

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

**Financial Report
with Supplemental Information
June 30, 2016**

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, 2016 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 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, 2016 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, major fund budgetary comparison schedule, schedule of the School District of the City of Dearborn, Michigan's proportionate share of the net pension liability for MPERS determined as of the plan year ended September 30, and schedule of the School District of the City of Dearborn, Michigan's contributions to MPERS determined as of the year ended June 30, 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 taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016 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

October 26, 2016

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, 2016. 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, 2016. 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

Pension Plan Schedules

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.

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).

School District of the City of Dearborn, Michigan

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

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 a reconciliation.

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

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

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

The School District 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 1 provides a summary of the P-12's net position as of June 30, 2015 and 2016, which is reported as governmental activities of the School District:

Table 1

	Governmental Activities	
	June 30	
	2015	2016
	(in millions)	
Assets		
Current and other assets	\$ 51.9	\$ 54.9
Restricted assets	44.6	13.1
Capital assets	<u>250.1</u>	<u>269.4</u>
Total assets	346.6	337.4
Deferred Outflows of Resources		
Deferred charges on bond refunding	0.4	0.4
Deferred outflows related to pensions	<u>19.2</u>	<u>44.6</u>
Total assets and deferred outflows of resources	366.2	382.4
Liabilities		
Current liabilities	55.1	50.8
Long-term liabilities	159.5	144.8
Net pension liability	<u>300.7</u>	<u>343.6</u>
Total liabilities	515.3	539.2
Deferred Inflows of Resources - Deferred		
inflows related to pensions	<u>22.1</u>	<u>10.5</u>
Total liabilities and deferred inflows of resources	<u>537.4</u>	<u>549.7</u>
Net Position		
Net investment in capital assets	111.6	117.3
Restricted	8.8	7.8
Unrestricted	<u>(291.6)</u>	<u>(292.4)</u>
Total net position	<u>\$ (171.2)</u>	<u>\$ (167.3)</u>

School District of the City of Dearborn, Michigan

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

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 deficit was \$167.3 million at June 30, 2016. Capital assets, net of related debt totaling \$117.3 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 \$7.8 million is reported separately to show legal constraints from debt covenants and enabling legislation that limit the P-12's ability to use net position for day-to-day operations. The remaining amount of net deficit, \$292.4 million, was unrestricted.

The (\$292.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. This includes all of the different governmental fund types. Thus, it is important to note that not all unrestricted net position is set aside for day-to-day General Fund operations. It includes funds set aside to complete capital projects, provide for food service, and cover special education shortfalls. The negative unrestricted net position balance is attributed to the \$343.6 million net pension liability and pension-related activity arising from the underfunded MPSERS pension obligation.

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 2015 and 2016.

Table 2

	<u>Governmental Activities</u>	
	<u>Year Ended June 30</u>	
	<u>2015</u>	<u>2016</u>
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 4.2	\$ 4.9
Operating grants	49.4	55.9
General revenue:		
Property taxes	57.7	57.9
State foundation allowance	136.4	127.3
Federal sources - Unrestricted	0.1	-
Other	-	0.6
	<u>247.8</u>	<u>246.6</u>
Functions/Program Expenses		
Instruction	134.1	138.6
Support services	76.9	78.4
Food services	2.3	7.5
Athletics	6.9	2.3
Community services	1.3	1.2
Interest on long-term debt	7.2	7.1
Depreciation (unallocated)	6.1	7.6
	<u>234.8</u>	<u>242.7</u>
	13.0	3.9
Increase in Net Position		
Net Position - Beginning of year - As restated	<u>(184.2)</u>	<u>(171.2)</u>
Net Position - End of year	<u>\$ (171.2)</u>	<u>\$ (167.3)</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 \$242.7 million. Certain activities were partially funded from those who benefited from the programs, \$4.9 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$55.9 million. We paid for the remaining "public benefit" portion of our governmental activities with \$57.9 million in taxes, \$127.3 million in state foundation allowance, and \$0.6 million from other sources.

The P-12 experienced an increase in net position of \$3.9 million. Key reasons for the change in net position are due to the following:

- Better than anticipated tax collections
- Higher state revenue from the increased student count
- State revenue increase due to prior period adjustment in special education funding
- Increased grant funding

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 \$33.3 million, which is a decrease of \$22.4 million from last year. The primary reasons for the decrease are as follows:

In the 2014 Capital Projects Fund, the expenditures of \$27.4 million are related to the continued construction expenditures as the multi-year project progresses.

In the General Fund, our principal operating fund, the fund balance increased by \$1.35 million. The increase was primarily due to lower utility costs, greater tax collections, and more favorable state revenue.

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

School District of the City of Dearborn, Michigan

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

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 2015-2016 original revenue budget. Budgeted revenue was increased to reflect higher student counts and more favorable state revenue. Budgeted expenditures were increased to reflect higher salary and benefit costs.

There were favorable variances between the final budget and actual expenditures. Those variances are due to better tax collection rates and a prior period state revenue adjustment.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the P-12 had \$384.6 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 \$25.5 million, or 7.1 percent, from last year.

This year's gross additions of \$26.9 million included land improvements, technology, a building, and building renovations.

P-12 capital assets consist of the following:

	<u>2015</u>	<u>2016</u>
Land	\$ 11,423,864	\$ 11,423,864
Construction in progress	40,051,714	14,632,932
Buildings and building improvements	257,805,069	290,954,505
Land improvements	10,778,799	19,998,035
Buses and other vehicles	9,170,365	9,416,045
Equipment and other	<u>29,916,003</u>	<u>38,207,563</u>
Total capital assets	<u>\$ 359,145,814</u>	<u>\$ 384,632,944</u>

We anticipate completed capital additions will be approximately \$16.5 million for the 2016-2017 year as the final phase of the 2014 Bond construction is completed and Building & Site funds are utilized for budgeted projects.

School District of the City of Dearborn, Michigan

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

Debt

At the end of this year, the School District had \$152.1 million in bonds outstanding (excluding related discounts, premiums, and issuance costs) versus \$164.2 million in the previous year - a change of approximately 7.4 percent. Those bonds consisted of the following:

	<u>2015</u>	<u>2016</u>
General obligation bonds	<u>\$ 164,252,065</u>	<u>\$ 152,125,230</u>

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 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 2016-2017 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 2017 fiscal year is 10 percent and 90 percent of the February 2016 and October 2016 student counts, respectively. The 2016-2017 budget was adopted in June 2016, based on an estimate of students that will be enrolled in September 2016. Almost 70 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 2016-2017 school year, we anticipate that the fall student count will be close to 2.5 percent higher than the estimate used in creating the 2016-2017 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, healthcare costs, utilities, and other costs.

School District of the City of Dearborn, Michigan

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

The 2016-2017 budget includes a \$60 per pupil net increase in state aid revenue (\$9 and \$51 per pupil increases for the foundation allowance and Section 20m categorical revenue, respectively) which now brings the School District's foundation allowance to \$8,491/pupil. However, the School District's 2016-2017 salary base for most union groups will increase by 0.8 percent and the associated benefit expenditures will increase, which will completely offset the increased per pupil funding. The additional student increase will be used in providing support staff to address counseling, English Language Learning and immigrant programs, and other instructional support.

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 healthcare benefit plans, changes in healthcare 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.

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, 2016. 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 strengthened at June 30, 2016 from June 30, 2015, prior to the effects of GASB Statement No. 68 and the decrease in net position of the Plant Fund. In total, the College's net position, prior to the effects of GASB Statement No. 68, decreased from \$74.2 million to \$72.6 million for a decrease of \$1,583,966, which reflects a 2.1 percent decrease from the beginning of the year, primarily because the College did not undertake any significant construction projects and had depreciation expense of \$9.1 million. When the reduction of net position in the Plant Fund of \$3.3 million is excluded, the net position of College operations actually increased by \$1.7 million (\$3.3 million less \$1.6 million). This is the second year in a row in which the College's net position in the General Fund would have increased if the adjustments required by GASB Statement No. 68 did not have to be made. The following table provides net position with and without the effect of the accounting pronouncement GASB Statement No. 68 as of June 30, 2016:

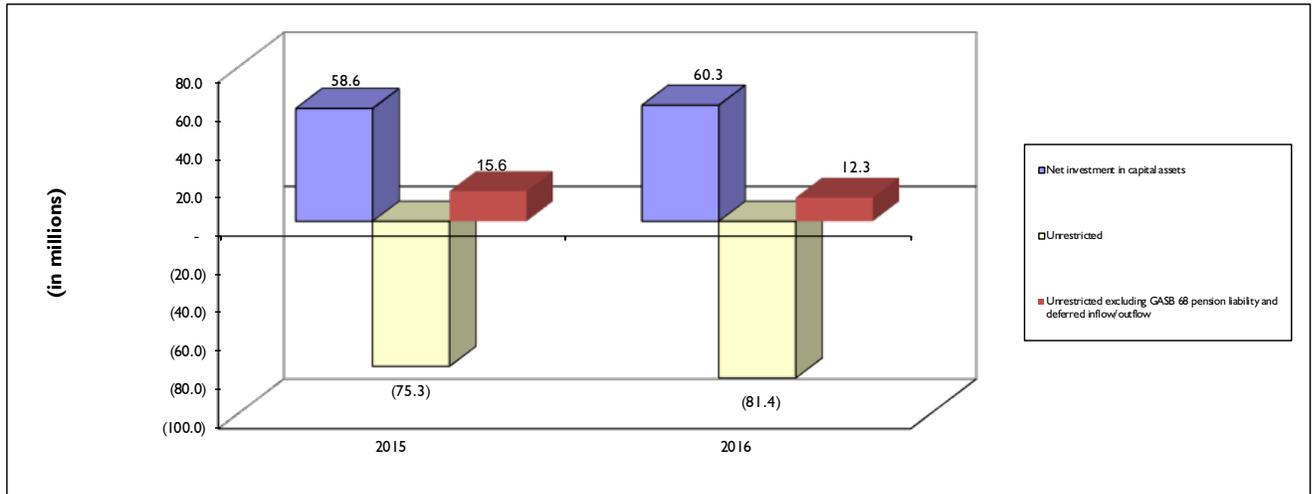
	Per Financial Statements on Page 36	Without GASB Statement No. 68	Difference
Net Position at July 1, 2015	\$ (16,710,034)	\$ 74,199,318	\$ (90,909,352)
Net Decrease in Net Position	(4,383,190)	(1,583,966)	(2,799,224)
Net Position at June 30, 2016	\$ (21,093,224)	\$ 72,615,352	\$ (93,708,576)

However, due to the requirement of GASB Statement No. 68 to reflect and report the unfunded actuarial accrued liability of the State Pension Fund (MPERS) onto the College's financial statements, the College has to reflect a \$93.7 million cumulative adjustment to the College's net position which includes a \$108.5 million pension liability and \$14.8 million in net deferred outflows of resources. The effects of GASB 68 also resulted in a decrease of net position totaling \$2.8 million as of and for the year ended June 30, 2016.

School District of the City of Dearborn, Michigan

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

The following chart provides a graphic breakdown of net position by category as of June 30, 2016 and 2015:



As shown in the above chart, the combination of “Net Investment in Capital Assets” and “Unrestricted” at the end of fiscal year 2015 (June 30, 2015) is a deficit of \$16.7 million and without GASB Statement No. 68 in effect, the combined balance would be \$74.2 million. The combination of “Net Investment in Capital Assets” and “Unrestricted” at June 30, 2016 is a deficit of \$21.1 million, whereas the balance without GASB Statement No. 68 would be \$72.6 million.

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, 2016 and 2015:

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)

	2015	2016	Increase (Decrease)	Percent Change
Assets				
Current assets	\$ 22.7	\$ 16.8	\$ (5.9)	(26.0)
Long-term assets	7.2	7.5	0.3	4.2
Capital assets - Net	89.8	90.0	0.2	0.2
Deferred outflows	<u>6.5</u>	<u>18.3</u>	<u>11.8</u>	181.5
Total assets and deferred outflows	126.2	132.6	6.4	5.1
Liabilities				
Current liabilities	15.3	12.7	(2.6)	(17.0)
Long-term liabilities	120.9	137.5	16.6	13.7
Deferred inflows	<u>6.7</u>	<u>3.5</u>	<u>(3.2)</u>	(47.8)
Total liabilities and deferred inflows	<u>142.9</u>	<u>153.7</u>	<u>10.8</u>	7.6
Net Position				
Net investment in capital assets	58.6	60.3	1.7	2.9
Unrestricted	<u>(75.3)</u>	<u>(81.4)</u>	<u>(6.1)</u>	8.1
Total net position	<u>\$ (16.7)</u>	<u>\$ (21.1)</u>	<u>\$ (4.4)</u>	26.3

Net position represents the difference between the College's assets and liabilities, and at June 30, 2016, the net position of the College was a \$21.1 million deficit. The strength in total assets and deferred outflows of \$132.6 million lies primarily with net investment in capital assets, which is \$90.0 million. The College's net position decreased in 2016, prior to the effect of GASB Statement No. 68, because depreciation expense was \$9.2 million which caused the Plant Fund to experience a deficit of \$3.3 million due to limited capital project construction/renovation during fiscal year 2016. Otherwise, operational revenue exceeded expenses due to marked decreases in operational expenses and other cost savings as a result of continuing the changes in the College's procedures around registration in comparison to prior years. The College continues to strictly adhere to the process of deregistration of students who had not either paid their tuition and fees, did not have approved financial aid, or did not enter into an installment payment plan for their unpaid tuition and fees. The final deregistration for each term continues to take place one day after the official add/drop date, which means that those students could no longer register for the classes from which they were just deregistered. The continual adherence to the strict deregistration procedures leads directly to a reduction in bad debt of \$1.0 million from \$2.8 million in fiscal year 2015 to \$1.8 million in fiscal year 2016.

School District of the City of Dearborn, Michigan

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

Current assets decreased \$5.9 million, or 26.0 percent, from the prior year primarily as a result of a decrease in cash and cash equivalents due to the Michigan Statewide Equipment Grant which requires the College to complete a 25 percent grant match before the College can be reimbursed for equipment purchased with the grant. The expenditures incurred that have not been reimbursed as of June 30, 2016 exceed \$4.6 million. Also, some timing differences regarding receipt of property taxes and some Federal Financial Aid for fiscal year 2016 versus fiscal year 2015 affected cash flow by \$2.4 million even though total assets and deferred outflows increased by \$6.4 million.

Current liabilities decreased \$2.6 million, or 17.0 percent, due to decreases in operational accrued liability balances as of June 30, 2016. Long-term liabilities showed an increase of \$16.6 million and net deferred inflows decreased \$3.2 million related to various changes in the calculation of the College's share of the MPSERS unfunded liability of \$108.5 million. Without the GASB Statement No. 68 MPSERS pension liability shown for fiscal years 2015 and 2016, the total liabilities would have been \$41.7 million compared to \$45.5 million in fiscal year 2015 and the total net position would have been \$72.6 million compared to \$74.2 million in fiscal year 2015, generating a net decrease of \$1.6 million for fiscal year 2016. The reasons for the decrease were noted earlier due to Plant Fund reductions and timing of the receipt of some cash items.

School District of the City of Dearborn, Michigan

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

The following is an analysis of the major components of the changes in net position of the College for the years ended June 30, 2016 and 2015:

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

	2015	2016	Increase (Decrease)	Percent Change
Operating Revenue				
Tuition and fees	\$ 16.6	\$ 21.2	\$ 4.6	27.7
Grants and contracts	11.0	10.4	(0.6)	(5.5)
Auxiliary enterprises	8.6	7.3	(1.3)	(15.1)
Other	<u>1.7</u>	<u>2.3</u>	<u>0.6</u>	35.3
Total operating revenue	37.9	41.2	3.3	8.7
Operating Expenses				
Instruction	48.8	50.8	2.0	4.1
Instructional support	5.7	5.8	0.1	1.8
Student services	15.5	15.8	0.3	1.9
Institutional administration	11.7	11.8	0.1	0.9
Physical plant operations	8.2	8.4	0.2	2.4
Auxiliary enterprises	7.9	6.8	(1.1)	(13.9)
Depreciation expense	8.9	9.1	0.2	2.2
Repairs and maintenance	1.6	1.4	(0.2)	(12.5)
Pension expense (income) *	<u>(0.7)</u>	<u>(0.3)</u>	<u>0.4</u>	(57.1)
Total operating expenses	<u>107.6</u>	<u>109.6</u>	<u>2.0</u>	1.9
Operating Loss	(69.7)	(68.4)	1.3	(1.9)
Nonoperating Revenue (Expense)				
Federal grants	33.5	27.5	(6.0)	(17.9)
State appropriations	24.7	26.5	1.8	7.3
State appropriations - GASB 68 reduction **	-	(3.1)	(3.1)	-
Property taxes	14.7	14.8	0.1	0.7
Other nonoperating expenses	<u>(2.0)</u>	<u>(1.7)</u>	<u>0.3</u>	(15.0)
Net nonoperating revenue	<u>70.9</u>	<u>64.0</u>	<u>(6.9)</u>	(9.7)
Net Increase (Decrease) in Net Position	1.2	(4.4)	(5.6)	(466.7)
Net Position - Beginning of year	73.7	(16.7)	(90.4)	(122.7)
Adjustment for Change in Accounting Principle	<u>(91.6)</u>	<u>-</u>	<u>91.6</u>	-
Net Position - Beginning of year - As restated	<u>(17.9)</u>	<u>(16.7)</u>	<u>1.2</u>	(6.7)
Net Position - End of year	<u>\$ (16.7)</u>	<u>\$ (21.1)</u>	<u>\$ (4.4)</u>	26.3

* As a result of the change in the unfunded actuarial accrued liability, the College recognized pension income of \$334,000 and \$736,000 for 2016 and 2015, respectively. This income resulted from changes in actuarial assumptions and investment performance. For presentation purposes in the MD&A, this amount has been included on a separate line.

** GASB 68 related adjustment to reduce UAAL state appropriations for the contributions to the MPERS pension plan after the measurement date (October 1, 2015 to June 30, 2016 contributions are shown as deferred inflows of resources pursuant to GASB 68).

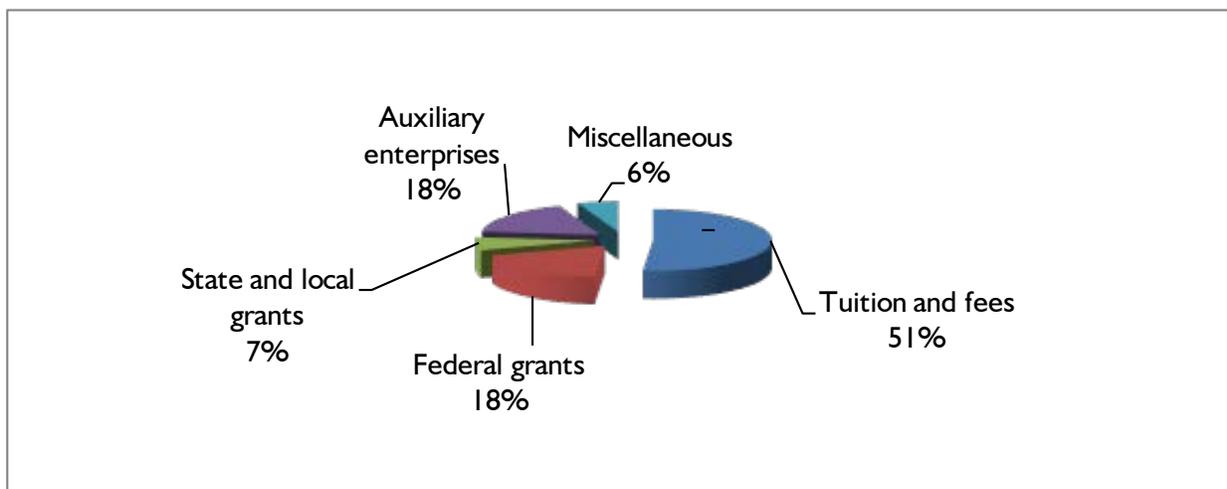
School District of the City of Dearborn, Michigan

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 \$3.3 million or 8.7 percent, from \$37.9 million to \$41.2 million. The increase is a result of an increase in tuition and fees for fiscal year 2016. Slight decreases in grants and contracts revenue are related to the federal grant for Trade Adjustment Assistance Community College and Career Training Grant Program (TAACCCT) and decreased revenue in the auxiliary operations, primarily the Student Cafe. During 2016, the College was awarded an Equipment Grant from the State of Michigan which required certain matching expenditures to be made by the College prior to reimbursement. Since the College had not met the required match by fiscal year ended 2016, over \$4.6 million in grant revenue for the equipment purchases was not recorded as a receivable from the State of Michigan as of June 30, 2016. The following is a graphic illustration of operating revenue by source for the year ended June 30, 2016:



Operating Expenses

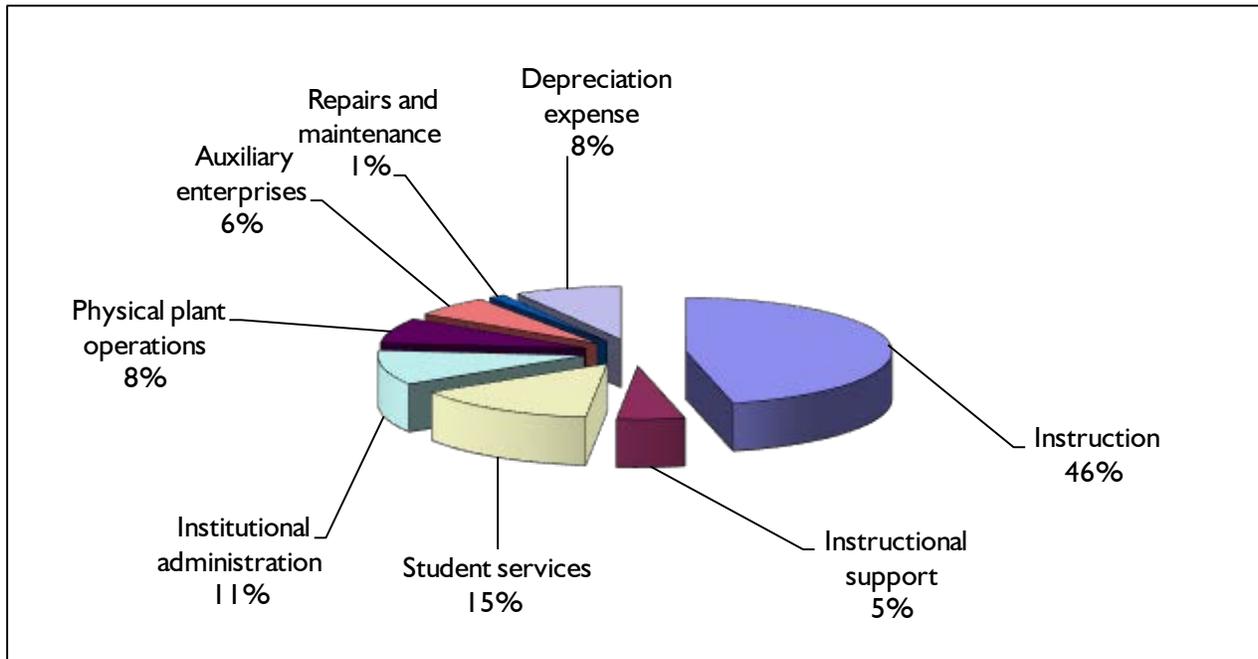
Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Overall, operating expenses increased 2.0 percent. Increases in Instruction and Student Services relate primarily to additional full- and part-time positions added in the instructional and student support service areas including instructors, recruiters, and enrollment specialists. Administrative expense increased slightly due to additional payments for the Recruiter and Retention Tracking, services for Information Technology to update various operational systems, the filling of vacancies in this area more quickly, and the reduction in bad debt expense from the prior year. The decrease of bad debt limited institutional administration expenses to a net increase in expenditures in this area to \$100,000.

School District of the City of Dearborn, Michigan

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

The College did negotiate a contract extension through fiscal year 2021 with the faculty. A Voluntary Employee Separation Program (VESP) was part of the negotiations. There were 13 employees who took advantage of the VESP. The amount per employee to be received is \$70,000. Since four employees took the VESP program for fiscal year 2016 and nine for fiscal year 2017, the expenses that were booked for 2016 totaled \$280,000, which reduced the Operating Fund surplus to \$1,128,079. The 2017 expense for VESP will be \$630,000.

For the fiscal year ended June 30, 2016, depreciation expense was \$9.1 million, up 0.2 percent from 2015 due to the completion of a number of construction in progress projects in the Tech building, minor renovation work in the Library, the replacement of the Maintenance Facility/Bookstore roof, and continued upgrades to the College's SAN data storage capacity and capabilities. The following is a graphic illustration of operating expenses by source:



Nonoperating Revenue

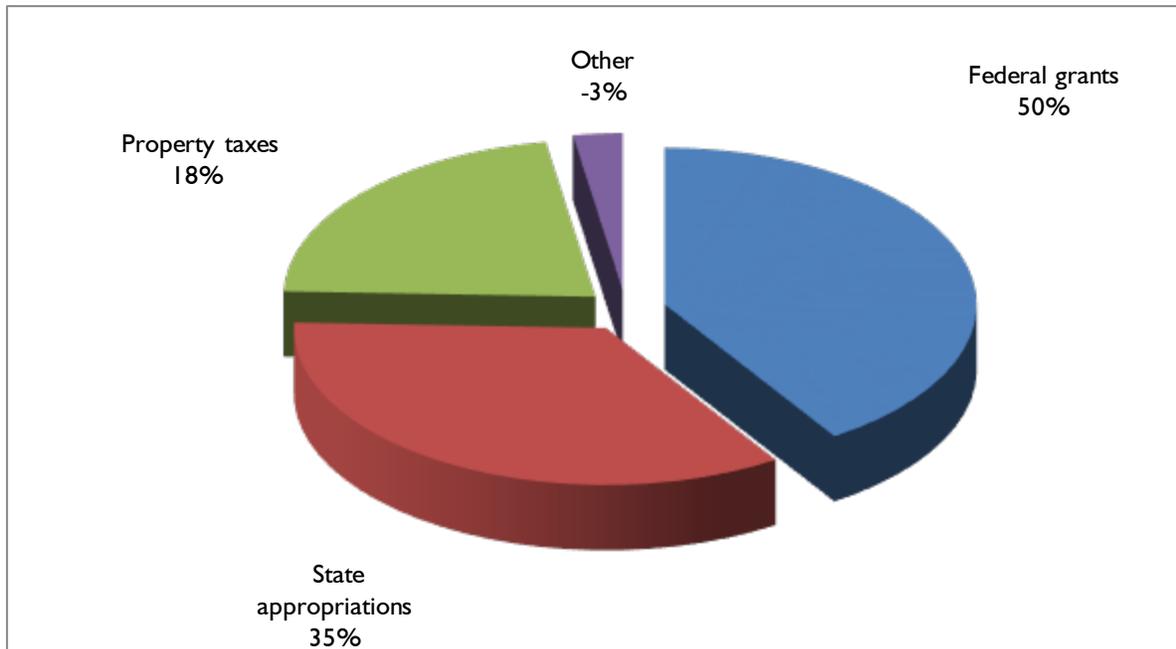
Nonoperating revenue is all revenue sources that are primarily nonexchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), and grants and contracts that do not require any services to be performed.

In fiscal year 2015-2016, the State of Michigan increased state aid support for community colleges (excluding the GASB 68 reduction) in order to partially alleviate the burden of increased MPERS contributions. The GASB 68 reduction is an adjustment to reduce UAAL state appropriations for the contributions to the MPERS pension plan after the measurement date (October 1, 2015 to June 30, 2016 contributions are shown as deferred inflows of resources pursuant to GASB 68). In 2015, the UAAL appropriations were fully allocated to the MPERS healthcare plan, not the pension plan. Property tax revenue increased slightly for the fiscal year as a result of increased property values upon which the mills are assessed.

School District of the City of Dearborn, Michigan

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

Federal grant revenue decreased by approximately \$6.0 million, from \$33.5 million to \$27.5 million as a result of decreases in financial aid, which is due to a decrease in enrollment and a decline in students eligible for financial aid. The following is a graphic illustration of nonoperating revenue (expense) by source:



Statement of Cash Flows

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

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

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)

	2015	2016	Increase (Decrease)	Percent Change
Cash (Used in) Provided by				
Operating activities	\$ (59.2)	\$ (58.3)	\$ 0.9	1.5
Noncapital financing activities	70.6	66.5	(4.1)	(5.8)
Capital and related financing activities	(9.1)	(12.2)	(3.1)	(34.1)
Investing activities	<u>(7.0)</u>	<u>(0.4)</u>	<u>6.6</u>	-
Net Decrease in Cash	(4.7)	(4.4)	0.3	6.4
Cash - Beginning of year	<u>15.9</u>	<u>11.2</u>	<u>(4.7)</u>	(29.6)
Cash - End of year	<u>\$ 11.2</u>	<u>\$ 6.8</u>	<u>\$ (4.4)</u>	(39.3)

Overall, total cash balances as of June 30, 2016 decreased from June 30, 2015 to \$6.8 million from \$11.2 million. However, \$7.4 million was invested in various funds handled by Fifth Third Bank and Morgan Stanley. Due to cash flow issues in prior years, investing to earn interest income for the College was not a viable option. The movement of the \$7.4 million to investments from cash affects the "cash" balance even though the investments are quite liquid. Total cash used for operating activities showed a decrease of \$0.9 million from the prior year. Net cash provided by noncapital financing activities decreased by \$4.1 million and used for capital and related financing activities increased by \$3.1 million.

If the \$7.4 million had not been invested, but it remained as cash, the cash balance at the end of June 30, 2016 would have been \$14.3 million compared to adjusted 2015 for investments of \$18.2 or a decrease of \$3.9 million. However, in 2016, the College spent over \$4.6 million for the new State equipment grant. Those funds will be reimbursed to the College during fiscal year 2017. For comparison purposes, had the \$4.6 million in equipment purchases been reimbursed in 2016, the cash balance at year end would have been \$18.9 million or an increase over 2015 of \$300,000.

Capital Assets

At June 30, 2016, the College held \$184.0 million in capital assets. Depreciation charges totaled \$9.1 million for the current year. The major capital items for fiscal year 2016 were noted earlier such as the renovations made related to the Skilled Trades grant.

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:

	2015	2016	Increase
	(in millions)		
Land	\$ 3.5	\$ 3.5	\$ -
Construction in progress	2.6	6.6	4.0
Land improvements	22.4	22.5	0.1
Buildings	93.7	93.7	-
Building improvements	23.3	26.6	3.3
Furniture	3.7	4.0	0.3
Equipment and other vehicles	25.5	27.1	1.6
Total	<u>\$ 174.7</u>	<u>\$ 184.0</u>	<u>\$ 9.3</u>

Long-term Debt

At June 30, 2016, the College had approximately \$29.7 million of bonds and notes payable outstanding as compared with \$31.3 million at June 30, 2015. 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. This grant will end in fiscal year 2017.

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 7.3 percent increase (excluding the GASB 68 reduction) was realized in the 2015-2016 fiscal year primarily as a result of the MPSERS UAAL rate stabilization payment. State equalized value and taxable values have leveled off from the prior years, which have now stabilized the College's property tax base.

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. By being awarded the State Equipment Grant for over \$4.6 million in fiscal year 2016, the College was able to improve and modernize a number of programs in its Tech Building including automotive mechanics, mechatronics, advanced manufacturing, and others. The College has a direct match for the grant of \$1.1 million and an indirect match for \$1.2 million. The Grant stipulates that in order for the College to be reimbursed for the \$4.6 million in equipment, the College must meet its 25 percent match commitment. The College expects to meet the matching requirement in July 2016.

As previously noted, GASB pronouncement No. 68 was implemented in fiscal year 2015 and addresses the accounting and financial reporting of the unfunded portion of the MPSERS pension liability. The College's portion of the unfunded pension liability is approximately \$93.7 million. A future GASB pronouncement is expected to address the unfunded postemployment healthcare benefit and will be implemented by the College during the year ending June 30, 2018. The College estimates that its share of the unfunded postemployment benefit liability is approximately \$53 million. Total net unfunded pension liability of the College at June 30, 2016 is \$91.2 million.

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

- Tuition rates during the year ended June 30, 2016 were increased from the prior year. Fiscal year 2015 did not experience a tuition or fee increase. Tuition rates for fiscal year 2017 have been increased from \$92.00 per credit hour for in-district students to \$94.00, from \$158.00 to \$161.00 for out-of-district students, and from \$225.00 to \$230.00 for out-of-state and international students. Additional procedures to reduce the bad debt expense further and to collect tuition were put into practice for 2015-2016 including the addition of another collection specialist.
- For fiscal year 2016, the College continues to be subject to Section 4 of Michigan Public Act 152 of 2011. This act allowed the College to cap the costs related to medical benefits that are offered to its employees. The College's share of medical benefits cannot exceed 80 percent of the total annual cost of all the medical benefit plans it offers for its employees. The annual savings through fiscal year 2016 was approximately \$2,200,000 since the act took effect, with an additional estimated savings of approximately \$600,000 for fiscal year 2017.

School District of the City of Dearborn, Michigan

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

- As the College continues to re-establish its unrestricted reserves (net of the GASB Statement No. 68 Pension Liability effect of \$91.6 million), the combined net position for the General Fund, Auxiliary Fund, and Designated Fund at the beginning of fiscal year 2016 (July 1, 2015) prior to the GASB Statement No. 68 restatement, was \$14,949,862 (\$9,057,320 plus \$3,413,317, plus \$2,479,225). The results for fiscal year 2016, added to the General Fund, Auxiliary Fund, and Designated Fund \$1,128,079, \$717,537, and (\$173,817), respectively, to produce a balance of \$16,621,661, prior to GASB Statement No. 68 effects, at the end of fiscal year 2016 (June 30, 2016)

School District of the City of Dearborn, Michigan

Statement of Net Position June 30, 2016

	Governmental Activities	Business-type Activities (Henry Ford College)	Component Unit (Henry Ford College Foundation)	Total (Memo Only)
Assets and Deferred Outflow of Resources				
Current Assets				
Cash and investments (Note 3)	\$ 16,464,990	\$ 6,792,806	\$ 456,583	\$ 23,714,379
Receivables - Net (Note 4):				
Accounts and grants	5,268,863	3,266,868	-	8,535,731
Contributions	-	-	256,993	256,993
Due from other governmental units	28,805,630	4,800,896	-	33,606,526
Internal balances	16,598	(16,598)	-	-
Inventories	140,338	772,651	-	912,989
Prepaid costs	4,164,877	1,195,013	2,628	5,362,518
Total current assets	54,861,296	16,811,636	716,204	72,389,136
Long-term investments (Note 3)	-	7,530,687	12,558,510	20,089,197
Restricted Assets (Note 10)	13,143,875	-	-	13,143,875
Capital Assets - Net (Note 5)	269,375,519	89,976,916	-	359,352,435
Total assets	337,380,690	114,319,239	13,274,714	464,974,643
Deferred Outflows of Resources				
Deferred outflows related to pensions (Note 8)	44,616,881	18,308,701	-	62,925,582
Deferred charges on bond refunding (Note 7)	342,711	-	-	342,711
Total assets and deferred outflows of resources	\$ 382,340,282	\$ 132,627,940	\$ 13,274,714	\$ 528,242,936

School District of the City of Dearborn, Michigan

Statement of Net Position (Continued) June 30, 2016

	Governmental Activities	Business-type Activities (Henry Ford College)	Component Unit (Henry Ford College Foundation)	Total (Memo Only)
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts and contracts payable	\$ 9,320,143	\$ 2,623,287	\$ 8,009	\$ 11,951,439
Scholarships payable	-	-	2,828	2,828
Accrued payroll and other liabilities	21,465,396	5,547,962	-	27,013,358
Unearned revenue (Note 4)	518,798	2,749,022	-	3,267,820
Internal balances	137,636	(137,636)	-	-
Deposits held for others	-	118,941	-	118,941
Line of credit (Note 7)	4,004,662	-	-	4,004,662
Other liabilities	52,266	-	-	52,266
Current portion of long-term liabilities (Note 7)	<u>15,293,400</u>	<u>1,833,755</u>	<u>-</u>	<u>17,127,155</u>
Total current liabilities	50,792,301	12,735,331	10,837	63,538,469
Long-term Liabilities				
Net of current portion (Note 7)	144,727,848	28,968,556	-	173,696,404
Net pension liability (Note 8)	<u>343,626,845</u>	<u>108,513,193</u>	<u>-</u>	<u>452,140,038</u>
Total liabilities	539,146,994	150,217,080	10,837	689,374,911
Deferred Inflows of Resources - Deferred inflows related to pensions and revenue contributions (Note 1 and Note 8)				
	<u>10,506,006</u>	<u>3,504,084</u>	<u>-</u>	<u>14,010,090</u>
Total liabilities and deferred inflows of resources	549,653,000	153,721,164	10,837	703,385,001
Net Position				
Net investment in capital assets	117,321,758	60,271,066	-	177,592,824
Restricted:				
Debt service	7,802,323	-	-	7,802,323
Temporarily - Component unit (expendable)	-	-	4,164,796	4,164,796
Permanently - Component unit (nonexpendable)	-	-	6,070,881	6,070,881
Unrestricted (deficit)	<u>(292,436,799)</u>	<u>(81,364,290)</u>	<u>3,028,200</u>	<u>(370,772,889)</u>
Total net position	<u>(167,312,718)</u>	<u>(21,093,224)</u>	<u>13,263,877</u>	<u>(175,142,065)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 382,340,282</u>	<u>\$ 132,627,940</u>	<u>\$ 13,274,714</u>	<u>\$ 528,242,936</u>

School District of the City of Dearborn, Michigan

	Program Revenue		
	Expenses	Charges for Services	Operating Grants/ Contributions
Functions/Programs			
Primary government:			
Governmental activities:			
Instruction	\$ 138,612,749	\$ 3,281,764	\$ 35,016,690
Support services	78,356,396	-	13,876,132
Food services	7,496,166	1,557,743	7,006,823
Athletics	2,307,184	89,477	-
Community services	1,245,541	-	-
Interest on long-term debt	7,031,423	-	-
Other	49,682	-	-
Depreciation (unallocated)	7,601,838	-	-
Total governmental activities	242,700,979	4,928,984	55,899,645
Business-type activities - Henry Ford College	111,319,806	30,798,210	10,436,159
Component unit - Henry Ford College Foundation	1,345,573	-	1,165,106
Total	<u>\$ 355,366,358</u>	<u>\$ 35,727,194</u>	<u>\$ 67,500,910</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

Loss on disposal of assets

Interest earnings and other

Total general revenue

Net Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Component Unit - Henry Ford Community College Foundation	Total (Memo Only)
\$ (100,314,295)	\$ -	\$ -	\$ (100,314,295)
(64,480,264)	-	-	(64,480,264)
1,068,400	-	-	1,068,400
(2,217,707)	-	-	(2,217,707)
(1,245,541)	-	-	(1,245,541)
(7,031,423)	-	-	(7,031,423)
(49,682)	-	-	(49,682)
(7,601,838)	-	-	(7,601,838)
(181,872,350)	-	-	(181,872,350)
-	(70,085,437)	-	(70,085,437)
-	-	(180,467)	(180,467)
(181,872,350)	(70,085,437)	(180,467)	(252,138,254)
40,166,227	14,771,025	-	54,937,252
17,703,499	-	-	17,703,499
-	27,547,125	-	27,547,125
36,319	-	-	36,319
127,274,326	23,384,097	-	150,658,423
(29,457)	-	-	(29,457)
616,437	-	(279,070)	337,367
185,767,351	65,702,247	(279,070)	251,190,528
3,895,001	(4,383,190)	(459,537)	(947,726)
(171,207,719)	(16,710,034)	13,723,414	(174,194,339)
\$ (167,312,718)	\$ (21,093,224)	\$ 13,263,877	\$ (175,142,065)

School District of the City of Dearborn, Michigan

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 13,636,440	\$ -	\$ 2,828,550	\$ 16,464,990
Accounts and grants receivable (Note 4)	311,264	-	4,736,282	5,047,546
Due from other governments (Note 4)	28,805,630	-	-	28,805,630
Internal balances	16,598	-	-	16,598
Due from other funds (Note 6)	2,389,833	2,414,526	3,458,323	8,262,682
Prepaid costs	4,164,877	-	-	4,164,877
Inventories	64,417	-	75,921	140,338
Restricted assets (Notes 3 and 10)	-	6,254,769	6,889,106	13,143,875
Total assets	\$ 49,389,059	\$ 8,669,295	\$ 17,988,182	\$ 76,046,536
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 5,696,623	\$ 52,500	\$ 2,756,703	\$ 8,505,826
Accrued salary, wage, and fringe benefits payable	19,610,341	-	1,855,055	21,465,396
Due to other funds (Note 6)	5,872,849	-	2,168,516	8,041,365
Line of credit (Note 7)	4,004,662	-	-	4,004,662
Other current liabilities	51,787	155	324	52,266
Internal balances	137,636	-	-	137,636
Unearned revenue (Note 4)	-	-	518,798	518,798
Total liabilities	35,373,898	52,655	7,299,396	42,725,949
Fund Balances				
Nonspendable:				
Prepaid costs	4,164,877	-	-	4,164,877
Inventory	64,417	-	75,921	140,338
Restricted:				
Debt service	-	8,616,640	-	8,616,640
Capital projects	-	-	5,395,490	5,395,490
Food service	-	-	3,271,805	3,271,805
Assigned - Adult education	-	-	685,780	685,780
Assigned - Capital projects	-	-	1,263,487	1,263,487
Unassigned (deficit)	9,785,867	-	(3,697)	9,782,170
Total fund balances	14,015,161	8,616,640	10,688,786	33,320,587
Total liabilities and fund balances	\$ 49,389,059	\$ 8,669,295	\$ 17,988,182	\$ 76,046,536

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, 2016

Fund Balance - Total Governmental Funds		\$ 33,320,587
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	\$ 384,632,944	
Accumulated depreciation	<u>(115,257,425)</u>	269,375,519
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	(159,055,449)	
Compensated absences and severance agreements	(540,191)	
Risk management and claims	<u>(425,608)</u>	(160,021,248)
Accrued interest payable is not included as a liability in governmental funds		(814,317)
Deferred outflows related to pension payments made subsequent to the measurement date		26,060,030
Deferred outflows related to pensions		18,556,851
Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities		(343,626,845)
Deferred inflows related to pensions and revenue contributions are not reported in the governmental funds		(10,506,006)
Deferred outflows of resources (deferred interest) that do not benefit the current period are not reported in the governmental funds		<u>342,711</u>
Net Position - Governmental Activities		<u>\$ (167,312,718)</u>

School District of the City of Dearborn, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Local:				
Property taxes	\$ 40,166,227	\$ 17,703,499	\$ -	\$ 57,869,726
Investment income	1,149	579,444	35,844	616,437
Tuition and other local revenue	1,137,004	1,708	1,815,983	2,954,695
Food service	-	-	1,557,743	1,557,743
Athletic gate receipts	<u>89,477</u>	<u>-</u>	<u>-</u>	<u>89,477</u>
Total local	41,393,857	18,284,651	3,409,570	63,088,078
State	149,939,365	-	5,230,179	155,169,544
Federal	36,319	746,532	23,222,231	24,005,082
Interdistrict - Incoming transfers from other districts	<u>3,190,608</u>	<u>-</u>	<u>10,539,938</u>	<u>13,730,546</u>
Total revenue	194,560,149	19,031,183	42,401,918	255,993,250
Expenditures				
Current:				
Instruction	116,888,587	-	21,511,305	138,399,892
Support services	70,974,035	195,382	8,300,366	79,469,783
Community services	17,381	-	1,247,985	1,265,366
Food service	-	-	7,557,518	7,557,518
Athletics	2,332,564	-	-	2,332,564
Debt service:				
Principal payments	-	12,126,835	-	12,126,835
Interest and other	-	7,805,917	-	7,805,917
Fees and other bond costs	-	6,102	-	6,102
Capital outlay	<u>591,443</u>	<u>-</u>	<u>28,878,198</u>	<u>29,469,641</u>
Total expenditures	<u>190,804,010</u>	<u>20,134,236</u>	<u>67,495,372</u>	<u>278,433,618</u>
Excess of Revenue Over (Under) Expenditures	3,756,139	(1,103,053)	(25,093,454)	(22,440,368)
Other Financing Sources (Uses)				
Transfers in (Note 6)	1,673,933	2,540,661	1,538,893	5,753,487
Transfers out (Note 6)	<u>(4,079,554)</u>	<u>-</u>	<u>(1,673,933)</u>	<u>(5,753,487)</u>
Total other financing (uses) sources	<u>(2,405,621)</u>	<u>2,540,661</u>	<u>(135,040)</u>	<u>-</u>
Net Change in Fund Balances	1,350,518	1,437,608	(25,228,494)	(22,440,368)
Fund Balances - Beginning of year	<u>12,664,643</u>	<u>7,179,032</u>	<u>35,917,280</u>	<u>55,760,955</u>
Fund Balances - End of year	<u>\$ 14,015,161</u>	<u>\$ 8,616,640</u>	<u>\$ 10,688,786</u>	<u>\$ 33,320,587</u>

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (22,440,368)

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	\$ (7,601,838)	
Capitalized capital outlay	<u>26,910,688</u>	19,308,850

Governmental funds report proceeds from sale of assets as revenue; in the statement of activities; there are recorded net of the carrying value of the disposed assets (29,457)

Underwriter's premiums and deferred charges are reported as revenue and expenditures in the funds and amortized in the statement of activities 681,727

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 92,767

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) 12,126,835

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

Change in pension expense related to deferred items 3,496,749

Revenue in support of pension contributions made subsequent to the measurement date (9,367,813)

Compensated absences, as well as estimated self-insured liability claims, are recorded when earned or incurred in the statement of activities. 69,291

Change in Net Position of Governmental Activities **\$ 3,895,001**

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Net Position June 30, 2016

	Henry Ford College	Component Unit - Henry Ford College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 6,792,806	\$ 456,583
Receivables - Net (Note 4):		
Accounts and grants	3,266,868	-
Contributions	-	256,993
Due from other governmental units	4,800,896	-
Interfund balances	(16,598)	-
Inventories	772,651	-
Prepaid costs	<u>1,195,013</u>	<u>2,628</u>
Total current assets	16,811,636	716,204
Long-term Investments (Note 3)	7,530,687	12,558,510
Capital Assets - Net (Note 5)	<u>89,976,916</u>	<u>-</u>
Total assets	114,319,239	13,274,714
Deferred Outflows of Resources (Note 8)	<u>18,308,701</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 132,627,940</u>	<u>\$ 13,274,714</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 2,623,287	\$ 8,009
Scholarships payable	-	2,828
Accrued payroll and other liabilities	5,547,962	-
Unearned revenue	2,749,022	-
Interfund balances	(137,636)	-
Deposits held for others	118,941	-
Current portion of long-term liabilities (Note 7)	<u>1,833,755</u>	<u>-</u>
Total current liabilities	12,735,331	10,837
Long-term Liabilities - Net of current portion		
Bonds payable - Net of unamortized premium and discounts (Note 7)	28,595,366	-
Accrued severance pay and other obligations (Note 7)	373,190	-
Net pension liability (Note 8)	<u>108,513,193</u>	<u>-</u>
Total liabilities	150,217,080	10,837
Deferred Inflows of Resources (Note 8)	3,504,084	-
Net Position		
Net investment in capital assets	60,271,066	-
Restricted:		
Temporarily - Component unit (expendable)	-	4,164,796
Permanently - Component unit (nonexpendable)	-	6,070,881
Unrestricted (Note 13)	<u>(81,364,290)</u>	<u>3,028,200</u>
Total net position	<u>(21,093,224)</u>	<u>13,263,877</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 132,627,940</u>	<u>\$ 13,274,714</u>

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

	Henry Ford College	Component Unit - Henry Ford College Foundation
Operating Revenue		
Tuition and fees - Net of scholarship allowance of \$27,681,434	\$ 21,189,878	\$ -
Federal grants	7,625,834	-
State and local grants and gifts	2,810,325	601,476
Auxiliary enterprises	7,308,585	-
Miscellaneous	2,299,747	563,630
Total operating revenue	41,234,369	1,165,106
Operating Expenses		
Instruction	50,775,954	-
Instructional support	5,831,695	244,069
Student services	15,857,366	537,874
Institutional administration	11,442,836	563,630
Physical plant operations	8,397,244	-
Auxiliary enterprises	6,766,588	-
Repairs and maintenance	1,379,934	-
Depreciation expense	9,149,419	-
Total operating expenses	109,601,036	1,345,573
Operating Loss	(68,366,667)	(180,467)
Nonoperating Revenue (Expenses)		
Federal grants	27,547,125	-
State appropriations	23,384,097	-
Property taxes	14,771,025	-
Investment income	182,984	(279,070)
Interest on capital asset-related debt expenses	(1,901,754)	-
Net nonoperating revenue (expense)	63,983,477	(279,070)
Net Decrease in Net Position	(4,383,190)	(459,537)
Net Position - Beginning of year	(16,710,034)	13,723,414
Net Position - End of year	\$ (21,093,224)	\$ 13,263,877

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	Henry Ford College	Component Unit - Henry Ford College Foundation
Cash Flows from Operating Activities		
Tuition and fees	\$ 20,444,055	\$ -
Grants, contracts, and gifts	10,795,905	259,138
Payments to suppliers	(53,220,682)	(586,296)
Payments to employees	(45,973,570)	-
Payments to educational scholarship and special program funds	-	(272,961)
Auxiliary enterprise charges	7,308,585	-
Other	2,299,747	65,569
	<u>(58,345,960)</u>	<u>(534,550)</u>
Net cash used in operating activities		
	(58,345,960)	(534,550)
Cash Flows from Noncapital Financing Activities		
Local property taxes	14,163,707	-
Pell grant revenue	27,547,125	-
William D. Ford direct lending receipts	30,961,366	-
William D. Ford direct lending disbursements	(29,212,691)	-
State appropriations	23,059,156	-
	<u>66,518,663</u>	<u>-</u>
Net cash provided by noncapital financing activities		
	66,518,663	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(9,314,922)	-
Principal paid on capital debt	(1,618,114)	-
Property tax collections	654,478	-
Permanently restricted contributions	-	344,437
Interest paid on capital debt	(1,910,037)	-
	<u>(12,188,595)</u>	<u>344,437</u>
Net cash (used in) provided by capital and related financing activities		
	(12,188,595)	344,437
Cash Flows from Investing Activities		
Interest on investments	182,984	-
Purchase of investments	(26,305,109)	-
Proceeds from sale of investments	25,750,000	-
	<u>(372,125)</u>	<u>-</u>
Net cash used in investing activities		
	(372,125)	-
Net Decrease in Cash and Cash Equivalents		
	(4,388,017)	(190,113)
Cash and Cash Equivalents - Beginning of year		
	<u>11,180,823</u>	<u>646,696</u>
Cash and Cash Equivalents - End of year		
	<u>\$ 6,792,806</u>	<u>\$ 456,583</u>

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2016

	Henry Ford College	Component Unit - Henry Ford College Foundation
Reconciliation of Operating Loss to Net Cash from		
Operating Activities		
Operating loss	\$ (68,366,667)	\$ (180,467)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	9,149,419	-
Permanently restricted contributions	-	(344,437)
Bad debt expense	1,763,358	1,000
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(2,382,474)	-
Contributions receivable	-	9,662
Federal and state grant receivable	359,746	-
Inventories	423,565	-
Prepaid assets and other current assets	101,152	7,806
Deferred outflows of resources	(11,826,730)	-
(Decrease) increase in liabilities and deferred inflows:		
Accounts payable	(2,019,840)	(16,388)
Scholarships payable	-	(11,726)
Accrued payroll and other compensation	107,750	-
Other accrued liabilities	(150,273)	-
Deposits	(4,216)	-
Unearned tuition and fees	(126,704)	-
Pension liability	17,774,505	-
Deferred inflows of resources	(3,148,551)	-
Net cash used in operating activities	\$ (58,345,960)	\$ (534,550)

There were no noncash capital, noncapital, or investing activities for the year ended June 30, 2016.

School District of the City of Dearborn, Michigan

Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2016

	<u>Agency Funds</u>
Assets - Cash and investments (Note 3)	<u>\$ 1,393,613</u>
Liabilities	
Accounts payable	\$ 10,980
Due to other funds (Note 6)	221,317
Due to student/recipient groups	<u>1,161,316</u>
Total liabilities	<u>\$ 1,393,613</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

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, 2016

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, 2016

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.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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. The fund operates until the purpose for which it was created is accomplished. The School District uses a Building & Site Fund for building repairs and replacement. These funds are typically transferred from the General Fund or from building/land sales.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Long-term Obligations - In the government-wide financial statements and 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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District only has two items that qualify for reporting in this category. The first type of deferred outflow of resources is the deferred charge on refunding bond issuances, which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second deferred outflow of resources relates to the pension plan and is reported only in the statement of net position.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow of resources. It is the deferred inflow related to the pension plan and revenue contributions and is reported only in the statement of net position.

The College and P-12 reported deferred inflows of resources at June 30, 2016 including \$3,133,326 and \$9,367,813, respectively, for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and \$370,758 and \$1,138,193, respectively, related to the pension plan described in Note 8. Deferred inflows of resources at June 30, 2016 relate to the pension plan described in Note 8.

Pensions - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements.

Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

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
- 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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

- 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.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

College Unearned Revenue - Revenue received prior to year end that is related to the next fiscal period is recorded as unearned revenue. This includes \$263,662 for the fall semester and \$2,154,883 of unearned revenue on the summer semester, which began in July 2016 and ended in August 2016.

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.

Adoption of New Standard - As of June 30, 2016, the School District prospectively applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

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

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 - During the year, the P-12 had significant expenditures in excess of appropriations as follows:

	Budget	Actual	Variance
Instruction - Basic program	\$ 101,831,407	\$ 102,245,191	\$ 413,784
Instruction - Added needs	14,376,170	14,770,618	394,448
Support services - Pupil	12,651,519	12,766,842	115,323
Support services - School administration	13,385,683	13,655,932	270,249
Support services - Business services	2,102,527	2,741,650	639,123

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*.

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:

School District of the City of Dearborn, Michigan

Notes to Financial Statements
June 30, 2016

Note 3 - Deposits and Investments (Continued)

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 \$21,384,147 had \$20,634,147 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The College's investments are all in the name of the College. The investments are custodied with each bank from which they were purchased. Therefore, custodial risk is limited.

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 \$10,898,299 had a weighted average maturity of less than one year.

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

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

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

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

Investments	Fair Value	Maturity Date	Rating	Rating Organization
Comerica Governmental Cash Investment Fund	\$ 4,009,192	N/A	N/A*	N/A*
U.S. Treasury Bills	5,135,053	2/1/2027	Aaa-mf	Moody's
Guaranteed Investment Contract	<u>824,638</u>	8/29/2016	N/A*	N/A*
Total investments	<u>\$ 9,968,883</u>			

* Investments are a bank contract or collective fund and not rated by rating agencies.

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

Investments	Fair Value	Maturities		Rating	Rating Organization
		Less than one year	1-5 years		
Certificate of deposit	\$ 5,029,807	\$ 1,492,190	\$ 3,537,617	N/A	N/A
U.S. Treasury Bills	1,501,090	-	1,501,090	AA+	S&P
Corporate paper	<u>999,790</u>	999,790		A1	S&P
Total investments	<u>\$ 7,530,687</u>				

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

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	\$ 311,264	\$ 4,736,282	\$ 5,047,546	\$ 38,047,833	\$ 256,993	\$ 43,352,372
Intergovernmental	28,805,630	-	28,805,630	4,800,896	-	33,606,526
Less allowance for uncollectibles	-	-	-	(34,780,965)	-	(34,780,965)
Net receivables	<u>\$ 29,116,894</u>	<u>\$ 4,736,282</u>	<u>\$ 33,853,176</u>	<u>\$ 8,067,764</u>	<u>\$ 256,993</u>	<u>\$ 42,177,933</u>

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:

	Unearned Revenue
Governmental activities - Tuition and state, federal, and local grant monies received prior to meeting all eligibility requirements	\$ 518,798
Business-type activities - Tuition and grant revenue	<u>2,749,022</u>
Total	<u>\$ 3,267,820</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets

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

	Balance July 1, 2015	Additions	Disposals and Adjustments	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 11,423,864	\$ -	\$ -	\$ 11,423,864
Construction in progress	40,051,714	-	(25,418,782)	14,632,932
Subtotal	51,475,578	-	(25,418,782)	26,056,796
Capital assets being depreciated:				
Buildings	108,988,482	-	-	108,988,482
Building improvements	148,816,587	33,177,110	(27,674)	181,966,023
Land improvements	10,778,799	9,243,717	(24,481)	19,998,035
Buses and other vehicles	9,170,365	1,617,083	(1,371,403)	9,416,045
Equipment and other	29,916,003	8,291,560	-	38,207,563
Subtotal	307,670,236	52,329,470	(1,423,558)	358,576,148
Accumulated depreciation:				
Buildings	36,112,211	1,627,742	-	37,739,953
Building improvements	36,546,670	3,453,340	-	40,000,010
Land improvements	2,574,515	617,906	-	3,192,421
Buses and other vehicles	6,216,957	667,239	(1,394,101)	5,490,095
Equipment and other	27,599,335	1,235,611	-	28,834,946
Subtotal	109,049,688	7,601,838	(1,394,101)	115,257,425
Net capital assets being depreciated	198,620,548	44,727,632	(29,457)	243,318,723
Net governmental capital assets	\$ 250,096,126	\$ 44,727,632	\$(25,448,239)	\$ 269,375,519

Depreciation for the fiscal year ended June 30, 2016 totaled \$7,601,838 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 P-12 has active construction projects at year end. At year end, the P-12 has spent \$63,849,703 on remaining commitments with contractors of \$76,266,545.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

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

	Balance July 1, 2015	Additions	Disposals and Adjustments	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 3,482,436	\$ -	\$ -	\$ 3,482,436
Construction in progress	<u>2,684,276</u>	<u>7,880,919</u>	<u>(3,913,459)</u>	<u>6,651,736</u>
Subtotal	6,166,712	7,880,919	(3,913,459)	10,134,172
Capital assets being depreciated:				
Land improvements	22,419,984	-	61,736	22,481,720
Buildings	93,694,224	-	-	93,694,224
Building improvements	23,332,171	150,862	3,171,850	26,654,883
Furniture and library books	3,578,403	150,975	319,257	4,048,635
Equipment and other vehicles	<u>25,589,591</u>	<u>1,132,164</u>	<u>360,616</u>	<u>27,082,371</u>
Subtotal	168,614,373	1,434,001	3,913,459	173,961,833
Accumulated depreciation:				
Land improvements	6,519,053	1,496,724	-	8,015,777
Building	44,556,776	2,070,441	-	46,627,217
Building improvements	11,278,335	3,222,467	-	14,500,802
Furniture and library books	2,380,719	353,735	-	2,734,454
Equipment and other vehicles	<u>20,234,787</u>	<u>2,006,052</u>	<u>-</u>	<u>22,240,839</u>
Subtotal	<u>84,969,670</u>	<u>9,149,419</u>	<u>-</u>	<u>94,119,089</u>
Net capital assets being depreciated	<u>83,644,703</u>	<u>(7,715,418)</u>	<u>3,913,459</u>	<u>79,842,744</u>
Net business-type activity assets	<u>\$ 89,811,415</u>	<u>\$ 165,501</u>	<u>\$ -</u>	<u>\$ 89,976,916</u>

Depreciation for the fiscal year ended June 30, 2016 totaled \$9,149,419 for business-type capital assets.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 6 - Interfund Receivables, Payables, and Transfers

The following are the interfund receivables at June 30, 2016:

Fund Due To	Fund Due From			Total
	General Fund	Trust and Agency Fund	Other Nonmajor Governmental Funds	
General Fund	\$ -	\$ 221,317	\$ 2,168,516	\$ 2,389,833
Debt service fund	2,414,526	-	-	2,414,526
Nonmajor funds	3,458,323	-	-	3,458,323
Total	\$ 5,872,849	\$ 221,317	\$ 2,168,516	\$ 8,262,682

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, 2016:

Fund Transferred From	Fund Transferred To	Amount
Other nonmajor governmental funds	General Fund	\$ 1,673,933
General Fund	Debt Service Fund	2,540,661
General Fund	Other nonmajor governmental funds	1,538,893
Total transfers		\$ 5,753,487

The transfers from the General Fund to the Debt Service Fund serviced non-voted debt obligations for the School District. The transfers from the General Fund to other nonmajor governmental funds subsidized operations of the General Building and Site 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, 2016

Note 7 - Long-term Obligations

Long-term obligations of the School District and changes therein for the year ended June 30, 2016 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 164,252,065	\$ -	\$ 12,126,835	\$ 152,125,230	\$ 14,186,067
Less deferred amounts -					
Deferred outflows - Deferred charges on bond refunding	(386,291)	-	(43,580)	(342,711)	-
Issuance premiums	<u>7,611,946</u>	<u>-</u>	<u>681,727</u>	<u>6,930,219</u>	<u>681,725</u>
Total bonds payable	171,477,720	-	12,764,982	158,712,738	14,867,792
Compensated absences	411,711	128,480	-	540,191	-
Risk management and claims (Note 9)	<u>623,379</u>	<u>-</u>	<u>197,771</u>	<u>425,608</u>	<u>425,608</u>
Total governmental activities	<u>\$ 172,512,810</u>	<u>\$ 128,480</u>	<u>\$ 12,962,753</u>	<u>\$ 159,678,537</u>	<u>\$ 15,293,400</u>
Business-type activities:					
Bonds	\$ 31,689,485	\$ -	\$ 1,638,165	\$ 30,051,320	\$ 1,110,484
Less deferred amounts -					
Issuance discounts	<u>(365,521)</u>	<u>-</u>	<u>(20,050)</u>	<u>(345,471)</u>	<u>-</u>
Total bonds payable	31,323,964	-	1,618,115	29,705,849	1,110,484
Severance and other obligations	848,874	284,325	330,055	803,144	429,953
Risk management (Note 9)	<u>397,994</u>	<u>862,688</u>	<u>967,364</u>	<u>293,318</u>	<u>293,318</u>
Total business-type activities	<u>\$ 32,570,832</u>	<u>\$ 1,147,013</u>	<u>\$ 2,915,534</u>	<u>\$ 30,802,311</u>	<u>\$ 1,833,755</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, 2016

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
2017	\$ 14,186,067	\$ 7,243,752	\$ (801,000)	\$ 6,442,752	\$ 20,628,819	\$ 1,110,484	\$ 1,828,074	\$ (480,471)	\$ 1,347,603	\$ 2,458,087
2018	13,313,357	6,644,101	(801,000)	5,843,101	19,156,458	1,041,643	1,779,324	(471,065)	1,308,259	2,349,902
2019	12,836,619	6,040,138	(801,000)	5,239,138	18,075,757	1,118,381	1,730,075	(460,478)	1,269,597	2,387,978
2020	13,360,460	5,435,489	(801,000)	4,634,489	17,994,949	1,144,540	1,675,223	(448,298)	1,226,925	2,371,465
2021	13,828,721	4,891,665	(801,000)	4,090,665	17,919,386	1,196,277	1,617,142	(435,593)	1,181,549	2,377,826
2022-2026	30,275,006	17,908,444	(4,005,000)	13,903,444	44,178,450	6,589,995	7,074,981	(1,957,595)	5,117,386	11,707,381
2027-2031	37,925,000	8,621,219	(901,125)	7,720,094	45,645,094	7,925,000	5,012,306	(1,494,370)	3,517,936	11,442,936
2032-2036	16,400,000	1,663,750	-	1,663,750	18,063,750	6,200,000	2,613,469	(900,638)	1,712,831	7,912,831
2037-2039	-	-	-	-	-	3,725,000	545,676	(190,987)	354,689	4,079,689
Total	\$ 152,125,230	\$ 58,448,558	\$ (8,911,125)	\$ 49,537,433	\$ 201,662,663	\$ 30,051,320	\$ 23,876,270	\$ (6,839,495)	\$ 17,036,775	\$ 47,088,095

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 \$120,000 through April 1, 2017, interest at 4.00 percent to 4.95 percent	\$ -	\$ 120,000
\$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	-
\$881,550 qualified zone activity bonds, due in a lump-sum payment of \$881,550 and paid in full on August 28, 2016	881,550	-
\$4,615,000 energy limited tax general obligation bonds, due in annual installments of \$550,000 through May 1, 2017, interest at 5.50 percent	550,000	-
\$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	-	9,625,000

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Obligations (Continued)

	Allocated to	
	Governmental Activities	Business-type Activities
\$995,000 serial bonds, due in annual installments of \$105,000 to \$110,000 through May 1, 2018, interest at 4.30 percent to 4.375 percent	\$ 215,000	\$ -
\$5,500,000 serial bonds, due in annual installments of \$720,000 to \$725,000 through May 1, 2018, interest at 4.00 percent	1,445,000	-
\$90,885,000 serial bonds, due in annual installments of \$9,660,000 to \$10,145,000 through May 1, 2022, interest at 4.125 percent to 5.00 percent	59,745,000	-
\$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	-	19,750,000
\$9,730,000 refunding bonds, due in annual installments of \$565,000 to \$625,000 through May 1, 2024, interest at 2.50 percent to 4.00 percent	4,243,680	556,320
\$68,475,000 serial bonds, due in annual installments of \$1,500,000 to \$5,700,000 through May 1, 2034, interest at 2.00 percent to 5.00 percent	67,825,000	-
\$2,480,000 serial bonds, due in annual installments of \$270,000 to \$360,000 through May 1, 2023, interest at 3.00 percent to 3.25 percent	<u>2,220,000</u>	<u>-</u>
Total bonded debt	<u>\$ 152,125,230</u>	<u>\$ 30,051,320</u>

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, 2016, \$65,300,000 of bonds outstanding are considered defeased.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Obligations (Continued)

Line of Credit - On July 20, 2015, the P-12 obtained a line of credit for borrowings up to \$16,000,000 which bore interest at a monthly rate of .69 percent. At June 30, 2016, the P-12 had a balance of \$4,004,662 outstanding on the line of credit. The line of credit expired July 20, 2016, at which time it was paid in full.

Subsequent to year end, on July 20, 2016, the P-12 obtained a line of credit which allows for borrowings up to \$14,000,000 and bears interest at a monthly rate at .8 percent plus LIBOR. The line of credit expires on July 20, 2017.

Note 8 - Michigan Public School Employees Retirement System

Defined Benefit Pension Plan

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare 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 postemployment healthcare 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.

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

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Michigan Public School Employees Retirement System (Continued)

The School District's contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

Contribution rates for the P-12:

October 1, 2014 - September 30, 2015	18.76% - 23.07%
October 1, 2015 - June 30, 2016	14.56% - 18.95%

Contribution rates for the College:

July 1, 2014 - September 30, 2014	15.44% - 18.34%
October 1, 2014 - September 30, 2015	18.76% - 23.07%
October 1, 2015 - June 30, 2016	14.56% - 18.95%

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 P-12's required and actual contributions to the plan for the year ended June 30, 2016 was \$32,998,038. The P-12's required and actual contributions include an allocation of \$9,367,813 revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2016.

The College's required and actual contributions to the plan for the years ended June 30, 2016 and 2015 were \$10,751,416 and \$11,082,025, respectively. In addition, the College's recognized contributions include \$3,133,326 and \$2,993,916 in revenue received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the years ended June 30, 2016 and 2015. These funds were also remitted to the plan.

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

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

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Michigan Public School Employees Retirement System (Continued)

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

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

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

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2016, the School District reported a liability of \$452,140,038 (P-12 totaled \$343,626,845, College totaled \$108,513,193) for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014, which used updated procedures to roll forward the estimated liability to September 30, 2015. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2015, the P-12's proportion was 1.4069 percent. At September 30, 2015, the College's proportion was 0.4442 percent.

For the year ended June 30, 2016, the P-12 recognized pension expense of \$31,289,008 exclusive of payments to fund the MPSERS UAAL Stabilization Rate. For the year ended June 30, 2016, the College recognized pension expense of \$10,925,818.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Michigan Public School Employees Retirement System (Continued)

At June 30, 2016, the P-12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,138,193
Changes of assumptions	8,460,821	-
Net difference between projected and actual earnings on pension plan assets	1,753,938	-
Changes in proportion and differences between Reporting Unit/College contributions and proportionate share of contributions	8,342,092	-
Reporting Unit/College contributions subsequent to the measurement date	<u>26,060,030</u>	<u>-</u>
Total	<u>\$ 44,616,881</u>	<u>\$ 1,138,193</u>

At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	As of June 30, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (359,427)
Changes of assumptions	2,671,825	-
Net difference between projected and actual earnings on pension plan assets	553,872	-
Changes in proportion and differences between Reporting Unit/College contributions and proportionate share of contributions	6,532,772	(11,331)
Reporting Unit/College contributions subsequent to the measurement date	<u>8,550,232</u>	<u>-</u>
Total	<u>\$ 18,308,701</u>	<u>\$ (370,758)</u>

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Michigan Public School Employees Retirement System (Continued)

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

Year Ending June 30	Amount	P-12	College
2017	\$ 5,268,058	\$ 3,209,431	\$ 2,058,627
2018	5,268,058	3,209,431	2,058,627
2019	4,664,948	2,750,578	1,914,370
2020	<u>11,605,305</u>	<u>8,249,218</u>	<u>3,356,087</u>
Total	<u>\$ 26,806,369</u>	<u>\$ 17,418,658</u>	<u>\$ 9,387,711</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2017).

Actuarial Assumptions - The total pension liability as of September 30, 2015 is based on the results of an actuarial valuation date of September 30, 2014, and rolled forward, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return	7.00 to 8.00 percent, net of investment and administrative expenses based on the groups
Rate of pay increases	3.50 percent to 12.3 percent, including wage inflation of 3.5 percent
Mortality basis	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3 percent annual non-compounded for MIP members

The actuarial assumptions used for the September 30, 2014 valuation were based on the results of an actuarial experience study for the period from October 1, 2008 to September 30, 2013. As a result of this study, the actuarial assumptions were adjusted to more closely reflect actual experience.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Michigan Public School Employees Retirement System (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00 to 8.00 percent depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.0%	5.9%
Private equity pools	18.0%	9.2%
International equity pools	16.0%	7.2%
Fixed-income pools	10.5%	0.9%
Real estate and infrastructure pools	10.0%	4.3%
Real return, opportunistic, and absolute pool	15.5%	6.0%
Short-term investment pools	2.0%	-
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the School District, calculated using the discount rate of 7.00 to 8.00 percent depending on the plan option, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Michigan Public School Employees Retirement System (Continued)

	1.00 Percent Decrease (7.00 Percent)	Current Discount Rate (8.00 Percent)	1.00 Percent Decrease (9.00 Percent)
P-12	\$ 443,023,091	\$ 343,626,845	\$ 259,831,740
College	139,901,323	108,513,193	82,051,715
Total	<u>\$ 582,924,414</u>	<u>\$ 452,140,038</u>	<u>\$ 341,883,455</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan - At June 30, 2016, the P-12 reported a payable of \$4,577,364 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016. At June 30, 2016, the College reported a payable of \$795,171 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

Postemployment Benefits Other Than Pensions (OPEB) - 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, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 5.52 percent to 6.45 percent of covered payroll for the period from July 1, 2014 to September 30, 2014, 2.20 percent to 2.71 percent of covered payroll for the period from October 1, 2014 to September 30, 2015, and from 6.40 percent to 6.83 percent of covered payroll for the period from October 1, 2015 through June 30, 2016 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 403(b) account.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Michigan Public School Employees Retirement System (Continued)

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2016, 2015, and 2014 were \$8,999,333, \$7,101,372, and \$12,287,980, respectively. In addition, a portion ranging from 35 to 100 percent of the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

Defined Contribution Plan

New professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPERS 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, 2016 and 2015. The payroll for the College's employees covered by the optional plan was \$6.3 million and \$6.1 million for fiscal years 2016 and 2015, respectively. College contributions were made in the amount required by the plan and totaled \$754,905 and \$726,890 for fiscal years 2016 and 2015, respectively. Under the ORP plan, employees contribute 4 percent of gross wages in addition to the College's contribution.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Risk Management (Continued)

For risk retention situations (other than commercial coverage or risk-sharing pools), the School District estimates the liability for dental and workers' compensation claims that have been incurred through the end of the fiscal year, including both 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>2016</u>	<u>2015</u>
Estimated liability - Beginning of year	\$ 1,021,373	\$ 769,929
Estimated claims incurred - Including changes in estimates	862,688	1,233,141
Claim payments	<u>(1,165,135)</u>	<u>(981,697)</u>
Estimated liability - End of year	<u>\$ 718,926</u>	<u>\$ 1,021,373</u>

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 2016, approximately \$457,005 and \$393,767 was paid in premiums by the P-12 and the College, respectively. An excess insurance policy covers individual claims in excess of \$1,000 for the P-12 and \$10,000 for the College.

Dental - The self-insured dental plan covers all employees of Henry Ford College. Claims are funded by the College and paid by the plan administrator. The College pays all administrative costs of the plan. During fiscal year 2016, \$558,438 was charged to expense relating to these benefits, including claims incurred but not reported.

Workers' Compensation - The self-insured workers' compensation plan covers all employees. 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 2016, \$92,687 was charged to expense relating to these benefits, including claims incurred but not reported.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Restricted Assets

The balance of the restricted asset accounts is as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$ 6,889,106
Debt Service Fund cash	<u>6,254,769</u>
Total	<u>\$ 13,143,875</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 \$2,760,624, College programs of \$735,641, time-restricted pledges of \$44,437, and other support of \$624,094 at June 30, 2016.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

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 \$563,630 for the year ended June 30, 2016.

Note 13 - Designated Net Position

Within the proprietary funds' unrestricted net position, certain amounts are designated at June 30, 2016. The amounts are as follows:

	General Fund	Designated Fund
Working capital	\$ 10,014,735	\$ -
Technology improvements	-	1,848,586
Programming	-	456,822
Unrestricted and unallocated	<u>(93,537,912)</u>	<u>-</u>
Total	<u>\$ (83,523,177)</u>	<u>\$ 2,305,408</u>

Note 14 - Fair Value Measurements

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

In instances 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 School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

School District of the City of Dearborn, Michigan

Notes to Financial Statements June 30, 2016

Note 14 - Fair Value Measurements (Continued)

The P-12, College, and Foundation have the following recurring fair value measurements as of June 30, 2016:

	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, 2016
P-12 Investments:				
Comerica Government Cash Investment Fund	\$ -	\$ 4,009,192	\$ -	\$ 4,009,192
Fixed Income - Treasuries	-	5,135,053	-	5,135,053
Total P-12 investments	\$ -	\$ 9,144,245	\$ -	\$ 9,144,245
College Investments:				
Fixed Income - Corporate Paper	\$ -	\$ 999,790	\$ -	\$ 999,790
Fixed Income - Certificates of Deposit	-	5,029,807	-	5,029,807
Fixed Income - Treasuries	-	1,501,090	-	1,501,090
Total College investments	\$ -	\$ 7,530,687	\$ -	\$ 7,530,687
Foundation Investments:				
Fixed Income - Core	\$ 8,328,393	\$ -	\$ -	\$ 8,328,393
Equity - Large growth and value	4,230,117	-	-	4,230,117
Total Foundation investments	\$ 12,558,510	\$ -	\$ -	\$ 12,558,510

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

The fair value of the investments of the P-12 and College at June 30, 2016 was determined primarily based on Level 2 inputs. The P-12 and College estimate the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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.

School District of the City of Dearborn, Michigan

Notes to Financial Statements
June 30, 2016

Note 15 - Upcoming Accounting Pronouncement

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS plan. 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. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2018.

Required Supplemental Information

School District of the City of Dearborn, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 38,817,720	\$ 41,006,283	\$ 41,393,857	\$ 387,574
State sources	144,689,954	149,380,796	149,939,365	558,569
Federal sources	100,000	100,000	36,319	(63,681)
Incoming transfers from other districts	2,200,000	3,251,424	3,190,608	(60,816)
Total revenue	185,807,674	193,738,503	194,560,149	821,646
Expenditures - Current				
Instruction:				
Basic program	95,500,814	101,831,407	102,245,191	413,784
Added needs	14,134,940	14,376,170	14,770,618	394,448
Support services:				
Pupil	12,126,959	12,651,519	12,766,842	115,323
Instructional staff	8,954,473	9,278,378	8,873,110	(405,268)
General administration	1,236,701	1,175,194	911,037	(264,157)
School administration	13,030,637	13,385,683	13,655,932	270,249
Business services	2,244,598	2,102,527	2,741,650	639,123
Operations and maintenance	22,506,571	21,691,772	21,178,566	(513,206)
Transportation	7,434,857	7,770,207	7,034,972	(735,235)
Central support	4,007,509	4,358,874	4,220,548	(138,326)
Community services	53,558	110,880	17,381	(93,499)
Athletics	2,350,000	2,436,286	2,380,163	(56,123)
Other	8,000	8,000	8,000	-
Total expenditures	183,589,617	191,176,897	190,804,010	(372,887)
Other Financing Sources (Uses)				
Transfers in	1,535,000	3,861,286	1,673,933	(2,187,353)
Transfers out	(3,240,000)	(6,325,822)	(4,079,554)	2,246,268
Total other financing uses	(1,705,000)	(2,464,536)	(2,405,621)	58,915
Net Change in Fund Balance	513,057	97,070	1,350,518	1,253,448
Fund Balance - Beginning of year	12,664,643	12,664,643	12,664,643	-
Fund Balance - End of year	\$ 13,177,700	\$ 12,761,713	\$ 14,015,161	\$ 1,253,448

School District of the City of Dearborn, Michigan

Required Supplemental Information Year Ended June 30, 2016

Schedule of the School District of the City of Dearborn, Michigan's Proportionate Share of the Net Pension Liability Michigan Public School Employees Retirement System Determined as of the Plan Year Ended September 30:

	2015		2014	
	College	P-12	College	P-12
Proportion of the collective MPSERS net pension liability:	0.4442%	1.4069%	0.4119%	1.3653%
School District's proportionate share of the net pension liability (asset)	\$108,513,913	\$343,626,845	\$90,738,688	\$300,722,387
Covered-employee payroll	\$37,594,029	\$117,342,529	35,090,424	115,972,345
Proportionate share of the collective pension liability (amount), as a percentage of the covered employee payroll	288.6448%	292.8408%	258.5853%	259.3053%
MPSERS fiduciary net position as a percentage of the total pension liability	63.1700%	62.9200%	66.1848%	66.2000%

Schedule of the School District of the City of Dearborn, Michigan's Contributions Michigan Public School Employees Retirement System Determined as of the Year Ended June 30:

	2016		2015	
	College	P-12	College	P-12
Statutorily required contribution	\$10,751,416	\$32,998,038	\$6,397,865	\$25,594,553
Contributions in relation to the actuarially determined contractually required contribution	\$10,751,416	\$32,998,038	\$6,397,865	\$25,594,553
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	\$38,380,413	\$118,269,399	\$37,197,602	\$117,149,391
Contributions as a percentage of covered employee payroll	28.01277%	27.9007	17.1997%	21.8478%

School District of the City of Dearborn, Michigan

Notes to Pension Required Supplemental Information Schedules For Plan Year Ended September 30, 2015

Benefits Changes - There were no changes of benefit terms in 2015.

Changes in Assumptions - There were no changes of benefit assumptions in 2015.

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	\$ -	\$ 2,482,799	\$ 345,751	\$ -
Accounts and grants receivable	3,805,016	339,655	591,611	-
Due from other funds	-	553,878	-	1,630,355
Inventories	-	75,921	-	-
Restricted assets	-	-	-	-
Total assets	\$ 3,805,016	\$ 3,452,253	\$ 937,362	\$ 1,630,355
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts and contracts payable	\$ 138,324	\$ 1,480	\$ 24,471	\$ 1,088,209
Accrued salary, wages, and fringe benefits payable	1,212,091	66,048	34,770	542,146
Other current liabilities	-	324	-	-
Due to other funds	2,006,326	-	162,190	-
Unearned revenue	451,972	36,675	30,151	-
Total liabilities	3,808,713	104,527	251,582	1,630,355
Fund Balances (Deficit)				
Nonspendable - Inventory	-	75,921	-	-
Restricted:				
Capital projects	-	-	-	-
Food service	-	3,271,805	-	-
Assigned - Adult education	-	-	685,780	-
Assigned - Capital projects	-	-	-	-
Unassigned (deficit)	(3,697)	-	-	-
Total fund balances (deficit)	(3,697)	3,347,726	685,780	-
Total liabilities and fund balances (deficit)	\$ 3,805,016	\$ 3,452,253	\$ 937,362	\$ 1,630,355

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

<u>Capital Projects Fund</u>		
<u>2014 Capital Projects Fund</u>	<u>General Building and Site</u>	<u>Total Nonmajor Funds</u>
\$ -	\$ -	\$ 2,828,550
-	-	4,736,282
10,603	1,263,487	3,458,323
-	-	75,921
<u>6,889,106</u>	<u>-</u>	<u>6,889,106</u>
<u>\$ 6,899,709</u>	<u>\$ 1,263,487</u>	<u>\$ 17,988,182</u>
\$ 1,504,219	\$ -	\$ 2,756,703
-	-	1,855,055
-	-	324
-	-	2,168,516
<u>-</u>	<u>-</u>	<u>518,798</u>
1,504,219	-	7,299,396
-	-	75,921
-	-	-
5,395,490	-	5,395,490
-	-	3,271,805
-	-	685,780
-	1,263,487	1,263,487
<u>-</u>	<u>-</u>	<u>(3,697)</u>
<u>5,395,490</u>	<u>1,263,487</u>	<u>10,688,786</u>
<u>\$ 6,899,709</u>	<u>\$ 1,263,487</u>	<u>\$ 17,988,182</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	-	-	-	-
Tuition and other local revenue	15,213	-	1,318,770	-
Food service	-	1,557,743	-	-
Total local	15,213	1,557,743	1,318,770	-
State	687,454	354,033	1,172,116	3,016,576
Federal	16,215,408	7,006,823	-	-
Interdistrict - Incoming transfers from other districts	3,065,207	-	66,952	7,407,779
Total revenue	19,983,282	8,918,599	2,557,838	10,424,355
Expenditures				
Current:				
Instruction	14,364,297	-	757,182	6,389,826
Support service	4,235,134	-	1,157,836	2,907,396
Community service	835,559	-	412,426	-
Food service	-	7,557,518	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Capital outlay	374,645	65,720	-	106,920
Total expenditures	19,809,635	7,623,238	2,327,444	9,404,142
Excess of Revenue Over (Under) Expenditures	173,647	1,295,361	230,394	1,020,213
Other Financing Sources (Uses)				
Transfers in	14,380	-	-	-
Transfers out	(188,046)	(465,674)	-	(1,020,213)
Total other financing (uses) sources	(173,666)	(465,674)	-	(1,020,213)
Net Change in Fund Balances	(19)	829,687	230,394	-
Restated Fund Balances (Deficit) - Beginning of year	(3,678)	2,518,039	455,386	-
Fund Balances (Deficit) - End of year	<u>\$ (3,697)</u>	<u>\$ 3,347,726</u>	<u>\$ 685,780</u>	<u>\$ -</u>

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended June 30, 2016**

Capital Projects Fund		
2014 Capital Projects Fund	General Building and Site	Total Nonmajor Funds
\$ -	\$ -	\$ -
35,844	-	35,844
-	482,000	1,815,983
-	-	1,557,743
35,844	482,000	3,409,570
-	-	5,230,179
-	-	23,222,231
-	-	10,539,938
35,844	482,000	42,401,918
-	-	21,511,305
-	-	8,300,366
-	-	1,247,985
-	-	7,557,518
-	-	-
-	-	-
-	-	-
27,451,992	878,921	28,878,198
27,451,992	878,921	67,495,372
(27,416,148)	(396,921)	(25,093,454)
-	1,524,513	1,538,893
-	-	(1,673,933)
-	1,524,513	(135,040)
(27,416,148)	1,127,592	(25,228,494)
32,811,638	135,895	35,917,280
\$ 5,395,490	\$ 1,263,487	\$ 10,688,786

School District of the City of Dearborn, Michigan

Other Supplemental Information Combining Statement of Net Position - Proprietary Funds June 30, 2016

	Combined Total	General Fund	Pension Liability Fund *	Auxiliary Services Fund	Designated Fund	Restricted Fund	Agency Fund	Plant Funds
Assets								
Current Assets								
Cash and cash equivalents	\$ 6,792,806	\$ (965,192)	\$ -	\$ 1,126,719	\$ 33,573	\$ 1,639,141	\$ 95,508	\$ 4,863,057
Property taxes receivable	299,033	299,033	-	-	-	-	-	-
State appropriation receivable	4,800,896	4,800,896	-	-	-	-	-	-
Federal and state grants receivable	1,173,997	-	-	-	-	1,137,441	-	36,556
Accounts receivable	1,793,838	1,769,615	-	15,603	5,099	-	3,521	-
Internal balances	(16,598)	6,044,041	-	2,230,129	2,439,712	(2,452,947)	20,411	(8,297,944)
Inventories	772,651	-	-	768,099	4,552	-	-	-
Prepaid expenses and other assets	1,195,013	1,195,013	-	-	-	-	-	-
Total current assets	16,811,636	13,143,406	-	4,140,550	2,482,936	323,635	119,440	(3,398,331)
Long-term Investments	7,530,687	7,530,687	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-
Capital Assets - Net	89,976,916	-	-	-	-	-	-	89,976,916
Total assets	114,319,239	20,674,093	-	4,140,550	2,482,936	323,635	119,440	86,578,585
Deferred Outflows of Resources	18,308,701	-	18,308,701	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 132,627,940</u>	<u>\$ 20,674,093</u>	<u>\$ 18,308,701</u>	<u>\$ 4,140,550</u>	<u>\$ 2,482,936</u>	<u>\$ 323,635</u>	<u>\$ 119,440</u>	<u>\$ 86,578,585</u>
Liabilities, Deferred Inflows of Resources, and Net Position								
Current Liabilities								
Accounts payable	\$ 2,623,287	\$ 2,273,423	\$ -	\$ -	\$ -	\$ 254,154	\$ -	\$ 95,710
Accrued payrolls, amounts withheld from employees, and other compensation	5,123,729	5,091,386	-	9,696	-	22,647	-	-
Unearned revenue	2,749,022	2,045,991	-	-	177,528	46,834	499	478,170
Internal balances	(137,636)	(137,636)	-	-	-	-	-	-
Deposits held for others	118,941	-	-	-	-	-	118,941	-
Other accrued liabilities	424,233	119,069	-	-	-	-	-	305,164
Current portion of bonds payable	1,110,484	-	-	-	-	-	-	1,110,484
Current portion of risk management liability	293,318	293,318	-	-	-	-	-	-
Current portion of accrued vacation and severance liabilities	429,953	429,953	-	-	-	-	-	-
Total current liabilities	12,735,331	10,115,504	-	9,696	177,528	323,635	119,440	1,989,528
Bonds Payable - Net of unamortized premium and discounts	28,595,366	-	-	-	-	-	-	28,595,366
Accrued Severance Pay	373,190	373,190	-	-	-	-	-	-
Net Pension Liability	108,513,193	-	108,513,193	-	-	-	-	-
Total liabilities	150,217,080	10,488,694	108,513,193	9,696	177,528	323,635	119,440	30,584,894
Deferred Inflows of Resources	3,504,084	-	3,504,084	-	-	-	-	-
Net Position								
Net investment in capital assets	60,271,066	-	-	-	-	-	-	60,271,066
Unrestricted	(81,364,290)	10,185,399	(93,708,576)	4,130,854	2,305,408	-	-	(4,277,375)
Total net position	(21,093,224)	10,185,399	(93,708,576)	4,130,854	2,305,408	-	-	55,993,691
Total liabilities, deferred inflows of resources, and net position	<u>\$ 132,627,940</u>	<u>\$ 20,674,093</u>	<u>\$ 18,308,701</u>	<u>\$ 4,140,550</u>	<u>\$ 2,482,936</u>	<u>\$ 323,635</u>	<u>\$ 119,440</u>	<u>\$ 86,578,585</u>

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

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, 2016

	Combined Total	Eliminations	General Fund	Pension Liability Fund *	Auxiliary Services Fund	Designated Fund	Restricted Fund	Plant Funds
Operating Revenue								
Tuition and fees - Net of scholarship allowance of \$27,681,434	\$ 21,189,878	\$ (27,681,434)	\$ 46,685,330	\$ -	\$ -	\$ 728,943	\$ -	\$ 1,457,039
Federal grants and contracts	7,625,834	-	-	-	-	-	7,170,176	455,658
State and local grants and contracts	2,810,325	-	-	-	-	71,600	2,711,026	27,699
Auxiliary activities	7,308,585	-	-	-	7,247,323	61,262	-	-
Other funds expenditures for capital assets	-	(1,434,000)	-	-	-	-	-	1,434,000
Miscellaneous	2,299,747	-	981,553	-	-	159,545	3,005	1,155,644
Total operating revenue	41,234,369	(29,115,434)	47,666,883	-	7,247,323	1,021,350	9,884,207	4,530,040
Operating Expenses								
Instruction	50,775,954	(758,536)	45,295,553	-	-	407,773	5,831,164	-
Instructional support	5,831,695	(326,049)	6,052,615	-	-	89,500	-	15,629
Student services	15,857,366	(27,866,876)	12,292,693	-	-	110,731	31,320,818	-
Institutional administration	11,442,836	(16,120)	11,737,629	(334,102)	-	175	55,254	-
Physical plant operations	8,397,244	-	8,397,244	-	-	-	-	-
Auxiliary enterprises	6,766,588	(27,175)	296,729	-	6,497,034	-	-	-
Repairs and maintenance	1,379,934	(120,678)	656,385	-	29,475	81,566	733,186	-
Depreciation expense	9,149,419	-	-	-	-	-	-	9,149,419
Total operating expenses	109,601,036	(29,115,434)	84,728,848	(334,102)	6,526,509	689,745	37,940,422	9,165,048
Operating (Loss) Income	(68,366,667)	-	(37,061,965)	334,102	720,814	331,605	(28,056,215)	(4,635,008)
Nonoperating Revenue (Expenses)								
Federal grants and contracts	27,547,125	-	-	-	-	-	27,547,125	-
State appropriations	23,384,097	-	26,517,423	(3,133,326)	-	-	-	-
Property taxes	14,771,025	-	14,116,547	-	-	-	-	654,478
Investment income	182,984	-	182,984	-	-	-	-	-
Interest on capital asset-related debt	(1,901,754)	-	-	-	-	-	-	(1,901,754)
Net nonoperating revenue (expense)	63,983,477	-	40,816,954	(3,133,326)	-	-	27,547,125	(1,247,276)
(Decrease) Increase in Net Position - Before transfers	(4,383,190)	-	3,754,989	(2,799,224)	720,814	331,605	(509,090)	(5,882,284)
Transfers (Out) In	-	-	(2,626,910)	-	(3,277)	(505,422)	509,090	2,626,519
Net (Decrease) Increase in Net Position	(4,383,190)	-	1,128,079	(2,799,224)	717,537	(173,817)	-	(3,255,765)
Net Position - Beginning of year	(16,710,034)	-	(81,852,032)	-	3,413,317	2,479,225	-	59,249,456
Transfer to Pension Liability Fund	-	-	90,909,352	(90,909,352)	-	-	-	-
Net Position - Beginning of year - As restated	(16,710,034)	-	9,057,320	(90,909,352)	3,413,317	2,479,225	-	59,249,456
Net Position - End of year	\$ (21,093,224)	\$ -	\$ 10,185,399	\$ (93,708,576)	\$ 4,130,854	\$ 2,305,408	\$ -	\$ 55,993,691

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

School District of the City of Dearborn, Michigan

June 30	2002 QZAB	2006 Energy	2007 Refunding	2007 Fordson Field
	Principal	Principal	Principal	Principal
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	\$ 881,550	\$ 550,000	\$ 59,745,000	\$ 215,000
Principal payments due	August 28	May 1	May 1	May 1
Interest payments due	N/A	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	0.0%	4.50% - 5.5%	4.125% - 5%	4.30% - 4.375%
Original issue	\$ 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, 2016**

2007 Athletic	2010 QSCB	2013 Refunding	2015 Site Bond (Series A)	2015 Site Bond (Series B)
Principal	Principal	Principal	Principal	Principal
\$ 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
-	-	543,723	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>\$ 1,445,000</u>	<u>\$ 15,000,000</u>	<u>\$ 4,243,680</u>	<u>\$ 67,825,000</u>	<u>\$ 2,220,000</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
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>