653,274

Depreciation for the fiscal year ended June 30, 2014 totaled \$6,079,017 for governmental capital assets. The P-12 determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Construction Commitments - The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2014 Capital Projects Fund	\$ 6,518,635	\$ 2,027,306

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 5 - Capital Assets (Continued)

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

	Balance July 1, 2013	Additions	Disposals and Adjustments	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 3,482,436	\$ -	\$ -	\$ 3,482,436
Construction in progress	1,663,608	1,442,997	(1,930,556)	1,176,049
Subtotal	5,146,044	1,442,997	(1,930,556)	4,658,485
Capital assets being depreciated:				
Land improvements	21,670,427	145,393	(268,409)	21,547,411
Buildings	93,694,224	-	-	93,694,224
Building improvements	21,150,015	473,116	(806,851)	20,816,280
Furniture and library books	3,281,808	194,252	(6,278)	3,469,782
Equipment and other vehicles	22,028,702	2,047,560	-	24,076,262
Subtotal	161,825,176	2,860,321	(1,081,538)	163,603,959
Accumulated depreciation:				
Land improvements	3,666,559	1,431,648	(44,734)	5,053,473
Building	40,403,547	2,079,773	-	42,483,320
Building improvements	6,368,124	2,702,418	(620,942)	8,449,600
Furniture and library books	1,717,284	339,049	(6,278)	2,050,055
Equipment and other vehicles	16,058,404	2,011,761	-	18,070,165
Subtotal	68,213,918	8,564,649	(671,954)	76,106,613
Net capital assets being depreciated	93,611,258	(5,704,328)	(409,584)	87,497,346
Net business-type activity assets	\$ 98,757,302	\$ (4,261,331)	\$ (2,340,140)	\$ 92,155,831

Depreciation for the fiscal year ended June 30, 2014 totaled \$8,564,649 for business-type capital assets.

During the year ended June 30, 2014, the College transferred a building with a net book value of \$288,408 to the P-12 for consideration of \$1,500,000, resulting in an internal district transfer of \$1,212,592 between the College and P-12 .

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 6 - Interfund Receivables, Payables, and Transfers

The following are the interfund receivables at June 30, 2014:

Fund Due To	Fund Due From				Total
	General Fund	2014 Capital Projects Fund	Trust and Agency Fund	Other Nonmajor Governmental Funds	
General Fund	\$ -	\$ 52,000	\$ 193,668	\$ 1,320,610	\$ 1,566,278
Nonmajor funds	2,718,165	-	-	-	2,718,165
Total	<u>\$ 2,718,165</u>	<u>\$ 52,000</u>	<u>\$ 193,668</u>	<u>\$ 1,320,610</u>	<u>\$ 4,284,443</u>

Interfund balances represent routine and temporary cash flow assistance from one fund to another until amounts are transferred from fund cash and investment accounts.

The following are the interfund transfers for the year ended June 30, 2014:

Fund Transferred From	Fund Transferred To	Amount
Other nonmajor governmental funds	General Fund	\$ 1,886,623
General Fund	Other nonmajor governmental funds	2,898,375
Total transfers		<u>\$ 4,784,998</u>

The transfers from the General Fund to other nonmajor governmental funds subsidized operations of the General Building and Site Fund and serviced non-voted debt obligations for the School District's Debt Service Fund. The transfers from other nonmajor governmental funds to the General Fund are for reimbursement of current year indirect costs as well as to reimburse the General Fund for costs paid on behalf of other nonmajor governmental funds.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 7 - Long-term Obligations

Long-term obligations of the School District and changes therein for the year ended June 30, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 121,426,843	\$ 70,955,000	\$ 13,528,308	\$ 178,853,535	\$ 14,601,471
Less deferred amounts:					
Deferred outflows - deferred charges on bond refunding	(473,451)	-	(43,580)	(429,871)	(43,580)
Issuance premiums	<u>3,486,849</u>	<u>5,339,395</u>	<u>532,573</u>	<u>8,293,671</u>	<u>681,725</u>
Total bonds payable	124,440,241	76,294,395	14,017,301	186,717,335	15,239,616
Compensated absences	311,979	119,980	-	431,959	-
Risk management and claims (Note 9)	<u>511,974</u>	<u>-</u>	<u>171,118</u>	<u>340,856</u>	<u>340,856</u>
Total governmental activities	<u>\$ 125,264,194</u>	<u>\$ 76,414,375</u>	<u>\$ 14,188,419</u>	<u>\$ 187,490,150</u>	<u>\$ 15,580,472</u>
Business-type activities:					
Bonds	\$ 35,622,957	\$ -	\$ 2,304,942	\$ 33,318,015	\$ 1,628,530
Less deferred amounts - Issuance discounts	(408,146)	-	(21,455)	(386,691)	-
Total bonds payable	35,214,811	-	2,283,487	32,931,324	1,628,530
Severance and other obligations	1,331,964	633,699	627,887	1,337,776	441,052
Risk management (Note 9)	<u>680,516</u>	<u>1,033,737</u>	<u>1,285,180</u>	<u>429,073</u>	<u>429,073</u>
Total business-type activities	<u>\$ 37,227,291</u>	<u>\$ 1,667,436</u>	<u>\$ 4,196,554</u>	<u>\$ 34,698,173</u>	<u>\$ 2,498,655</u>

The School District issued Qualified School Construction Bonds in a previous year. Qualified School Construction Bonds, a program under the American Recovery and Reinvestment Act of 2009, provide funding for state and local governments at lower borrowing costs. The program is designed to provide a federal subsidy for a larger portion of the 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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 7 - Long-term Obligations (Continued)

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

Years Ending June 30	Governmental Activities					Business-type Activities				
	Principal	Interest	Interest Subsidy*	Net Interest	Total - Net	Principal	Interest	Interest Subsidy	Net Interest	Total - Net
2015	\$ 14,601,471	\$ 8,253,184	\$ (801,000)	\$ 7,452,184	\$ 22,053,655	\$ 1,628,530	\$ 1,946,471	\$ (498,584)	\$ 1,447,887	\$ 3,076,417
2016	12,126,835	7,004,957	(801,000)	6,203,957	18,330,792	1,638,166	1,883,027	(489,659)	1,393,368	3,031,534
2017	14,186,067	6,442,752	(801,000)	5,641,752	19,827,819	1,110,484	1,828,074	(480,471)	1,347,603	2,458,087
2018	13,313,358	5,843,101	(801,000)	5,042,101	18,355,459	1,041,643	1,779,324	(471,065)	1,308,259	2,349,902
2019	12,836,619	5,239,138	(801,000)	4,438,138	17,274,757	1,118,381	1,730,075	(460,478)	1,269,597	2,387,978
2020-2024	49,714,185	17,816,348	(4,005,000)	13,811,348	63,525,533	6,243,463	7,754,534	(2,106,197)	5,648,337	11,891,800
2025-2029	35,900,000	10,153,594	(2,503,125)	7,650,469	43,550,469	7,237,348	5,902,339	(1,695,025)	4,207,314	11,444,662
2030-2034	26,175,000	4,042,500	-	4,042,500	30,217,500	7,275,000	3,538,719	(1,156,138)	2,382,581	9,657,581
2038-2039	-	-	-	-	-	6,025,000	1,343,200	(470,121)	873,079	6,898,079
Total	\$ 178,853,535	\$ 64,795,574	\$ (10,513,125)	\$ 54,282,449	\$ 233,135,984	\$ 33,318,015	\$ 27,705,763	\$ (7,827,738)	\$ 19,878,025	\$ 53,196,040

* Federal interest subsidies are subject to reduction in the event federal government is unable to pay

General obligation bonds and notes payable and installment purchase agreements consist of the following:

	Allocated to	
	Governmental Activities	Business-type Activities
\$1,500,000 Michigan Municipal Bond Authority Bonds, due in annual installments of \$100,000 to \$120,000 through April 1, 2017, interest at 4.00 percent to 4.95 percent	\$ -	\$ 345,000
\$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 5.34 percent of yearly interest payable on the bonds	15,000,000	-
\$3,575,000 qualified zone activity bonds, due in a lump-sum payment of \$3,575,000 on July 25, 2014	3,575,000	-
\$881,550 qualified zone activity bonds, due in a lump-sum payment of \$881,550 on August 28, 2016	881,550	-
\$4,615,000 energy limited tax general obligation bonds, due in annual installments of \$510,000 to \$550,000 through May 1, 2017, interest at 4.30 percent to 5.50 percent	1,590,000	-

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 7 - Long-term Obligations (Continued)

	Allocated to	
	Governmental Activities	Business-type Activities
\$12,350,000 facilities bonds, due in annual installments of \$350,000 to \$825,000 through May 1, 2032, interest at 4.00 percent to 4.875 percent	\$ -	\$ 10,400,000
\$995,000 serial bonds, due in annual installments of \$100,000 to \$110,000 through May 1, 2018, interest at 4.25 percent to 4.375 percent	415,000	-
\$5,500,000 serial bonds, due in annual installments of \$605,000 to \$725,000 through May 1, 2018, interest at 4.00 percent	2,690,000	-
\$90,885,000 serial bonds, due in annual installments of \$9,365,000 to \$10,145,000 through May 1, 2022, interest at 4.125 percent to 5.00 percent	78,575,000	-
\$22,400,000 facilities bonds, due in annual installments of \$425,000 to \$1,250,000 through May 1, 2039, interest at 2.3 percent to 7.3 percent	-	20,750,000
\$2,535,000 refunding bonds, due in annual installments of \$540,000 to \$585,000 through May 1, 2016, interest at 1.83 percent	-	1,145,000
\$9,730,000 refunding bonds, due in annual installments of \$505,000 to \$625,000 through May 1, 2024, interest at 2.50 percent to 4.00 percent	5,171,985	678,015
\$68,475,000 serial bonds, due in annual installments of \$650,000 to \$5,700,000 through May 1, 2034, interest at 2.00 percent to 5.00 percent.	68,475,000	-
\$2,480,000 serial bonds, due in annual installments of \$260,000 to \$360,000 through May 1, 2023, interest at 3.00 percent to 3.25 percent.	2,480,000	-
Total bonded debt	<u>\$ 178,853,535</u>	<u>\$ 33,318,015</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 7 - Long-term Obligations (Continued)

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, 2014, \$87,550,000 of bonds outstanding are considered defeased.

State Aid Anticipation Note - On May 13, 2014, the P-12 obtained a state aid anticipation note in the amount of \$3,500,000 bearing interest at .67 percent and maturing on July 22, 2014. This note was paid in full on July 22, 2014.

Line of Credit - On October 16, 2013, the P-12 obtained a line of credit for borrowings up to \$6,000,000 which bore interest at a monthly rate of .79 percent. At June 30, 2014, the P-12 had a balance of \$6,000,000 outstanding on the line of credit. The line of credit expired August 20, 2014, at which time it was paid in full.

Subsequent to year end, on July 3, 2014, the P-12 obtained a line of credit which allows for borrowings up to \$16,000,000 and bears interest at a monthly rate of .67 percent. The line of credit expires on July 20, 2015.

Note 8 - Retirement Plan

Defined Benefit Pension Plan

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), 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. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits.

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 post-employment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 8 - Retirement Plan (Continued)

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. For the period from July 1, 2013 through September 30, 2013, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP with Premium Subsidy	Pension Plus	Pension Plus PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Pension Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

*First worked September 4, 2012 or later

For the period from October 1, 2013 through June 30, 2014, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP with Premium Subsidy	Pension Plus	Pension Plus PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Pension Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

*First worked September 4, 2012 or later

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School District's required and actual contributions to the plan for the years ended June 30, 2014, 2013, and 2012 were \$30,398,648, 24,543,376, and \$24,545,558, respectively.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 8 - Retirement Plan (Continued)

Postemployment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent 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 on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 8.18 percent to 9.11 percent of covered payroll for the period from July 1, 2013 through September 30, 2013, and from 5.52 percent to 6.45 percent of covered payroll for the period from October 1, 2013 through June 30, 2014 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 401(k) account.

The School District's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2014, 2013, and 2012 were \$12,287,980, \$14,340,241, and \$13,962,344, respectively.

Defined Contribution Plan

Existing professional MPSERS members and new professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP plan is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under the ORP, the percentage contributed by the College is 12 percent for the years ended June 30, 2014 and 2013. The payroll for the College's employees covered by the optional plan was \$5.7 million and \$6.2 million for fiscal years 2014 and 2013, respectively. College contributions were made in the amount required by the plan and totaled \$683,192 and \$745,485 for fiscal years 2014 and 2013, respectively. Under the ORP plan, employees may contribute 4 percent of gross wages in addition to the College's contribution.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 9 - 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. The College is no longer self-insured for vision and prescriptions as of September 30, 2013. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

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 those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2014</u>	<u>2013</u>
Estimated liability - Beginning of year	\$ 1,192,490	\$ 977,348
Estimated claims incurred - Including changes in estimates	1,033,737	2,443,923
Claim payments	<u>(1,456,298)</u>	<u>(2,228,781)</u>
Estimated liability - End of year	<u>\$ 769,929</u>	<u>\$ 1,192,490</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 9 - Risk Management (Continued)

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 2014, approximately \$560,300 and \$310,300 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 Community 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 2014, \$70,889 was charged to expense relating to these benefits, including claims incurred but not reported.

Vision - The self-insured vision plan covers all employees of Henry Ford College. Claims are funded by the College and paid by the plan administrator and average approximately \$163 per eligible person per calendar year. The College pays all administrative costs of the plan. During fiscal year 2014, \$9,724 was charged to expense relating to these benefits, including claims incurred but not reported. Effective September 30, 2013, the College is not self-insured for vision benefits.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 9 - Risk Management (Continued)

Workers' Compensation - The self-insured workers' compensation plan covers all employees. 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 2014, \$326,674 was charged to expense relating to these benefits, including claims incurred but not reported.

Note 10 - Restricted Assets

The balance of the restricted asset accounts is as follows:

	Governmental Activities	Business-type Activities	Component Unit
Unspent bond proceeds and related interest	\$ 74,247,175	\$ 1,572,187	\$ -
Debt Service Fund cash	<u>6,770,770</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 81,017,945</u>	<u>\$ 1,572,187</u>	<u>\$ -</u>

Note 11 - Contingent Liabilities

In the normal course of its 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 12 - Henry Ford College Foundation

Henry Ford College Foundation (the "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.

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.

Temporarily restricted net position contains donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. Temporarily restricted net position is restricted for scholarships of \$3,120,659, College programs of \$719,029, time-restricted pledges of \$28,262, and other support of \$521,214 at June 30, 2014.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 12 - Henry Ford College Foundation (Continued)

Permanently restricted net position contains donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for specified purposes. Investment earnings available for distribution are recorded as temporarily restricted net position, as the donors have imposed purpose restrictions on the earnings. Permanently restricted net position consists of endowments invested in perpetuity, the income from which is restricted by donors for future scholarships to students enrolled at Henry Ford College.

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 \$316,106 for the year ended June 30, 2014.

Note 13 - Designated Net Position

Within the proprietary funds' unrestricted net position, certain amounts are designated at June 30, 2014. The amounts are as follows:

	General Fund	Designated Fund	Plant Funds
Working capital	\$ 5,903,128	\$ -	\$ -
Technology improvements	-	1,561,683	-
Programming	-	912,233	-
Capital improvements	-	-	1,706,440
Total	<u>\$ 5,903,128</u>	<u>\$ 2,473,916</u>	<u>\$ 1,706,440</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2014

Note 14 - Upcoming Accounting Pronouncement

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The School District is currently evaluating the impact this standard will have on the financial statements when adopted; however, this effect is presumed to be material. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

Required Supplemental Information

School District of the City of Dearborn, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 39,024,557	\$ 39,024,557	\$ 38,544,038	\$ (480,519)
State sources	127,647,018	135,547,408	135,806,546	259,138
Federal sources	-	-	103,626	103,626
Incoming transfers from other districts	2,103,696	2,103,696	2,243,843	140,147
Total revenue	168,775,271	176,675,661	176,698,053	22,392
Expenditures - Current				
Instruction:				
Basic program	89,114,106	94,217,270	93,078,096	(1,139,174)
Added needs	9,764,014	11,830,467	12,552,137	721,670
Support services:				
Pupil	13,428,213	12,904,399	11,039,740	(1,864,659)
Instructional staff	7,092,635	7,551,950	7,260,583	(291,367)
General administration	969,125	953,012	944,778	(8,234)
School administration	12,172,936	12,495,670	12,549,280	53,610
Business services	1,434,414	1,372,384	1,572,997	200,613
Operations and maintenance	20,355,739	20,948,649	21,728,311	779,662
Transportation	6,753,954	6,963,619	7,004,042	40,423
Central support	4,121,583	3,830,517	3,542,540	(287,977)
Community services	217,009	248,181	206,127	(42,054)
Other	-	8,000	8,000	-
Total expenditures	165,423,728	173,324,118	171,486,631	(1,837,487)
Other Financing Sources (Uses)				
Transfers in	1,994,304	1,994,304	1,886,623	(107,681)
Transfers out	(5,345,847)	(5,345,847)	(4,964,132)	381,715
Total other financing uses	(3,351,543)	(3,351,543)	(3,077,509)	274,034
Net Change in Fund Balance	-	-	2,133,913	2,133,913
Fund Balance - Beginning of year	7,783,907	7,783,907	7,783,907	-
Fund Balance - End of year	<u>\$ 7,783,907</u>	<u>\$ 7,783,907</u>	<u>\$ 9,917,820</u>	<u>\$ 2,133,913</u>

Other Supplemental Information

School District of the City of Dearborn, Michigan

	Special Revenue Funds			
	Funded Projects	Cafeteria	Adult Education	Center Program
Assets				
Cash and investments	\$ -	\$ 1,178,283	\$ 1,007,441	\$ -
Accounts and grants receivable	3,151,060	257,701	20,911	-
Due from other funds	-	285,274	41,983	1,320,206
Prepaid costs	-	-	755	-
Inventories	-	74,331	-	-
Restricted assets	-	-	-	-
Total assets	\$ 3,151,060	\$ 1,795,589	\$ 1,071,090	\$ 1,320,206
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts and contracts payable	\$ 164,946	\$ 1,504	\$ 22,977	\$ 712,284
Accrued salary, wages, and fringe benefits payable	1,194,456	4,707	29,731	607,922
Other current liabilities	-	427	-	-
Due to other funds	1,320,610	-	-	-
Unearned revenue	471,048	36,675	705,805	-
Total liabilities	3,151,060	43,313	758,513	1,320,206
Deferred Inflows of Resources -				
Unavailable revenue	97,263	-	-	-
Total liabilities and deferred inflows of resources	3,248,323	43,313	758,513	1,320,206
Fund Balances (Deficit)				
Nonspendable - Inventory:				
Inventory	-	74,331	-	-
Prepaid costs	-	-	755	-
Restricted:				
Debt service	-	-	-	-
Food service	-	1,677,945	-	-
Assigned - Adult education	-	-	311,822	-
Assigned - Capital projects	-	-	-	-
Unassigned	(97,263)	-	-	-
Total fund balances (deficit)	(97,263)	1,752,276	312,577	-
Total liabilities and fund balances (deficit)	\$ 3,151,060	\$ 1,795,589	\$ 1,071,090	\$ 1,320,206

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

Debt Service Fund	Capital Projects Fund	
Debt Service	General Building and Site	Total Nonmajor Funds
\$ -	\$ -	\$ 2,185,724
-	-	3,429,672
932,372	138,330	2,718,165
-	-	755
-	-	74,331
<u>6,770,770</u>	<u>-</u>	<u>6,770,770</u>
<u>\$ 7,703,142</u>	<u>\$ 138,330</u>	<u>\$ 15,179,417</u>

\$ -	\$ 2,435	\$ 904,146
-	-	1,836,816
157	-	584
-	-	1,320,610
<u>-</u>	<u>-</u>	<u>1,213,528</u>
157	2,435	5,275,684
<u>-</u>	<u>-</u>	<u>97,263</u>
157	2,435	5,372,947

-	-	74,331
-	-	755
-	-	-
7,702,985	-	7,702,985
-	-	1,677,945
-	-	311,822
-	135,895	135,895
<u>-</u>	<u>-</u>	<u>(97,263)</u>
<u>7,702,985</u>	<u>135,895</u>	<u>9,806,470</u>
<u>\$ 7,703,142</u>	<u>\$ 138,330</u>	<u>\$ 15,179,417</u>

School District of the City of Dearborn, Michigan

	Special Revenue Funds			
	Funded Projects	Cafeteria	Adult Education	Center Program
Revenue				
Local:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	3	-	-
Tuition and other local revenue	-	434	1,396,344	-
Food service	-	1,442,205	-	-
Total local	-	1,442,642	1,396,344	-
State	345,783	392,011	621,596	4,066,147
Federal	16,572,148	5,923,255	-	-
Interdistrict - Incoming transfers from other districts	2,105,634	-	-	7,153,839
Total revenue	19,023,565	7,757,908	2,017,940	11,219,986
Expenditures				
Current:				
Instruction	13,114,565	8,545	616,513	6,533,993
Support service	5,150,912	-	908,496	3,413,909
Community service	769,262	-	-	-
Food service	-	6,555,800	447,611	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Capital outlay	36,536	26,792	-	44,818
Total expenditures	19,071,275	6,591,137	1,972,620	9,992,720
Excess of Revenue (Under) Over Expenditures	(47,710)	1,166,771	45,320	1,227,266
Other Financing Sources (Uses)				
Transfers in	110,795	-	-	-
Transfers out	(160,348)	(535,572)	-	(1,190,703)
Total other financing (uses) sources	(49,553)	(535,572)	-	(1,190,703)
Net Change in Fund Balances	(97,263)	631,199	45,320	36,563
Fund Balances (Deficit) - Beginning of year	-	1,121,077	267,257	(36,563)
Fund Balances (Deficit) - End of year	\$ (97,263)	\$ 1,752,276	\$ 312,577	\$ -

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended June 30, 2014**

Debt Service Fund	Capital Projects Fund	
Debt Service	General Building and Site	Total Nonmajor Funds
\$ 17,197,488	\$ -	\$ 17,197,488
816	-	819
1,549	-	1,398,327
-	-	1,442,205
17,199,853	-	20,038,839
-	-	5,425,537
737,440	-	23,232,843
-	-	9,259,473
17,937,293	-	57,956,692
225	-	20,273,841
-	-	9,473,317
-	-	769,262
-	-	7,003,411
13,530,058	-	13,530,058
5,678,546	-	5,678,546
3,476	-	3,476
-	184,093	292,239
19,212,305	184,093	57,024,150
(1,275,012)	(184,093)	932,542
2,603,487	184,093	2,898,375
-	-	(1,886,623)
2,603,487	184,093	1,011,752
1,328,475	-	1,944,294
6,374,510	135,895	7,862,176
\$ 7,702,985	\$ 135,895	\$ 9,806,470

School District of the City of Dearborn, Michigan

Other Supplemental Information Combining Statement of Net Position - Proprietary Funds June 30, 2014

	Combined Total	General Fund	Auxiliary Services Fund	Designated Fund	Restricted Fund	Agency Fund	Plant Funds
Assets							
Current Assets							
Cash and cash equivalents	\$ 14,290,190	\$ 6,754,725	\$ 3,080,359	\$ 2,368,342	\$ 1,465,240	\$ 83,069	\$ 538,455
Property taxes receivable	214,413	214,413	-	-	-	-	-
State appropriation receivable	4,186,658	4,186,658	-	-	-	-	-
Federal and state grants receivable	4,424,431	-	-	-	4,386,497	-	37,934
Accounts receivable	989,352	965,840	4,336	-	-	19,176	-
Internal balances	(8,805)	4,567,698	(1,264,265)	264,166	(5,389,161)	45,173	1,767,584
Inventories	986,805	-	979,924	6,881	-	-	-
Prepaid expenses and other assets	998,004	998,004	-	-	-	-	-
Total current assets	26,081,048	17,687,338	2,800,354	2,639,389	462,576	147,418	2,343,973
Restricted Assets	1,572,187	-	-	-	-	-	1,572,187
Capital Assets - Net	92,155,831	-	-	-	-	-	92,155,831
Total assets	<u>\$ 119,809,066</u>	<u>\$ 17,687,338</u>	<u>\$ 2,800,354</u>	<u>\$ 2,639,389</u>	<u>\$ 462,576</u>	<u>\$ 147,418</u>	<u>\$ 96,071,991</u>
Liabilities							
Current Liabilities							
Accounts payable	\$ 4,799,872	\$ 4,600,354	\$ -	\$ -	\$ 153,057	\$ -	\$ 46,461
Accrued payrolls, amounts withheld from employees, and other compensation	4,413,375	4,399,161	-	-	14,214	-	-
Unearned revenue	2,706,051	1,979,048	-	165,473	295,305	-	266,225
Internal balances	(1,073,136)	(1,073,136)	-	-	-	-	-
Deposits held for others	147,418	-	-	-	-	147,418	-
Other accrued liabilities	436,782	111,935	-	-	-	-	324,847
Current portion of bonds payable	1,628,530	-	-	-	-	-	1,628,530
Current portion of risk management liability	429,073	429,073	-	-	-	-	-
Current portion of accrued vacation and severance liabilities	441,052	441,052	-	-	-	-	-
Total current liabilities	13,929,017	10,887,487	-	165,473	462,576	147,418	2,266,063
Bonds Payable - Net of unamortized premium and discounts	31,302,795	-	-	-	-	-	31,302,795
Accrued Severance Pay	896,723	896,723	-	-	-	-	-
Total liabilities	46,128,535	11,784,210	-	165,473	462,576	147,418	33,568,858
Net Position							
Net investment in capital assets	60,796,693	-	-	-	-	-	60,796,693
Unrestricted	12,883,838	5,903,128	2,800,354	2,473,916	-	-	1,706,440
Total net position	73,680,531	5,903,128	2,800,354	2,473,916	-	-	62,503,133
Total liabilities and net position	<u>\$ 119,809,066</u>	<u>\$ 17,687,338</u>	<u>\$ 2,800,354</u>	<u>\$ 2,639,389</u>	<u>\$ 462,576</u>	<u>\$ 147,418</u>	<u>\$ 96,071,991</u>

School District of the City of Dearborn, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds Year Ended June 30, 2014

	Combined Total	Eliminations	General Fund	Auxiliary Services Fund	Designated Fund	Restricted Fund	Plant Funds
Operating Revenue							
Tuition and fees - Net of scholarship allowance of \$33,143,831	\$ 16,901,596	\$ (33,143,831)	\$ 48,327,697	\$ -	\$ 792,525	\$ -	\$ 925,205
Federal grants and contracts	7,932,468	-	-	-	-	7,467,064	465,404
State and local grants and contracts	2,897,699	-	-	-	66,500	2,831,199	-
Auxiliary activities	8,020,912	-	-	7,956,437	64,475	-	-
Other funds expenditures for capital assets	100,393	(793,775)	-	-	-	-	894,168
Miscellaneous	1,972,793	(65,190)	903,024	-	185,817	-	949,142
Total operating revenue	37,825,861	(34,002,796)	49,230,721	7,956,437	1,109,317	10,298,263	3,233,919
Operating Expenses							
Instruction	46,427,990	(536,970)	40,596,339	-	275,249	6,093,372	-
Instructional support	5,405,938	(121,151)	5,472,242	-	54,847	-	-
Student services	13,925,349	(33,219,226)	10,416,481	-	38,717	36,689,377	-
Institutional administration	10,736,293	(86,764)	10,767,075	-	1,480	54,502	-
Physical plant operations	8,105,846	-	8,105,846	-	-	-	-
Auxiliary enterprises	7,372,096	-	275,660	7,096,436	-	-	-
Repairs and maintenance	1,305,239	(38,685)	322,068	10,652	103,284	792,370	115,550
Depreciation expense	8,564,649	-	-	-	-	-	8,564,649
Total operating expenses	101,843,400	(34,002,796)	75,955,711	7,107,088	473,577	43,629,621	8,680,199
Operating (Loss) Income	(64,017,539)	-	(26,724,990)	849,349	635,740	(33,331,358)	(5,446,280)
Nonoperating Revenue (Expenses)							
Federal grants and contracts	32,716,297	-	-	-	-	32,716,297	-
State appropriations	23,200,662	-	23,200,662	-	-	-	-
Property taxes	11,624,682	-	10,201,146	-	-	-	1,423,536
Investment income	11,757	-	11,757	-	-	-	-
Interest on capital asset-related debt	(2,026,661)	-	-	-	-	-	(2,026,661)
Net nonoperating revenue	65,526,737	-	33,413,565	-	-	32,716,297	(603,125)
Increase (Decrease) in Net Position - Before transfers							
	1,509,198	-	6,688,575	849,349	635,740	(615,061)	(6,049,405)
Transfers In (Out)							
	1,212,592	-	(1,450,328)	(200,000)	(558,558)	615,061	2,806,417
Net Increase (Decrease) in Net Position							
	2,721,790	-	5,238,247	649,349	77,182	-	(3,242,988)
Net Position - Beginning of year							
	70,958,741	-	664,881	2,151,005	2,396,734	-	65,746,121
Net Position - End of year							
	\$ 73,680,531	\$ -	\$ 5,903,128	\$ 2,800,354	\$ 2,473,916	\$ -	\$ 62,503,133

School District of the City of Dearborn, Michigan

June 30	2001 QZAB	2002 QZAB	2006 Energy	2007 Refunding	2007 Fordson
	Principal	Principal	Principal	Principal	Field Principal
2015	\$ 3,575,000	\$ -	\$ 510,000	\$ 9,365,000	\$ 100,000
2016	-	-	530,000	9,465,000	100,000
2017	-	881,550	550,000	9,660,000	105,000
2018	-	-	-	9,790,000	110,000
2019	-	-	-	9,940,000	-
2020	-	-	-	10,085,000	-
2021	-	-	-	10,145,000	-
2022	-	-	-	10,125,000	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
Total	\$ 3,575,000	\$ 881,550	\$ 1,590,000	\$ 78,575,000	\$ 415,000
Principal payments due	July 25	August 28	May 1	May 1	May 1
Interest payments due	N/A	N/A	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	0.0%	0.0%	4.30% - 5.5%	4.125% - 5%	4.25% - 4.375%
Original issue	\$ 3,575,000	\$ 881,550	\$ 4,615,000	\$ 90,885,000	\$ 995,000

Note: This schedule reports the debt allocated to the P-12 only. Obligations of the College are excluded.

**Other Supplemental Information
Schedule of Bonded Indebtedness (P-12)
Year Ended June 30, 2014**

2007 Athletic Principal	2010 QSCB Principal	2013 Refunding Principal	2014 Site Bond (Series A) Principal	2014 Site Bond (Series B) Principal
\$ 605,000	\$ -	\$ 446,471	\$ -	\$ -
640,000	-	481,835	650,000	260,000
720,000	-	499,517	1,500,000	270,000
725,000	-	508,358	1,900,000	280,000
-	-	521,619	2,075,000	300,000
-	-	530,460	2,425,000	320,000
-	-	543,722	2,800,000	340,000
-	-	539,301	3,075,000	350,000
-	-	552,563	3,375,000	360,000
-	-	548,139	3,600,000	-
-	-	-	3,775,000	-
-	-	-	3,975,000	-
-	15,000,000	-	4,175,000	-
-	-	-	4,375,000	-
-	-	-	4,600,000	-
-	-	-	4,775,000	-
-	-	-	5,000,000	-
-	-	-	5,225,000	-
-	-	-	5,475,000	-
-	-	-	5,700,000	-
<u>\$ 2,690,000</u>	<u>\$ 15,000,000</u>	<u>\$ 5,171,985</u>	<u>\$ 68,475,000</u>	<u>\$ 2,480,000</u>
May 1	May 1	May 1	May 1	May 1
May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1
3.75% - 4.0%	6.625%	2.5% - 4.0%	2.0% - 5.0%	3.0% - 3.25%
<u>\$ 5,500,000</u>	<u>\$ 15,000,000</u>	<u>\$ 8,602,293</u>	<u>\$ 68,475,000</u>	<u>\$ 2,480,000</u>