
School District of the City of Dearborn, Michigan

(includes P-12 and Henry Ford College)

Financial Report
with Supplementary Information
June 30, 2024

School District of the City of Dearborn, Michigan

Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-21
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	24
Reconciliation of the Balance Sheet to the Statement of Net Position	25
Statement of Revenue, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	27
Proprietary Funds:	
Statement of Net Position	28
Statement of Revenue, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30-31
Fiduciary Fund:	
Statement of Fiduciary Net Position	32
Statement of Changes in Fiduciary Net Position	33
Notes to Financial Statements	34-63
Required Supplementary Information	64
Budgetary Comparison Schedule - General Fund	65
Budgetary Comparison Schedule - Major Special Revenue Fund	66
Schedule of the School District of the City of Dearborn, Michigan's Proportionate Share of the Net Pension Liability	67
Schedule of the School District of the City of Dearborn, Michigan's Pension Contributions	68
Schedule of the School District of the City of Dearborn, Michigan's Proportionate Share of the Net OPEB Liability (Asset)	69
Schedule of the School District of the City of Dearborn, Michigan's OPEB Contributions	70
Notes to Required Supplementary Information	71-72
Supplementary Information	73
Nonmajor Governmental Funds:	
Combining Balance Sheet	74
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	75
Proprietary Funds:	
Combining Statement of Net Position	76-77
Combining Statement of Revenue, Expenses, and Changes in Net Position	78-79
Schedule of Bonded Indebtedness	80
Federal Awards Supplemental Information	Issued Under Separate Cover

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the major funds, the aggregate remaining fund information, and the discretely presented component unit of the School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2024 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds, the aggregate remaining fund information, and the discretely presented component unit of the School District of the City of Dearborn, Michigan as of June 30, 2024 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of the City of Dearborn, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of the City of Dearborn, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 28, 2024

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the School District of the City of Dearborn, Michigan (collectively the "School District") as of and for the year ended June 30, 2024. The School District is identified as a P-12 school district located in Wayne County, Michigan. The P-12 component (the "P-12") reflects the preschool, elementary, and secondary components of the School District. Henry Ford College (the "College") represents the post-secondary education component of the School District. Henry Ford College Foundation (the "Foundation") is reported within the component unit column in the financial statements as a legally separate entity from the School District.

This section of the School District's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2024. 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 Funded Projects Fund, with all other funds presented in one column as nonmajor funds. The College's activities are reflected in the proprietary funds of the School District's fund financial statements and include all funds of the College. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the P-12 acts solely as an agent for the benefit of students and parents. This report is comprised of the following elements:

Management's Discussion and Analysis (MD&A)

(Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplementary Information)

Budgetary Information for Major Funds

Schedules of Proportionate Share of the Net Pension and OPEB Liabilities (Asset)

Schedules of the School District's Pension and OPEB Plan Contributions

Other Supplementary Information

School District of the City of Dearborn, Michigan

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

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

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

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

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

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

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

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

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

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

Discussion of the P-12 and College activities follows.

Dearborn Public Schools (P-12) as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the P-12's net position as of June 30, 2023 and 2024, which is reported as governmental activities of the School District:

TABLE 1

	Governmental Activities	
	June 30	
	2023	2024
	(in millions)	
Assets		
Current and other assets	\$ 131.1	\$ 121.1
Restricted assets	11.2	16.9
Capital assets	268.4	308.9
Net OPEB Asset	-	9.2
Total assets	410.7	456.1
Deferred Outflows of Resources	270.0	207.8
Total assets and deferred outflows of resources	680.7	663.9
Liabilities		
Current liabilities	65.1	74.0
Noncurrent liabilities	74.1	67.6
Net pension liability	622.2	529.1
Net OPEB liability	34.8	-
Total liabilities	796.2	670.7
Deferred Inflows of Resources	117.6	163.1
Total liabilities and deferred inflows of resources	913.8	833.8
Net Position (Deficit)		
Net investment in capital assets	204.0	246.2
Restricted	11.5	21.8
Unrestricted	(448.6)	(437.9)
Total net position (deficit)	<u>\$ (233.1)</u>	<u>\$ (169.9)</u>

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The P-12's net position was \$(169.9) million at June 30, 2024. Capital assets, net of related debt totaling \$246.2 million, compares the original cost, less depreciation of the P-12's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the P-12's ability to use those net position for day-to-day operations. The remaining amount of net position, \$(439.9) million, was unrestricted.

The \$(437.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the P-12 to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The negative unrestricted net position balance is attributed to the net pension liability arising from the underfunded MPERS obligations.

The results of this year's operations for the P-12 as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years 2023 and 2024.

TABLE 2

	Governmental Activities	
	2023	2024
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.9	\$ 2.2
Operating grants and contributions	175.9	224.2
General revenue:		
Property taxes	52.0	40.8
State foundation allowance	153.4	160.5
Other	2.9	8.8
Total revenue	386.1	436.5
Functions/Program Expenses		
Instruction	216.1	209.7
Support services	126.9	131.5
Athletics	3.5	3.3
Food services	14.0	11.8
Community services	3.0	3.9
Interest on long-term debt	3.3	2.6
Fees and other bond costs	0.3	0.1
Depreciation (unallocated)	10.2	10.4
Total functions/program expenses	377.3	373.3
Change in Net Position	8.8	63.2
Net Position (Deficit) - Beginning of year	(241.9)	(233.1)
Net Position (Deficit) - End of year	<u>\$ (233.1)</u>	<u>\$ (169.9)</u>

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$373.3 million. Certain activities were partially funded from those who benefited from the programs (\$2.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$224.2 million). We paid for the remaining "public benefit" portion of our governmental activities with \$40.8 million in taxes, \$160.5 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The P-12 experienced an increase in net position of \$63.2 million. Key reasons for the change in net position are due to the following:

- The P-12 leveraged ESSER funds to support capital spending plans and invest in capital improvement during 2023-24.
- Employee costs were also reduced as a result of favorable development in estimates related to pension and OPEB activity for the employee retirement system.

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 \$64.2 million, which is an decrease of \$13.1 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance decreased by \$3.1 million. However, this was due to a \$4.0 million tax collection error by the city. The majority of the funds will be collected in the subsequent year.

The General Building and Site Fund, a general funded capital project fund decreased by approximately \$6.7 million due to a planned reduction in funding from the general fund and for capital improvements spent across the district in addition to ESSER funding capital programs.

The other nonmajor funds' fund balance decreased by approximately \$3.4 million mainly due to investment in energy efficiency as supported by the 2023 bond issuance of \$11,180,000 as these school improvement bonds were implemented across the School District. Other nonmajor funds netted a slight increase in fund balance.

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

General Fund Budgetary Highlights

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

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

During the course of the 2023-2024 school year, General Fund budgeted revenue was increased from the original budget by \$7.2 million. This \$7.2 million allocation of increased revenues is based upon State and local increases that were implemented at full potential of revenue, while not knowing the potential use of them by year end or proration based upon State allocations at a lower level. The tax collection error by the Cities also impacted the local tax revenues. In addition, the interest rates continue to hold strong and interest earnings were modified for higher expectations for our return on investments. However, changes in special education funding defined later in the final State Aid bill had to be allocated out to other funds, taxes not collected, enhancement revenue shared with charter schools, and other minor adjustments resulted in actual revenue being under budget by \$3.4 million.

Budgeted expenditures were increased \$3.3 million to account for the changes in salaries, staffing levels, and purchased professional services resulting from the P-12's revised operating plan due to the fluctuations in revenue and grant funding changes from Funded Project Fund.

Actual expenditures exceeded the final budget amount by \$0.3 million, or 0.1 percent. The net change in fund balance includes an unfavorable budget to actual variance of \$4 million. This is due to higher operational costs and changes in salaries, grant allocations, an assessing error by the city of Dearborn resulting unlevied mills and tax revenues of over \$3 million, and an IT project that was scheduled for 2023-24 was started early to ensure that the project could be completed on time in 2023-24 due to current construction and purchasing supply issues.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the P-12 had \$308.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$40.5 million from last year.

	2023	2024
Land	\$ 11,624,315	\$ 12,049,315
Construction in progress	28,867,304	62,314,893
Buildings and building improvements	319,305,707	329,591,939
Land improvement	27,441,666	28,477,026
Buses and other vehicles	11,044,759	11,718,329
Furniture and equipment	51,030,550	56,078,553
Total capital assets	449,314,301	500,230,055
Less accumulated depreciation	(180,867,961)	(191,303,783)
Net capital assets	<u>\$ 268,446,340</u>	<u>\$ 308,926,272</u>

This year's additions of \$50.9 million included building renovations, buses, vehicles, and technology.

Debt

At the end of this year, the P-12 had \$65.8 million in general obligation bonds outstanding (excluding related discounts, premiums, and issuance costs) versus \$72.3 million in the previous year.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

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

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

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the P-12's 2024-2025 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 2024-2025 budget was adopted in early June 2024 based on an estimate of students who will enroll in September 2024. A significant percentage of total General Fund revenue is derived from the foundation allowance. Under state law, the P-12 cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data for the 2024-2025 school year, we anticipated that the fall student count will be consistent with counts used in creating the 2024-2025 budget. Once the final student count and related per pupil funding is validated, state law requires the P-12 to amend the budget if actual district resources are not sufficient to fund original appropriations. The P-12 amends the budget two to three times per year to reflect the most accurate projections in revenue including state aid, local revenue, or other resources. We also analyze the budget for potential changes in staffing, healthcare costs, utilities, and other costs.

The State's budget was not completed by the adoption of the District's 2024-2025 budget. The District used a "most likely" model and estimated an increase of \$241 per pupil in state aid revenue, which increased the P-12's foundation allowance to \$10,162 per pupil or 2.43 percent increase. However, the P-12's salary base for most union groups will increase contractually by the increase in the foundation or a net of 4.00 percent offset by the increase in retirement benefit of roughly 0.77 percent. The associated benefit expenditures will increase, which will compound and decrease per pupil funding. Typically, maintaining current student count will be offset by staff changes and hiring at a lower salary level; however, the District is maintaining higher than normal staffing levels due to the limited staff pool that is available as a result of the pandemic economy. Contracted services for substitutes are expected to remain higher than normal levels. There are also additional social and emotional positions to be increased like counseling, English language learning and immigrant programs, social workers, nurses and other instructional support that will be funded from promised increases to higher than normal staffing to 31a At-Risk funds and new Social-Emotional Learning (SEL) grants by the Michigan and Federal legislature. The District's utilization of ESSER/CARES Act funding has ended (with the exception of capital expenditures) and the increase in state grant funding will absorb the previous ESSER/CARES portion of staffing costs. Therefore, the General fund impact for the conclusion of ESSER/CARES Act funding was insignificant. The State has also started discussing changes to the retirement system for school employees. The impact of those changes were not detailed out but demarcated on the revenue side for additional revenue of \$4 million to help the operating budget. The first amendment in 2024-25 will address the final impact when known.

Over the past several years, the P-12 has worked with all employee groups to provide savings in salaries and benefits including voluntary reduced salary schedules, changes to healthcare benefit plans, changes in healthcare providers, and changes in employee contributions to health care. Salaries are modified per contract for a variable 4.00 percent or the increase in foundation level whichever is higher in 2024-2025 and all contracts are settled through 2027-2028 school year. Future salaries will be based upon set amounts and/or the foundation allowance, offset by an increase in retirement rates and other factors. The staffing shortage in the public worker arena is not showing signs of any significant improvement and will create a continuous stress on staffing levels for the P-12. We have made significant commitments on employee wages and benefits for many positions to be competitive in the market for new hires for needed positions.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

Each year, the P-12 considers critical budget issues including long-range planning, state aid funding, student enrollment, program reductions, compensation, state employee retirement changes and revenue enhancement as well as cost containment efforts. All contracts with unions have been settled through the 2027-28 school year. The District has adopted a new strategic plan this upcoming year and will outline updated plans going forward.

Therefore, to address long-term infrastructure needs, the District engaged a consultant to help establish a master facility plan in conjunction with administration, staff, students and community on a long-term plan that addresses future infrastructure needs that meet our curriculum and community needs. This task has been completed and the District will work with the community to determine the next steps in this process. The District's operating millage has been renewed for the next 10 years with an overwhelming majority. The millage approved by the voters is good through the 2034-35 school year.

Future year operating budgets will also be challenged as the ability of the State to continue providing funding for schools has stabilized and is projected to continue in a more stable environment. In addition, the State has set aside a school aid fund contingency account to help keep funding volatility stable in the future. Student enrollment is projected to remain stable on existing demographics, and increase slightly in a couple of years. This is unique to the District in the P-12 arena and contradicts student enrollment across the state. The District is a closed district for schools of choice with the exception of employee children, virtual school and the Early College programs. In future budget planning, the P-12 will continue to be challenged to provide a balanced budget without reducing the P-12's fund equity, especially in the place of infrastructure needs without a new source of revenue to address the aging infrastructure. Any excess general funds currently are being transferred to the General Building and Site Fund for infrastructure needs, but with the increased compensation for newly settled contracts, these excess funds will be reduced with the loss of ESSER funds to better balance the operating budget and new grants funds.

Since the P-12's revenue is heavily dependent on state funding and the health of the state's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the P-12. As information becomes known by the P-12, the budget will be reviewed and adjusted as needed to ensure adequate resources are available both now and in the future.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

Henry Ford College

This discussion and analysis of Henry Ford College's (the "College") financial statements provides an overview of the College's financial activities for the year ended June 30, 2024. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management and is unaudited.

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

Financial Highlights

Overall, the College's financial position strengthened at June 30, 2024 from June 30, 2023. In total, the College's net position, prior to the effects of GASB Statement No. 68 and 75, increased from \$137.2 million to \$154 million for an increase of \$16.8 million, which reflects a 12 percent increase from the beginning of the year. This is the eighth year in a row in which the College's net position in the General Fund would have increased if the adjustments required by GASB Statement No. 68 and 75 were not made. The following table provides net position with and without the effect of the accounting pronouncement GASB Statement No. 68 and 75 as of June 30, 2024:

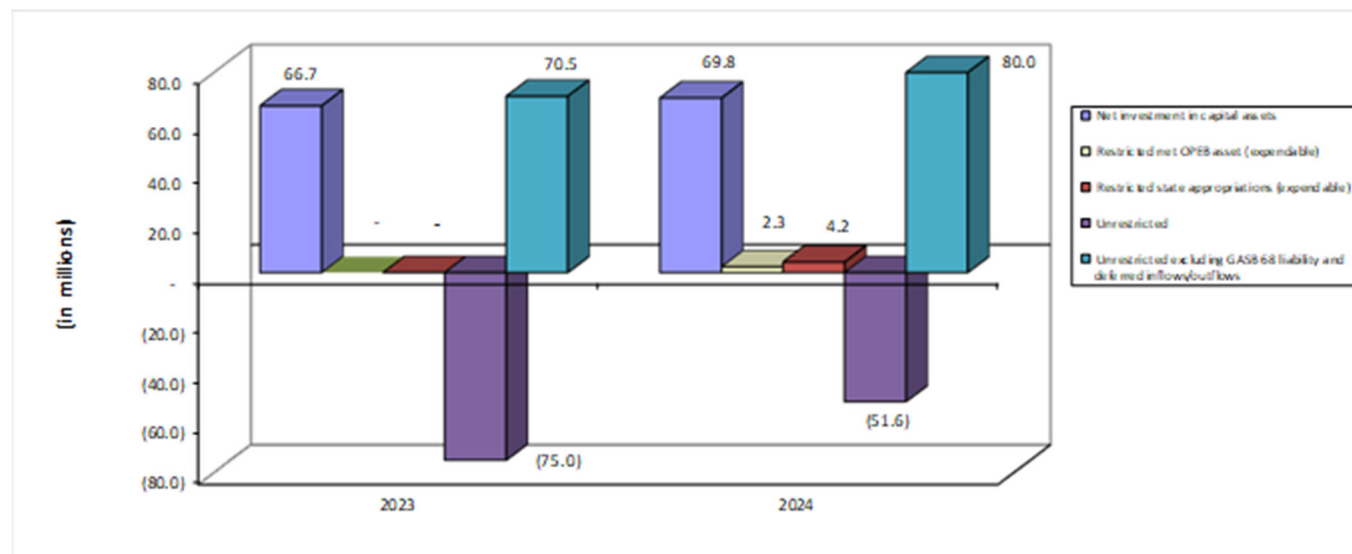
	Per Financial Statements on Page 33	Without GASB Statement No. 68 and 75	Difference
Net position at July 1, 2023	\$ (8,262,952)	\$ 137,243,937	\$ (145,506,889)
Net increase in net position	32,983,475	16,762,205	16,221,270
Net position at June 30, 2024	\$ 24,720,523	\$ 154,006,142	\$ (129,285,619)

However, due to the requirement of GASB Statement No. 68 and 75 to reflect and report the unfunded actuarial accrued liability of the state pension fund and Other Post-Employment Benefits (OPEB) fund (MPERS) onto the College's financial statements, the College has to reflect a \$129.3 million cumulative adjustment to the College's net position which includes a \$125.3 million pension liability, a \$2.3 million OPEB asset, and \$6.3 million in net deferred inflows of resources. The change in net position with the effects of GASB 68 and 75 resulted in an increase totaling \$33 million for the year ended June 30, 2024, while without the GASB 68 and 75 required adjustments, there would have been an increase in the College's net position of \$16.8 million.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

The following chart provides a graphic breakdown of net position by category as of June 30, 2024 and 2023:



As shown in the above chart, the combination of "Net Investment in Capital Assets" and "Unrestricted" at the end of fiscal year 2023 (June 30, 2023) is a deficit of \$8.3 million (\$66.7 less \$75.0) and without GASB Statement No. 68 and 75 in effect, the combined balance would be \$137.2 million (\$66.7 plus \$70.5). The combination of "Net Investment in Capital Assets", "Restricted net OPEB asset (expendable)", "Restricted state appropriations (expendable)", and "Unrestricted" at June 30, 2024 is a surplus of \$24.7 million (sum of \$69.8, \$2.3, and \$4.2, less \$51.6), whereas the balance without GASB Statement No. 68 and 75 would be \$154 (sum of \$69.8, \$4.2, and \$80) million. The unrestricted balance increased from \$70.5 million to \$80 million, or by \$9.5 million, when GASB 68 and 75 reporting is not included. The unrestricted funds increased due to ability to operate with a number of positions vacant, thereby decreasing expenses along with increased investment earnings and enrollment increases, which improved revenues.

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, 2024 and 2023:

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

Condensed Net Position as of June 30

(in millions)

	<u>2023</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 85.3	\$ 96.2	\$ 10.9	12.8
Long-term assets	-	2.3	2.3	1.0
Capital assets - Net	104.4	104.1	(0.3)	(0.3)
Deferred outflows	<u>54.7</u>	<u>43.6</u>	<u>(11.1)</u>	<u>(20.3)</u>
Total assets and deferred outflows	244.4	246.2	1.8	0.7
Liabilities				
Current liabilities	18.0	15.1	(2.9)	(16.1)
Long-term liabilities	192.8	156.7	(36.1)	(18.7)
Deferred inflows	<u>41.9</u>	<u>49.7</u>	<u>7.8</u>	<u>18.6</u>
Total liabilities and deferred inflows	<u>252.7</u>	<u>221.5</u>	<u>(31.2)</u>	<u>(12.3)</u>
Net Position				
Net investment in capital assets	66.7	69.8	3.1	4.6
Restricted - Net OPEB asset - expendable	-	2.3	2.3	1.0
Restricted state appropriations - expendable	-	4.2	4.2	1.0
Unrestricted	<u>(75.0)</u>	<u>(51.6)</u>	<u>23.4</u>	<u>(31.2)</u>
Total net position	<u>\$ (8.3)</u>	<u>\$ 24.7</u>	<u>\$ 33.0</u>	<u>(397.6)</u>

Net position represents the difference between the College's assets and liabilities, and at June 30, 2024, the net position of the College was a \$24.7 million surplus which was a strong improvement over FY 2023. The strength in total assets and deferred outflows of \$246.2 million lies primarily with capital assets, which is \$104.1 million. The College's net position increased in 2024 by \$16.8 million, prior to the effect of GASB Statement No. 68 and 75, due to increased appropriations, increased investment earnings, and grants from the State of Michigan.

Operational revenue exceeded expenses due to cost savings as a result of continuing the changes in the College's procedures around registration and financial aid in comparison to prior years. The College continues to strictly adhere to the process of deregistration of students who had not either paid their tuition and fees, did not have approved financial aid, or did not enter into an installment payment plan for their unpaid tuition and fees. The final deregistration for each term continues to take place one day after the official add/drop date, which means that those students could no longer register for the classes from which they were just deregistered. The continual adherence to the strict deregistration procedures leads directly to the continuation of low bad debt of \$0.5 million in fiscal year 2023 and \$0.9 million in 2024.

Current assets increased \$10.9 million, or 12.8 percent, from the prior year primarily as a result of the increase in investments held by the College. Net deferred outflows decreased by \$11.1 million, or 20.3 percent, from the prior year primarily as a result of changes in actuarial assumptions and changes in the proportionate share of the total net pension liability and OPEB asset of the MPSERS plan.

Current liabilities showed a decrease of \$2.9 million from the prior year primarily as a result of timing differences that occur during the course of normal operations. Long-term liabilities showed a decrease of \$36.1 million from the prior year primarily as a result of decreases to the MPSERS unfunded OPEB and

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

pension liabilities of \$8.4 million and \$24.4 million, respectively. Without the GASB Statement No. 68 and 75 MPERS liabilities shown for fiscal years 2023 and 2024, the total liabilities and deferred inflows of resources would have been \$46.5 million for fiscal year 2024 and \$52.6 million for fiscal year 2023 compared to \$51.4 million in fiscal year 2022.

The following is an analysis of the major components of the changes in net position of the College for the years ended 2024 and 2023:

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

	<u>2023</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenue				
Tuition and fees	\$ 26.1	\$ 24.5	\$ (1.6)	(6.1)
Grants and contracts	16.3	21.3	5.0	30.7
Auxiliary enterprises	3.9	4.2	0.3	7.7
Other	1.1	0.7	(0.4)	(36.4)
Total operating revenue	47.4	50.7	3.3	7.0
Operating Expenses				
Instruction	52.1	52.3	0.2	0.4
Information technology	4.7	4.5	(0.2)	-
Instructional support	3.5	3.9	0.4	11.4
Student services	24.6	28.4	3.8	15.4
Institutional administration	11.8	13.3	1.5	12.7
Physical plant operations	10.1	9.8	(0.3)	(3.0)
Auxiliary enterprises	4.2	4.4	0.2	4.8
Depreciation expense	8.9	9.0	0.1	1.1
Repairs and maintenance	0.3	0.3	-	-
Pension/OPEB expense *	(11.7)	(13.3)	(1.6)	13.7
Total operating expenses	108.5	112.6	4.1	3.8
Operating Loss	(61.1)	(61.9)	(0.8)	1.3
Nonoperating Revenue (Expense)				
Federal grants - Pell	25.8	30.2	4.4	17.1
Federal grants - Other	4.8	0.3	(4.5)	N/A
State appropriations	35.6	46.0	10.4	29.2
Property taxes	15.1	16.0	0.9	6.0
Other nonoperating expenses	1.0	2.4	1.4	140.0
Net nonoperating revenue	82.3	94.9	12.6	15.3
Net Increase in Net Position	21.2	33.0	11.8	55.7
Net Position - Beginning of year	(29.5)	(8.3)	21.2	(71.9)
Net Position - End of year	<u>\$ (8.3)</u>	<u>\$ 24.7</u>	<u>\$ 33.0</u>	(397.6)

* As a result of the change in the unfunded actuarial accrued liability, the College recognized pension and OPEB revenue of \$(13.3) million and \$(11.7) million for 2024 and 2023, respectively. This revenue 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.

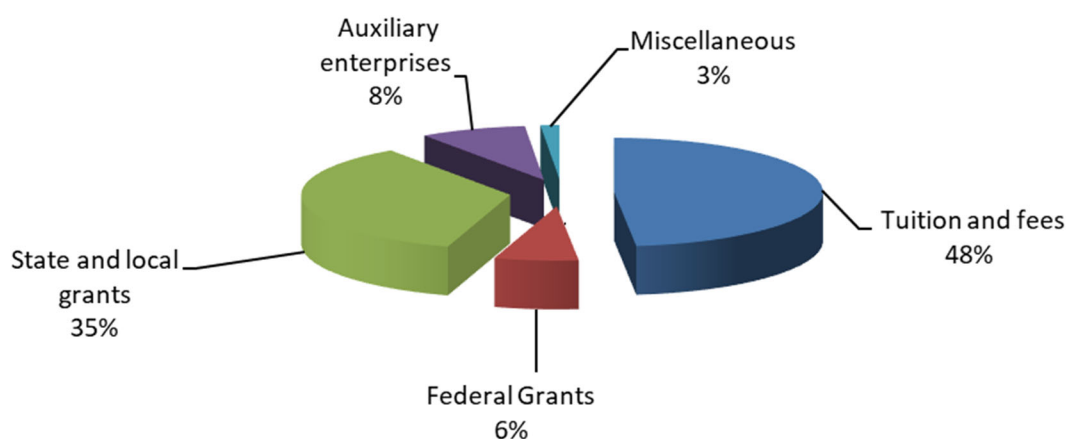
School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (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 7.0 percent, from \$47.4 million to \$50.7 million. The increase is a result of increases in state and local grant revenues of \$5.4 million, primarily related to increases in funding received from the Michigan Tuition Incentive program, and state funding received for construction of the Technology Building. The following is a graphic illustration of operating revenue by source for the year ended June 30, 2024:



Operating Expenses

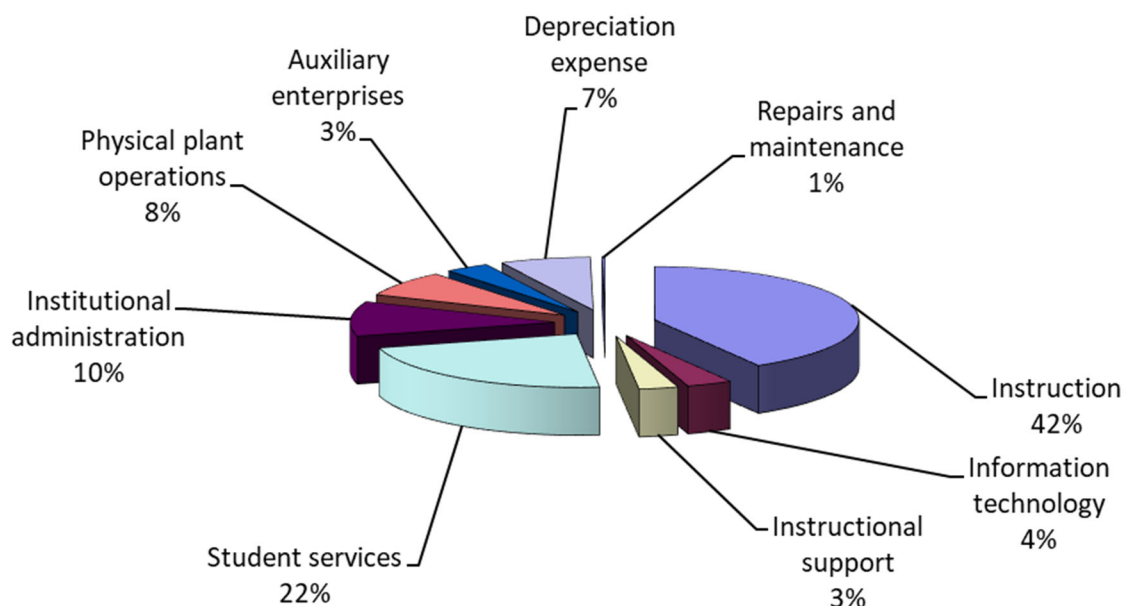
Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Overall, operating expenses increased by \$4.1 million, or 3.8 percent.

Noted student services operating expenses increased by \$3.8 million, or 15.4 percent, from \$24.6 million to \$28.4 million. The increase is primarily a result of increased spending of grant monies provided by increases to Michigan Reconnect and Federal Pell grants.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

For the fiscal year ended June 30, 2024, depreciation expense increased by \$0.1 million, or 1.1 percent, from \$8.9 million to \$9.0 million. The consistent balance from the previous year is primarily due to an increase in depreciable capital assets offset by the sale of other capital assets during fiscal year 2024. The following is a graphic illustration of operating expenses by source:



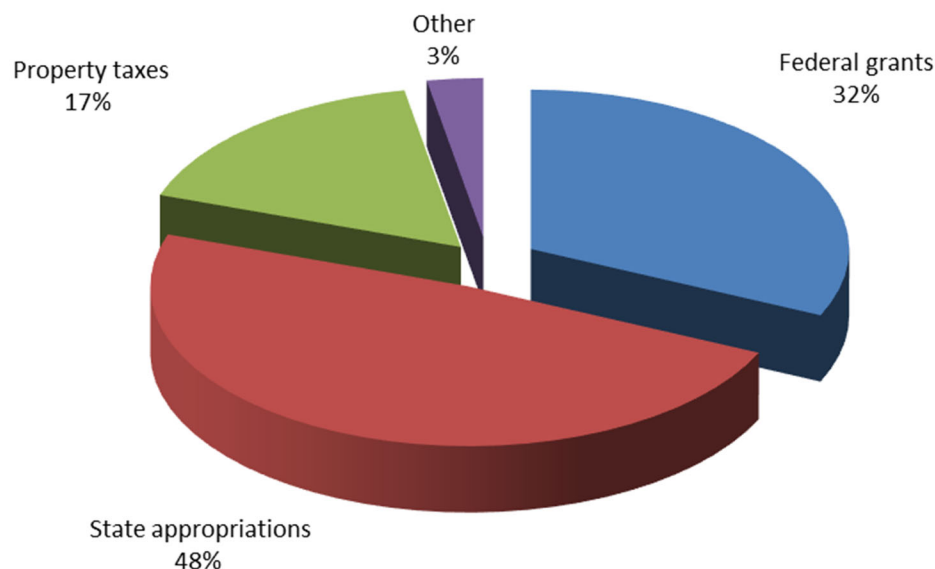
Nonoperating Revenue

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

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

Federal Pell grant revenue increased by approximately \$4.4 million, from \$25.8 million to \$30.2 million, as a result of increases in financial aid. State appropriations revenue increased by \$10.4 million, from \$35.6 million to \$46 million, primarily as a result of State of Michigan Infrastructure, Technology, Equipment, and Maintenance (ITEM) appropriation funding received. Other nonoperating (revenues) expenses increased by \$1.4 million, from \$1.0 million to \$2.4 million, as a result of market gains incurred on investments. The following is a graphic illustration of non operating revenue (expense) by source:



Statement of Cash Flows

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

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

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

Cash Flows for the Year (in millions)

	<u>2023</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Cash (Used in) Provided by				
Operating activities	\$ (59.9)	\$ (68.5)	\$ (8.6)	(14.4)
Noncapital financing activities	81.1	91.6	10.5	12.9
Capital and related financing activities	(29.1)	(13.5)	15.6	53.6
Investing activities	<u>(7.0)</u>	<u>(5.8)</u>	<u>1.2</u>	17.1
Net (Decrease) Increase in Cash	(14.9)	3.8	18.7	125.5
Cash - Beginning of year	17.5	2.6	(14.9)	(85.1)
Cash - End of year	<u>\$ 2.6</u>	<u>\$ 6.4</u>	<u>\$ 3.8</u>	146.2

Overall, total cash balances as of June 30, 2024 increased from June 30, 2023 to \$6.4 million from \$2.6 million. An additional \$74.2 million is invested in various funds handled by Fifth Third Bank, UBS, and Michigan Liquid Asset Fund Plus (MILAF+) as of June 30, 2024, an increase of \$9.6 million from 2023. Due to cash flow issues in prior years, investing to earn interest income for the College was not a viable option. Total cash used for operating activities showed a decrease of \$8.6 million from the prior year. Net cash provided by noncapital financing activities increased by \$10.5 million.

Capital and related finance activity cash decreased due to the College partial funding of the College's Institutional Energy Master Plan (IEMP), which has an overall investment of \$28.9 million.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

Capital Assets At June 30, 2024, the College held \$267 million in capital assets. Depreciation charges totaled \$9.0 million for the current year. The major capital items for fiscal year 2024 included the continuation of the College's Integrated Energy Master Plan (IEMP) which has a cost of \$28.9 million. Approximately 5% of the project was completed in fiscal year 2024, 15% of the project was completed in fiscal year 2023, 40% was completed in fiscal year 2022, and 40% was completed in fiscal year 2021. The expected completion date for the IEMP will be approximately August 2025. Most work that is required for completion is related to control adjustments and maintenance training which has been paid for by the project. The other major capital item for fiscal year 2024 included continued construction of the College's Technology Building, which has a cost of \$18.85 million. Approximately 20% of the project was completed in fiscal year 2024, 75% of the project was completed in fiscal year 2023, and 5% of the project was completed in fiscal year 2022. Details of these assets for the past two years are shown below:

	<u>2023</u>	<u>2024</u>	<u>Increase</u>
		(in millions)	
Land	\$ 3.5	\$ 3.5	\$ -
Construction in progress	46.7	52.1	5.4
Land improvements	24.2	24.3	0.1
Buildings	93.8	90.0	(3.8)
Building improvements	34.9	37.2	2.3
Furniture	5.2	5.4	0.2
Equipment and other vehicles	47.0	49.2	2.2
Subscription based IT arrangements	5.0	5.3	0.3
Total	<u>\$ 260.3</u>	<u>\$ 267.0</u>	<u>\$ 6.7</u>

Long-term Debt

At June 30, 2024, the College had approximately \$31.3 million of bonds and notes payable outstanding as compared with \$34.6 million at June 30, 2023. This is primarily due to the net impact of principal payments on capital debt and non-current subscription liabilities associated with the GASB Statement No. 96. More detailed information regarding the College's long-term liabilities is presented in the notes to the financial statements.

Economic Factors that Will Affect the Future

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

The economic position of the College is closely tied to that of the State of Michigan and southeast Michigan and the State recognizes the role of community colleges in workforce and economic development. An increase in state appropriations was realized in the 2023-2024 fiscal year with a 5.1% permanent increase. State equalized value and taxable values have increased from the prior years, which have now stabilized the College's property tax base, in which property taxes exceeded the planned budget by over \$330,000. The State has also approved a state appropriations increase for the 2024-2025 fiscal year of approximately 1.5% permanent increase and 1% one-time increase.

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 MPERS pension liability. The College's portion of the net unfunded pension liability is approximately \$125.3 million. The College's share of the unfunded postemployment benefit asset is approximately \$2.3 million.

School District of the City of Dearborn, Michigan

Management's Discussion and Analysis (Continued)

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

- Tuition rates during the year ended June 30, 2024 for the fiscal year of 2024 were increased from \$108.00 per credit hour to \$111.00 for in-district students, from \$188.00 to \$194.00 for out-of-district students, and from \$273.00 to \$281.00 for out-of-state and international students. Tuition rates for the coming fiscal year of 2025 will increase from \$111.00 to \$115.50 for in-district students, \$194.00 to \$202.00 for out-of-district students, and \$281.00 to \$292.50 for out-of-state and international students.

As the College continues to re-establish its unrestricted reserves (net of the GASB Statement No. 68 Pension Liability and GASB Statement No. 75 restatement), the combined net position for the General Fund, Auxiliary Fund, and Designated Fund at the beginning of fiscal year 2024 (July 1, 2023), was \$26,324,823 (\$16,834,914 plus \$4,954,581 plus \$4,535,328). The results for fiscal year 2024 changed the General Fund, Auxiliary Fund, and Designated Fund to \$18,473,344, \$4,539,199, and \$4,609,986, respectively, to produce a balance of \$27,622,529, prior to GASB Statement No. 68 and 75 effects, at the end of fiscal year 2024 (June 30, 2024).

School District of the City of Dearborn, Michigan

Statement of Net Position

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities (Henry Ford College)	Total	Henry Ford College Foundation
Assets				
Cash and investments (Note 3)	\$ 33,398,976	\$ 80,603,842	\$ 114,002,818	\$ 662,442
Receivables - Net:				
Student receivables	-	3,476,718	3,476,718	-
Accounts and grants	27,742,034	3,493,426	31,235,460	-
Due from other governments	54,324,204	6,341,267	60,665,471	-
Contributions	-	-	-	1,848,312
Inventories	222,322	748,831	971,153	-
Prepaid expenses and other assets	5,435,676	1,606,327	7,042,003	45,874
Restricted assets (Note 11)	16,857,634	-	16,857,634	-
Long-term investments (Note 3)	-	-	-	21,540,476
Net OPEB asset (Note 9)	9,189,776	2,292,908	11,482,684	-
Capital assets - Net (Note 6)	308,926,272	104,099,964	413,026,236	-
Total assets	456,096,894	202,663,283	658,760,177	24,097,104
Deferred Outflows of Resources				
Deferred charges on bond refunding (Note 8)	-	156,621	156,621	-
Deferred outflows related to pensions (Note 9)	170,565,166	35,368,108	205,933,274	-
Deferred OPEB costs (Note 9)	37,296,668	8,050,123	45,346,791	-
Total deferred outflows of resources	207,861,834	43,574,852	251,436,686	-
Liabilities				
Accounts and contracts payable	15,089,417	1,918,665	17,008,082	75,269
Scholarships payable	-	-	-	3,448
Deposits held for others	-	170,301	170,301	-
Accrued salary, wage, and fringe benefits payable	37,809,917	5,344,754	43,154,671	-
Unearned revenue (Note 5)	20,973,823	4,340,834	25,314,657	-
Other current liabilities	178,956	-	178,956	-
Noncurrent liabilities:				
Due within one year (Note 8)	6,746,521	3,400,270	10,146,791	-
Due in more than one year (Note 8)	60,843,216	31,346,031	92,189,247	-
Net pension liability (Note 9)	529,065,080	125,313,887	654,378,967	-
Total liabilities	670,706,930	171,834,742	842,541,672	78,717
Deferred Inflows of Resources				
Inflows related to pensions and revenue contributions (Note 9)	90,158,086	29,712,687	119,870,773	-
Deferred OPEB cost reductions (Note 9)	72,977,702	19,970,183	92,947,885	-
Total deferred inflows of resources	163,135,788	49,682,870	212,818,658	-
Net Position (Deficit)				
Net investment in capital assets	246,268,955	69,787,685	316,056,640	-
Restricted:				
Debt service	12,579,949	-	12,579,949	-
Net OPEB asset (expendable)	9,189,776	2,292,908	11,482,684	-
Restricted state appropriations (expendable)	-	4,225,000	4,225,000	-
Component unit (expendable)	-	-	-	9,131,802
Component unit (nonexpendable)	-	-	-	8,849,124
Unrestricted (deficit)	(437,922,670)	(51,585,070)	(489,507,740)	6,037,461
Total net position (deficit)	\$ (169,883,990)	\$ 24,720,523	\$ (145,163,467)	\$ 24,018,387

School District of the City of Dearborn, Michigan

Statement of Activities

Year Ended June 30, 2024

	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities (Henry Ford College)	Component Unit (Henry Ford College Foundation)
Functions/Programs						
Primary government:						
Governmental activities:						
Instruction	\$ 209,735,527	\$ 132,145	\$ 150,435,953	\$ (59,167,429)	\$ -	\$ (59,167,429)
Support services	131,533,072	-	59,085,962	(72,447,110)	-	(72,447,110)
Athletics	3,288,377	101,033	-	(3,187,344)	-	(3,187,344)
Food services	11,776,949	713,952	13,698,276	2,635,279	-	2,635,279
Community services	3,907,091	1,243,070	-	(2,664,021)	-	(2,664,021)
Interest	2,596,169	-	993,750	(1,602,419)	-	(1,602,419)
Fees and other bond costs	6,025	-	-	(6,025)	-	(6,025)
Depreciation expense (unallocated) (Note 6)	10,435,822	-	-	(10,435,822)	-	(10,435,822)
Total governmental activities	373,279,032	2,190,200	224,213,941	(146,874,891)	-	(146,874,891)
Business-type activities - Henry Ford College	113,922,415	29,387,527	21,255,809	-	(63,279,079)	(63,279,079)
Total primary government	<u>\$ 487,201,447</u>	<u>\$ 31,577,727</u>	<u>\$ 245,469,750</u>	(146,874,891)	(63,279,079)	(210,153,970)
Component units - Henry Ford College Foundation	<u>\$ 3,166,782</u>	<u>\$ -</u>	<u>\$ 4,915,188</u>	-	-	1,748,406
General revenue:						
Taxes:						
Property taxes levied for general purposes				35,373,497	15,971,963	51,345,460
Property taxes levied for debt service				5,415,545	-	5,415,545
State aid not restricted to specific purposes				160,507,781	45,956,131	206,463,912
Federal grants - Pell				-	30,211,557	30,211,557
Federal grants and contributions not restricted to specific purposes				44,474	-	44,474
Interest and investment earnings				1,217,536	3,806,474	5,024,010
Federal grants - Other				-	316,429	316,429
Gain on disposal of capital assets				30,667	-	30,667
Other				7,526,057	-	7,526,057
Total general revenue				210,115,557	96,262,554	306,378,111
Change in Net Position				63,240,666	32,983,475	96,224,141
Net Position (Deficit) - Beginning of year				(233,124,656)	(8,262,952)	(241,387,608)
Net Position (Deficit) - End of year				<u>\$ (169,883,990)</u>	<u>\$ 24,720,523</u>	<u>\$ (145,163,467)</u>
						<u>\$ 24,018,387</u>

School District of the City of Dearborn, Michigan

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Funded Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 28,863,771	\$ -	\$ 4,535,205	\$ 33,398,976
Receivables (Note 4)	54,974,412	14,360,687	11,661,120	80,996,219
Due from other funds (Note 7)	3,667,338	14,580,834	10,529,663	28,777,835
Inventories	69,051	-	153,271	222,322
Prepaid costs and other assets	5,381,156	47,133	7,387	5,435,676
Restricted assets (Notes 3 and 11)	-	-	16,857,634	16,857,634
Total assets	\$ 92,955,728	\$ 28,988,654	\$ 43,744,280	\$ 165,688,662
Liabilities				
Accounts and contracts payable	\$ 6,294,430	\$ 844,448	\$ 7,950,539	\$ 15,089,417
Due to other funds (Note 7)	25,110,497	-	2,597,319	27,707,816
Accrued salary, wage, and fringe benefits payable	28,604,064	7,381,128	1,567,318	37,552,510
Unearned revenue (Note 5)	-	20,763,078	210,745	20,973,823
Other current liabilities	178,956	-	-	178,956
Total liabilities	60,187,947	28,988,654	12,325,921	101,502,522
Fund Balances				
Nonspendable:				
Inventory	69,051	-	153,271	222,322
Prepaid costs	5,381,156	47,133	7,387	5,435,676
Restricted:				
Debt service	-	-	12,579,949	12,579,949
Capital projects	-	-	4,300,686	4,300,686
Committed - Student activities	-	-	1,113,486	1,113,486
Assigned:				
Capital projects	-	-	12,353,165	12,353,165
Adult education	-	-	913,704	913,704
Unassigned fund balances (deficit)	27,317,574	(47,133)	(3,289)	27,267,152
Total fund balances	32,767,781	-	31,418,359	64,186,140
Total liabilities, deferred inflows of resources, and fund balances	\$ 92,955,728	\$ 28,988,654	\$ 43,744,280	\$ 165,688,662

School District of the City of Dearborn, Michigan

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

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 64,186,140
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	500,230,055
Accumulated depreciation	<u>(191,303,783)</u>
Net capital assets used in governmental activities	308,926,272
Bonds payable, including premium/discount, are not due and payable in the current period and are not reported in the funds	(66,683,837)
Accrued interest is not due and payable in the current period and is not reported in the funds	(257,407)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences and severance agreements	(521,175)
Provision for risk management and claims	(384,725)
Net pension liability and related deferred inflows and outflows	(448,658,000)
Net OPEB asset and related deferred inflows and outflows	<u>(26,491,258)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (169,883,990)</u></u>

School District of the City of Dearborn, Michigan

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

Year Ended June 30, 2024

	General Fund	Funded Projects Fund	Formerly Major General Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 39,992,165	\$ 2,660,051	\$ -	\$ 9,070,619	\$ 51,722,835
State sources	211,931,546	44,797,265	-	15,292,981	272,021,792
Federal sources	436,320	22,998,628	-	45,416,563	68,851,511
Interdistrict - Incoming transfers from other districts	17,599,834	699,838	-	13,094,922	31,394,594
Total revenue	269,959,865	71,155,782	-	82,875,085	423,990,732
Expenditures					
Current:					
Instruction	164,438,633	37,889,179	-	17,992,463	220,320,275
Support services	94,885,580	30,440,489	-	9,123,222	134,449,291
Athletics	3,311,298	-	-	-	3,311,298
Food services	-	-	-	15,072,992	15,072,992
Community services	263,640	2,858,889	-	921,338	4,043,867
Debt service:					
Principal	-	-	-	6,453,141	6,453,141
Interest	-	-	-	2,258,657	2,258,657
Fees and other bond costs	-	-	-	6,025	6,025
Capital outlay	3,317,798	11,004	-	47,886,107	51,214,909
Total expenditures	266,216,949	71,199,561	-	99,713,945	437,130,455
Excess of Revenue Over (Under) Expenditures	3,742,916	(43,779)	-	(16,838,860)	(13,139,723)
Other Financing Sources (Uses)					
Proceeds on sale of fixed assets	30,667	-	-	-	30,667
Transfers in (Note 7)	3,297,469	364,827	-	10,126,999	13,789,295
Transfers out (Note 7)	(10,141,585)	(303,441)	-	(3,344,269)	(13,789,295)
Total other financing (uses) sources	(6,813,449)	61,386	-	6,782,730	30,667
Net Change in Fund Balances	(3,070,533)	17,607	-	(10,056,130)	(13,109,056)
Fund Balances (Deficit) -					
Beginning of year, as previously reported	35,838,314	(17,607)	19,043,327	22,431,162	77,295,196
Change within Financial Reporting Entity (Note 2)	-	-	(19,043,327)	19,043,327	-
Fund Balances (Deficit) -					
Beginning of year, as adjusted or restated	35,838,314	(17,607)	-	41,474,489	77,295,196
Fund Balances - End of year	\$ 32,767,781	\$ -	\$ -	\$ 31,418,359	\$ 64,186,140

School District of the City of Dearborn, Michigan

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds \$ (13,109,056)

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

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

Capitalized capital outlay	50,915,754
Depreciation expense	(10,435,822)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(101,821)
--	-----------

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	6,093,228
--	-----------

Interest expense is recognized in the government-wide statements as it accrues	22,401
--	--------

Some employee costs (pension, OPEB, compensated absences, and claims) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	29,855,982
--	------------

Change in Net Position of Governmental Activities **\$ 63,240,666**

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Net Position

June 30, 2024

	Henry Ford College	Component Unit - Henry Ford College Foundation
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,432,940	\$ 662,442
Short-term investments (Note 3)	74,170,902	-
Receivables - Net: (Note 4)		
Student receivables	3,476,718	-
Accounts and grants	3,493,426	-
Due from other governments	6,341,267	-
Contributions	-	1,848,312
Inventories	748,831	-
Prepaid expenses and other assets	1,606,327	45,874
Total current assets	96,270,411	2,556,628
Noncurrent assets:		
Long-term investments (Note 3)	-	21,540,476
Net OPEB asset (Note 9)	2,292,908	-
Capital assets - Net (Note 6)	104,099,964	-
Total noncurrent assets	106,392,872	21,540,476
Total assets	202,663,283	24,097,104
Deferred Outflows of Resources		
Deferred outflows related to pensions (Note 9)	35,368,108	-
Deferred charges on bond refunding (Note 8)	156,621	-
Deferred OPEB costs (Note 9)	8,050,123	-
Total deferred outflows of resources	43,574,852	-
Liabilities		
Current liabilities:		
Accounts payable	1,918,665	75,269
Scholarships payable	-	3,448
Deposits held for others	170,301	-
Accrued salary, wage, and fringe benefits payable	5,344,754	-
Unearned revenue (Note 5)	4,340,834	-
Risk management (Note 10)	277,401	-
Current portion of long-term liabilities (Note 8)	3,122,869	-
Total current liabilities	15,174,824	78,717
Noncurrent liabilities:		
Bonds and notes payable - Net of unamortized premium and discounts (Note 8)	31,346,031	-
Net pension liability (Note 9)	125,313,887	-
Total noncurrent liabilities	156,659,918	-
Total liabilities	171,834,742	78,717
Deferred Inflows of Resources (Notes 1 and 9)	49,682,870	-
Net Position (Deficit)		
Net investment in capital assets	69,787,685	-
Restricted:		
Net OPEB asset (expendable)	2,292,908	-
Restricted state appropriations (expendable)	4,225,000	-
Component unit (expendable)	-	9,131,802
Component unit (nonexpendable)	-	8,849,124
Unrestricted	(51,585,070)	6,037,461
Total net position (deficit)	\$ 24,720,523	\$ 24,018,387

School District of the City of Dearborn, Michigan

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

Year Ended June 30, 2024

	Henry Ford College	Component Unit - Henry Ford College Foundation
Operating Revenue		
Tuition and fees - Net of scholarship allowance of \$29,105,847	\$ 24,470,156	\$ -
Federal grants	3,286,142	-
State and local grants and gifts	17,969,667	3,636,533
Miscellaneous	737,849	1,278,655
Auxiliary enterprises	4,179,522	-
Total operating revenue	50,643,336	4,915,188
Operating Expenses		
Instruction	44,748,903	-
Instructional support	2,912,681	5,608
Student services	26,402,045	3,069,751
Institutional administration	11,899,268	91,423
Physical plant operations	8,970,953	-
Auxiliary enterprises	4,246,698	-
Repairs and maintenance	302,817	-
Information technology	4,042,302	-
Depreciation expense	9,027,028	-
Total operating expenses	112,552,695	3,166,782
Operating Loss	(61,909,359)	1,748,406
Nonoperating Revenue (Expense)		
Federal grants - Pell	30,211,557	-
State appropriations	45,956,131	-
Property taxes	15,971,963	-
Loss on sale of capital assets	(191,258)	-
Investment income	3,806,474	2,347,001
Federal grants - Other	316,429	-
Interest on capital asset-related debt expenses	(1,178,462)	-
Total nonoperating revenue	94,892,834	2,347,001
Change in Net Position	32,983,475	4,095,407
Net Position (Deficit) - Beginning of year	(8,262,952)	19,922,980
Net Position - End of year	\$ 24,720,523	\$ 24,018,387

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2024

	Henry Ford College	Component Unit - Henry Ford College Foundation
Cash Flows from Operating Activities		
Tuition and fees	\$ 23,785,011	\$ -
Grants, contracts, and gifts	24,444,768	507,854
Payments to suppliers	(69,117,173)	(277,530)
Payments to employees	(53,477,853)	-
Payments to educational scholarship and special program funds	-	(317,641)
Auxiliary enterprise charges	4,179,522	-
William D. Ford direct lending receipts	15,148,602	-
William D. Ford direct lending disbursements	(14,218,711)	-
Other	737,849	5,340
Net cash used in operating activities	(68,517,985)	(81,977)
Cash Flows from Noncapital Financing Activities		
Local property taxes	15,898,309	-
Pell grant revenue	30,211,557	-
State appropriations	45,245,466	-
Federal grants - Other	316,429	-
Net cash provided by noncapital financing activities	91,671,761	-
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	2,120,506	-
Purchase of capital assets	(10,999,094)	-
Principal paid on capital debt	(2,321,858)	-
Property tax collections	73,654	-
Permanently restricted contributions	-	44,844
Interest paid on capital debt	(1,178,462)	-
Principal paid on subscription-based IT arrangements	(1,143,025)	-
Interest paid on subscription-based IT arrangements	(79,791)	-
Net cash (used in) provided by capital and related financing activities	(13,528,070)	44,844
Cash Flows from Investing Activities		
Interest received on investments	3,806,474	480,190
Purchases of investments	(191,345,600)	(7,925,841)
Proceeds from sale of investments	181,742,696	7,423,336
Net cash used in investing activities	(5,796,430)	(22,315)
Net Increase (Decrease) in Cash and Cash Equivalents	3,829,276	(59,448)
Cash and Cash Equivalents - Beginning of year	2,603,664	721,890
Cash and Cash Equivalents - End of year	\$ 6,432,940	\$ 662,442

School District of the City of Dearborn, Michigan

Proprietary Funds Statement of Cash Flows (Continued)

Year Ended June 30, 2024

	Henry Ford College	Component Unit - Henry Ford College Foundation
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities		
Operating (loss) income	\$ (61,909,359)	\$ 1,748,406
Adjustments to reconcile operating (loss) income to net cash from operating activities:		
Depreciation	9,027,028	-
Permanently restricted contributions	-	(44,844)
Bad debt expense	929,891	-
Changes in assets and liabilities:		
Accounts receivable	(1,912,254)	(1,777,132)
Federal and state grant receivable	4,118,850	-
Inventories	(38,853)	-
Prepaid assets and other current assets	20,678	8,108
Deferred outflows of resources	11,133,923	-
OPEB asset	(2,292,908)	-
Accounts payable	(2,267,193)	(15,610)
Scholarships payable	-	(905)
Accrued payroll and other compensation	(584,993)	-
Other accrued liabilities	(122,706)	-
Deposits	34,289	-
Unearned tuition and fees	387,806	-
Pension liability	(32,803,297)	-
Deferred inflows of resources	7,761,113	-
Net cash used in operating activities	<u><u>\$ (68,517,985)</u></u>	<u><u>\$ (81,977)</u></u>

There were no noncash capital, noncapital, or investing activities for the year ended June 30, 2024.

School District of the City of Dearborn, Michigan

Fiduciary Fund Statement of Fiduciary Net Position

June 30, 2024

Student Activity

Assets - Cash and investments (Note 3)

\$ 1,483,045

Liabilities

Accounts and contracts payable

503

Due to other funds (Note 7)

1,070,019

Total liabilities

1,070,522

Net Position - Restricted for student activities

\$ 412,523

School District of the City of Dearborn, Michigan

Fiduciary Fund Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	<u>Student Activity</u>
Additions - Local sources	\$ 264,464
Deductions - Activities	<u>238,561</u>
Net Increase in Fiduciary Net Position	25,903
Net Position - Beginning of year	<u>386,620</u>
Net Position - End of year	<u><u>\$ 412,523</u></u>

June 30, 2024

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

Component Unit

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

Report Presentation

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

Note 1 - Significant Accounting Policies (Continued)

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

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

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

Fund Accounting

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

Governmental Funds

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

- The General Fund is the P-12's primary operating fund because it accounts for all financial resources of the P-12 used to provide government services other than those specifically assigned to another fund.
- The Funded Projects Fund is a special revenue fund used to record grants received from the federal government and other sources and the expenditures associated with those programs.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or assigned to expenditure for specified purposes.
- The General Building and Site Fund is a capital projects fund used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs for the P 12.
- The Energy Bonds capital project fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the P-12's energy efficiency and school improvement. The fund operates until the purpose for which it was created is accomplished.
- The debt service fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt for the P-12.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

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

Fiduciary Funds

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

Interfund Activity

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

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

Basis of Accounting

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Specific Balances and Transactions

Cash and Investments

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

Receivables and Payables

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

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

College Subscriptions

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

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

Key estimates and judgments related to subscriptions include how the College determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The College uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

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

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

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.

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

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

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Property Tax Revenue

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

Grants and Contributions

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

Tuition and Fees

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

Scholarship Discounts and Allowances

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

Note 1 - 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 \$253,376 for the fall semester and \$1,186,310 of unearned revenue in the summer semester, which began in May 2024 and ended in August 2024. The remaining amount of \$2,901,148 included within unearned revenue at year end relates to grant funds received in advance of meeting eligibility criteria.

Use of Estimates

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

Comparative Data/Reclassifications

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

Accounting Changes and Error Corrections

Changes to or within the Financial Reporting Entity

Change in Major Funds

The General Building and Site Fund was previously reported as major fund but is now reported as a nonmajor fund for fiscal year 2024. The effects of this change in major funds are shown in the table that follows.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	<u>June 30, 2023</u>		<u>June 30, 2023</u>
	<u>As Previously Reported</u>	<u>Change to or within the Financial Reporting Entity</u>	<u>As Restated</u>
Governmental funds:			
Major funds:			
General Fund	\$ 35,838,314	\$ -	\$ 35,838,314
Funded Projects Fund	(17,607)	-	(17,607)
General Building and Site Fund	19,043,327	(19,043,327)	-
Nonmajor funds	22,431,162	19,043,327	41,474,489
Total governmental funds	<u>\$ 77,295,196</u>	<u>\$ -</u>	<u>\$ 77,295,196</u>

Upcoming Accounting Pronouncements

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

Note 1 - Significant Accounting Policies (Continued)

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and proprietary, debt service, capital projects, and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. Actual local source revenue for the P-12 was less than budgeted local source revenue for the year ended June 30, 2024 as the P-12 did not receive property tax revenue related to the hold harmless millage as the full mills were not levied by the municipalities on homestead and nonhomestead properties until after June 30, 2024. The unlevied mills approved by the P-12 for the 2023-2024 fiscal year were ultimately levied on taxpayers in July 2024 and will be recognized as revenue in the next fiscal year.

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

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

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the P-12 incurred expenditures in the General Fund that were in excess of the amounts budgeted as follows:

	Budget	Actual
General Fund - Instruction - Basic programs	\$ 132,948,639	\$ 134,306,584
General Fund - Instruction - Added needs	29,190,836	30,431,296

June 30, 2024

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

Capital Projects Fund Compliance

The Energy Bonds Fund includes 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 Revised School Code. The Energy Bonds project is not yet considered substantially complete, and a subsequent year audit is expected.

Note 3 - Deposits and Investments

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

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

At year end, the P-12 had \$17,253,183 in investment pool funds at Comerica Bank, which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

At year end, the College had \$19,973,361 in investment pools in the Michigan Liquid Asset Fund, which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals, except that there is a 1-day minimum investment period, and investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$22,111,160 had bank deposits of \$21,361,160 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

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

June 30, 2024

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements. The P-12's investments in governmental cash investment funds of \$17,253,183 have a weighted-average maturity of less than one year. The P-12's investments in U.S. Treasury STRIPS bonds and U.S. Treasury notes of \$9,487,432 and \$2,133,543, respectively, have maturities in 2027.

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

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

Investments	Fair Value	Less Than 1 Year	1-5 Years
Money market funds	\$ 510,577	\$ 510,577	\$ -
U.S. Treasury bills	18,186,750	18,186,750	-
Corporate paper	35,500,214	35,500,214	-
Michigan Liquid Asset Fund - Investment Pools*	19,973,361	19,973,361	-
Total	<u>\$ 74,170,902</u>	<u>\$ 74,170,902</u>	<u>\$ -</u>

*Investment fair value reported at amortized cost.

Credit Risk

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

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

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

Investment	Fair Value	Maturity Date	Rating	Rating Organization
Comerica Governmental Cash Investment Fund*	\$ 17,253,183	N/A	N/A	N/A**

*Investment fair value reported at amortized cost

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

School District of the City of Dearborn, Michigan

Notes to Financial Statements

June 30, 2024

Note 3 - Deposits and Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
Money market funds	\$ 510,577	N/A	N/A
Corporate paper	35,500,214	P1 and P2	Moody's
Michigan Liquid Asset Fund - Investment Pools*	19,973,361	AAAm	S&P
Total	<u>\$ 55,984,152</u>		

*Investment fair value reported at amortized cost

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The College's investments in corporate paper include investments in General Motors, Toyota, HSBC Bank USA, Glencore Mining Company, Brookfield Infrastructure Partners, and Salvation Army that are considered to be concentrations.

Foreign Currency Risk

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

Note 4 - Receivables

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

	Primary Government						
	General Fund	Funded Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Activities	Proprietary Fund	Henry Ford College Foundation	Total
Receivables:							
Accounts, grants, and other	\$ 650,208	\$ 14,360,687	\$ 11,661,120	\$ 26,672,015	\$ 42,192,078	\$ 1,848,312	\$ 70,712,405
Intergovernmental	54,324,204	-	-	54,324,204	9,290,017	-	63,614,221
Less allowance for uncollectibles	-	-	-	-	(38,170,684)	-	(38,170,684)
Net receivables	<u>\$ 54,974,412</u>	<u>\$ 14,360,687</u>	<u>\$ 11,661,120</u>	<u>\$ 80,996,219</u>	<u>\$ 13,311,411</u>	<u>\$ 1,848,312</u>	<u>\$ 96,155,942</u>

Note 5 - Unavailable/Unearned Revenue

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

School District of the City of Dearborn, Michigan

Notes to Financial Statements

June 30, 2024

Note 5 - Unavailable/Unearned Revenue (Continued)

At the end of the current fiscal year, the School District had no unavailable revenue and various components of unearned revenue as follows:

	Unearned Revenue
Governmental activities - Tuition and state, federal, and local grant moneys received prior to meeting all eligibility requirements	\$ 20,973,823
Business-type activities - Tuition and grant revenue	4,340,834
Total	<u>\$ 25,314,657</u>

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Reclassifications	Additions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 11,624,315	\$ -	\$ 425,000	\$ 12,049,315
Construction in progress	28,867,304	(9,162,095)	42,609,684	62,314,893
Subtotal	40,491,619	(9,162,095)	43,034,684	74,364,208
Capital assets being depreciated:				
Buildings	108,466,313	-	1,700,710	110,167,023
Building improvements	210,839,394	6,601,063	1,984,459	219,424,916
Land improvements	27,441,666	228,855	806,505	28,477,026
Buses and other vehicles	11,044,759	-	673,570	11,718,329
Equipment and other	51,030,550	2,332,177	2,715,826	56,078,553
Subtotal	408,822,682	9,162,095	7,881,070	425,865,847
Accumulated depreciation:				
Buildings	48,664,193	-	1,644,749	50,308,942
Building improvements	68,576,132	-	4,443,756	73,019,888
Land improvements	9,898,744	-	1,120,254	11,018,998
Buses and other vehicles	8,244,374	-	722,132	8,966,506
Equipment and other	45,484,518	-	2,504,931	47,989,449
Subtotal	180,867,961	-	10,435,822	191,303,783
Net capital assets being depreciated	227,954,721	9,162,095	(2,554,752)	234,562,064
Net governmental activities capital assets	<u>\$ 268,446,340</u>	<u>\$ -</u>	<u>\$ 40,479,932</u>	<u>\$ 308,926,272</u>

Depreciation for the fiscal year ended June 30, 2024 totaled \$10,435,822 for governmental capital assets. Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is not practical.

Construction Commitments

The School District has active construction projects at year end. At year end, the School District's remaining commitments with contractors are \$21,897,284 for the P-12 and \$240,898 for the College.

School District of the City of Dearborn, Michigan

Notes to Financial Statements

June 30, 2024

Note 6 - Capital Assets (Continued)

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

Business-type Activities

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 3,482,436	\$ -	\$ -	\$ 3,482,436
Construction in progress	46,775,825	8,123,404	(2,793,436)	52,105,793
Subtotal	50,258,261	8,123,404	(2,793,436)	55,588,229
Capital assets being depreciated:				
Buildings	93,832,421	-	(3,838,474)	89,993,947
Building improvements	34,845,923	152,614	2,177,719	37,176,256
Land improvements	24,205,525	27,323	49,000	24,281,848
Furniture and library books	5,254,196	163,195	22,495	5,439,886
Equipment and other vehicles	46,945,282	2,265,522	20,613	49,231,417
Subscription assets	5,002,284	267,036	-	5,269,320
Subtotal	210,085,631	2,875,690	(1,568,647)	211,392,674
Accumulated depreciation:				
Buildings	60,891,598	1,825,500	(1,535,389)	61,181,709
Building improvements	31,281,663	1,237,863	(514,930)	32,004,596
Land improvements	18,891,062	1,584,283	-	20,475,345
Furniture and library books	4,906,087	160,612	-	5,066,699
Equipment and other	38,986,787	3,009,762	-	41,996,549
Subscription assets	947,033	1,209,008	-	2,156,041
Subtotal	155,904,230	9,027,028	(2,050,319)	162,880,939
Net capital assets being depreciated	54,181,401	(6,151,338)	481,672	48,511,735
Net business-type activities capital assets	\$ 104,439,662	\$ 1,972,066	\$ (2,311,764)	\$ 104,099,964

Depreciation for the fiscal year ended June 30, 2024 totaled \$9,027,028 for business-type capital assets.

In February 2024, the P-12 purchased a building from the College for approximately \$2.1 million, which approximated the College's carrying cost of the building. The effects of the purchase and disposal are reported in the P-12 and College's capital assets table, respectively.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Funded Projects Fund	Nonmajor Funds	Fiduciary Fund	
General Fund	\$ -	\$ -	\$ 2,597,319	\$ 1,070,019	\$ 3,667,338
Funded Projects Fund	14,580,834	-	-	-	14,580,834
Nonmajor funds	10,529,663	-	-	-	10,529,663
Total	\$ 25,110,497	\$ -	\$ 2,597,319	\$ 1,070,019	\$ 28,777,835

School District of the City of Dearborn, Michigan

Notes to Financial Statements

June 30, 2024

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

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Other nonmajor governmental funds	General Fund	\$ 2,994,028
	Other nonmajor governmental funds	350,241
	Total other nonmajor governmental funds	3,344,269
Funded Projects Fund	General Fund	303,441
General Fund	Funded Projects Fund	364,827
	Other nonmajor governmental funds	9,776,758
	Total General Fund	10,141,585
	Total	\$ 13,789,295

The transfers from the General Fund to the Funded Projects Fund and other nonmajor governmental funds subsidized operations of the Center Program and nonmajor governmental funds and serviced nonvoted debt obligations for the School District. The transfers from other nonmajor governmental funds and the Funded Project Funds to the General Fund are for reimbursement to the General Fund for indirect costs. Transfers between other nonmajor governmental funds consist of district contributions toward the Energy Bond program.

Note 8 - Long-term Obligations

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
General obligations	\$ 72,258,141	\$ -	\$ (6,453,141)	\$ 65,805,000	\$ 5,770,000
Issuance premiums	996,786	-	(117,949)	878,837	70,621
Total bonds payable	73,254,927	-	(6,571,090)	66,683,837	5,840,621
Compensated absences	490,738	30,437	-	521,175	521,175
Risk management and claims (Note 10)	375,622	201,465	(192,362)	384,725	384,725
Total governmental activities long-term debt	\$ 74,121,287	\$ 231,902	\$ (6,763,452)	\$ 67,589,737	\$ 6,746,521

The P-12's current year expense for general obligation deferred outflows related to deferred charges on bond refunding is \$477,862, with no remaining balance at June 30, 2024.

School District of the City of Dearborn, Michigan

Notes to Financial Statements

June 30, 2024

Note 8 - Long-term Obligations (Continued)

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligations	\$ 32,246,858	\$ -	\$ (2,321,858)	\$ 29,925,000	\$ 2,330,000
Less deferred amounts -					
Deferred outflows - Deferred					
charges on bond refunding	(176,722)	-	20,101	(156,621)	-
Issuance premiums (discount)	2,147,979	-	(176,448)	1,971,531	-
Total bonds payable	34,218,115	-	(2,478,205)	31,739,910	2,330,000
Severance and other obligations	14,649	-	(14,649)	-	-
Risk management (Note 10)	339,319	934,772	(996,690)	277,401	277,401
Subscription liability (Note 17)	3,528,149	267,036	(1,222,816)	2,572,369	792,869
Total business-type activities long-term debt	<u>\$ 38,100,232</u>	<u>\$ 1,201,808</u>	<u>\$ (4,712,360)</u>	<u>\$ 34,589,680</u>	<u>\$ 3,400,270</u>

General Obligation Bonds and Contracts

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

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

School District of the City of Dearborn, Michigan

Notes to Financial Statements

June 30, 2024

Note 8 - Long-term Obligations (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				Business-type Activities		
	Other Debt				Other Debt		
	Principal	Interest	Interest Subsidy	Total - Net	Principal	Interest - Net of Interest Subsidy	Total - Net
2025	\$ 5,770,000	\$ 2,814,927	\$ (755,343)	\$ 7,829,584	\$ 2,330,000	\$ 824,482	\$ 3,154,482
2026	5,555,000	2,745,181	(755,343)	7,544,838	2,375,000	759,420	3,134,420
2027	20,160,000	2,793,850	(755,343)	22,198,507	2,475,000	694,250	3,169,250
2028	5,235,000	839,132	-	6,074,132	2,580,000	625,701	3,205,701
2029	5,330,000	747,668	-	6,077,668	2,645,000	554,024	3,199,024
2030-2034	17,655,000	2,139,498	-	19,794,498	11,775,000	1,637,724	13,412,724
2035-2039	3,125,000	980,000	-	4,105,000	5,745,000	562,318	6,307,318
2040-2044	2,975,000	303,200	-	3,278,200	-	-	-
Total	<u>\$65,805,000</u>	<u>\$13,363,456</u>	<u>\$ (2,266,029)</u>	<u>\$76,902,427</u>	<u>\$29,925,000</u>	<u>\$ 5,657,919</u>	<u>\$35,582,919</u>

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

	Allocated to	
	Governmental Activities	Business-type Activities
\$15,000,000 building and site bonds that are designated qualified school construction bonds, due in a lump-sum payment of \$15,000,000 on May 1, 2027, bearing interest at 6.625 percent. The School District will receive direct payment from the United States Treasury equal to 5.70 percent of yearly interest payable on the bonds	\$ 15,000,000	\$ -
\$17,055,000 refunding bonds, due in annual installments of \$550,000 to \$1,195,000 through May 1, 2039, interest at 5.00 percent	-	14,025,000
\$13,900,000 energy conservation bonds, due in annual installments of \$1,055,000 to \$1,310,000 through May 1, 2033, interest at 3.00 percent	-	10,160,000
\$9,165,000 refunding bonds, due in annual installments of \$515,000 to \$790,000 through May 1, 2032, interest at 3.00 percent to 3.25 percent	-	5,740,000
\$39,880,000 qualified refunding bonds, due in annual installments of \$4,650,000 to \$5,105,000 through May 1, 2032, interest at 0.87 to 2.05 percent	38,835,000	-
\$15,580,000 qualified refunding bonds, due in annual installments of \$460,000 to \$730,000 through May 1, 2026, interest at 1.850 percent	1,190,000	-
\$11,180,000 nonqualified school improvement bonds, due in annual installments of \$390,000 to \$785,000 through May 1, 2043, interest at 4.00 percent	10,780,000	-
Total bonds and notes payable	<u>\$ 65,805,000</u>	<u>\$ 29,925,000</u>

June 30, 2024

Note 9 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

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

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

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

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

Contributions

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

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

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

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

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

	Pension	OPEB
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

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

The P-12's required and actual pension contributions to the plan for the year ended June 30, 2024 were \$72,618,174, which includes the P-12's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the P-12's required and actual pension contributions include an allocation of \$32,306,052 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The College's required and actual pension contributions to the plan for the year ended June 30, 2024 were \$16,996,978, which includes the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of \$7,292,054 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability stabilization rate for the year ended June 30, 2024.

The P-12's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$15,484,217, which includes the School District's contributions required for those members with a defined contribution benefit.

June 30, 2024

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

The College's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$3,745,229, which includes the College's contributions required for those members with a defined contribution benefit.

The P-12 and the College's required and actual OPEB contributions did not include an allocation of revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability stabilization rate for the year ended June 30, 2024.

Net Pension Liability

At June 30, 2024, the School District reported a liability of \$654,378,967 (the P-12 totaled \$529,065,080 and the College totaled \$125,313,887) for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. 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, 2023 and 2022, the P-12's proportion was 1.6346 percent and 1.6543 percent, respectively, representing a change of (1.19) percent. At September 30, 2023 and 2022, the College's proportion was 0.3872 percent and 0.3981 percent, respectively, representing a change of (2.73) percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of \$(11,482,684) (the P-12 totaled \$(9,189,776) and the College totaled \$(2,292,908)) for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the P-12's proportion was 1.6245 percent and 1.6428 percent, respectively, of MPSERS, representing a change of (1.11) percent. At September 30, 2023 and 2022, the College's proportion was 0.4053 percent and 0.3970 percent, respectively, of MPSERS, representing a change of 2.09 percent.

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

For the year ended June 30, 2024, the P-12 recognized pension expense of \$76,094,924, inclusive of payments to fund the MPSERS UAAL stabilization rate. For the year ended June 30, 2024, the College recognized pension expense of \$10,766,124.

School District of the City of Dearborn, Michigan

Notes to Financial Statements

June 30, 2024

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

At June 30, 2024, the P-12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,700,970	\$ (810,444)
Changes in assumptions	71,690,726	(41,335,243)
Net difference between projected and actual earnings on pension plan investments	-	(10,826,384)
Changes in proportion and differences between the P-12's contributions and proportionate share of contributions	20,329,153	(4,879,963)
The P-12's contributions to the plan subsequent to the measurement date	61,844,317	-
Total	<u>\$ 170,565,166</u>	<u>\$ (57,852,034)</u>

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,955,777	\$ (193,435)
Changes in assumptions	16,980,602	(9,790,629)
Net difference between projected and actual earnings on pension plan investments	-	(2,564,328)
Changes in proportion and differences between college contributions and proportionate share of contributions	22,137	(9,872,241)
College contributions subsequent to the measurement date	14,409,592	-
Total	<u>\$ 35,368,108</u>	<u>\$ (22,420,633)</u>

Additionally, the P-12 and the College reported deferred inflows of resources at June 30, 2024 on the statement of net position of \$32,306,052 and \$7,292,054, respectively, for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date, which are not included in the tables above.

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

Years Ending	P-12	College	Total
2025	\$ 21,132,395	\$ (1,550,555)	\$ 19,581,840
2026	14,318,563	(1,543,370)	12,775,193
2027	23,701,245	3,785,062	27,486,307
2028	(8,283,388)	(2,151,780)	(10,435,168)
Total	<u>\$ 50,868,815</u>	<u>\$ (1,460,643)</u>	<u>\$ 49,408,172</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.

June 30, 2024

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

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

For the year ended June 30, 2024, the P-12 recognized OPEB recovery of \$13,919,627. For the year ended June 30, 2024, the College recognized OPEB recovery of \$4,755,502.

At June 30, 2024, the P-12 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (69,442,668)
Changes in assumptions	20,458,045	(2,463,536)
Net difference between projected and actual earnings on OPEB plan investments	28,020	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	6,072,590	(1,071,498)
P-12 employer contributions to the plan subsequent to the measurement date	10,738,013	-
Total	<u>\$ 37,296,668</u>	<u>\$ (72,977,702)</u>

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ (17,326,396)
Changes in assumptions	5,104,415	(614,668)
Net difference between projected and actual earnings on OPEB plan investments	6,991	-
Changes in proportionate share or difference between college amount contributed and proportionate share of contributions	351,286	(2,029,119)
College employer contributions to the plan subsequent to the measurement date	2,587,431	-
Total	<u>\$ 8,050,123</u>	<u>\$ (19,970,183)</u>

June 30, 2024

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

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

Years Ending	P-12	College	Total
2025	\$ (15,011,012)	\$ (4,798,897)	\$ (19,809,909)
2026	(13,959,465)	(4,458,143)	(18,417,608)
2027	(4,505,688)	(1,843,137)	(6,348,825)
2028	(5,850,241)	(1,708,858)	(7,559,099)
2029	(4,701,247)	(1,145,960)	(5,847,207)
Thereafter	(2,391,394)	(552,496)	(2,943,890)
Total	<u>\$ (46,419,047)</u>	<u>\$ (14,507,491)</u>	<u>\$ (60,926,538)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the OPEB liability in the next year (2024).

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 and rolled forward. The total pension liability and OPEB liability (asset) were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.25% - 7.50%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employees Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans include a decrease in the health care cost trend of 0.25 percent for members under 65 and an increase of 1.0 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

June 30, 2024

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

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Short-term investment pools	10.00	7.30
Real return/opportunistic pools	2.00	0.30
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.7 percent.

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
P-12	\$ 714,765,373	\$ 529,065,080	\$ 374,462,871
College	169,298,694	125,313,887	88,694,944

June 30, 2024

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
P-12	\$ 9,527,041	\$ (9,189,776)	\$ (25,275,042)
College	2,377,058	(2,292,908)	(6,306,287)

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
P-12	\$ (25,315,147)	\$ (9,189,776)	\$ 8,263,161
College	(6,316,293)	(2,292,908)	2,061,712

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2024, the P-12 reported a payable of \$9,993,978 and \$1,498,007 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024. At June 30, 2024, the College reported a payable of \$2,025,234 and \$240,100 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 10 - Risk Management

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

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

Note 10 - Risk Management (Continued)

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

	2024	2023
Estimated liability - Beginning of year	\$ 714,941	\$ 812,703
Estimated claims incurred - Including changes in estimates	1,136,237	1,045,163
Claim payments	(1,189,052)	(1,142,925)
Estimated liability - End of year	\$ 662,126	\$ 714,941

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 2024, approximately \$1,003,432 and \$221,000 was paid in premiums by the P-12 and the College, respectively. An excess insurance policy covers individual claims in excess of \$1,000 for the P-12 and \$10,000 for the College.

Dental

The self-insured dental plan covers all employees of Henry Ford College. Claims are funded by the College and paid by the plan administrator. The College pays all administrative costs of the plan. During fiscal year 2024, \$557,572 was charged to expense relating to these benefits, including claims incurred but not reported.

Workers' Compensation

The self-insured workers' compensation plan covers all employees of Henry Ford College. Claims are funded by the School District and paid by the plan administrator. An insurance policy covers claims in excess of \$400,000 per occurrence. During fiscal year 2024, \$80,498 was charged to expense relating to these benefits, including claims incurred but not reported.

Note 11 - Restricted Assets

The balance of the P-12 restricted assets account at June 30, 2024 of \$16,857,634 represents bonded debt service reserve and proceeds for bonded capital projects.

Note 12 - Contingent Liabilities

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

Note 13 - Henry Ford College Foundation

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

Note 13 - Henry Ford College Foundation (Continued)

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

The College assumes the liability for the salaries of the Foundation's employees and certain general and administrative expenses. Expenses assumed by the College were \$1,278,655 for the year ended June 30, 2024.

Note 14 - Designated Net Position

Within the proprietary funds' unrestricted net position, certain amounts are designated at June 30, 2024. The amounts are as follows:

	College
Working capital	\$ 18,473,344
Technology improvements	4,605,634
Programming	4,352
Total	<u>\$ 23,083,330</u>

Note 15 - Fair Value Measurements

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

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

June 30, 2024

Note 15 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024				
	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, 2024
Assets				
P-12 investments - Fixed income - U.S. Treasurys	\$ -	\$ 11,620,975	\$ -	\$ 11,620,975
College investments:				
Fixed income - Corporate paper	-	35,500,214	-	35,500,214
Fixed income - Mutual funds	510,577	-	-	510,577
Fixed income - U.S. Treasurys	-	18,186,750	-	18,186,750
Total college investments	510,577	53,686,964	-	54,197,541
Foundation investments:				
Fixed income - Core Equity - Large growth and value	7,233,031	-	-	7,233,031
	14,307,445	-	-	14,307,445
Total foundation investments	21,540,476	-	-	21,540,476
Total assets	\$ 22,051,053	\$ 65,307,939	\$ -	\$ 87,358,992

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

The fair value of investments of the P-12 and the College at June 30, 2024 was determined primarily based on Level 2 inputs. The P-12 and the College estimate the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Short-term investments on the proprietary funds' statement of net position at June 30, 2024 include investments in Michigan Liquid Asset Fund - Investment Pools of \$19,973,361, recorded at amortized cost.

Component Unit

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

Note 16 - Tax Abatements

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

For the fiscal year ended June 30, 2024, the School District's property tax revenue was reduced by \$752,031 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$594,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the debt service millages. There are no abatements made by the School District.

Note 17 - College Subscriptions

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

Subscription asset activity of the College is included in Note 6.

Future principal and interest payment requirements related to the College's subscription liability at June 30, 2024 are as follows:

Years	Principal	Interest	Total
2025	\$ 792,869	\$ 55,853	\$ 848,722
2026	861,748	30,180	891,928
2027	917,752	3,237	920,989
Total	<u>\$ 2,572,369</u>	<u>\$ 89,270</u>	<u>\$ 2,661,639</u>

Required Supplementary Information

School District of the City of Dearborn, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 42,507,139	\$ 44,649,201	\$ 39,992,165	\$ (4,657,036)
State sources	208,081,781	211,451,706	211,931,546	479,840
Federal sources	360,000	360,000	436,320	76,320
Interdistrict - Incoming transfers from other districts	15,269,321	16,918,976	17,599,834	680,858
Total revenue	266,218,241	273,379,883	269,959,865	(3,420,018)
Expenditures				
Current:				
Instruction:				
Basic programs	133,537,716	132,948,639	134,306,584	1,357,945
Added needs	25,534,725	29,190,836	30,431,296	1,240,460
Support services:				
Pupil	7,879,901	8,226,406	7,729,927	(496,479)
Instructional staff	13,013,355	13,366,608	12,618,657	(747,951)
General administration	1,689,701	1,222,428	1,179,244	(43,184)
School administration	18,257,394	20,017,977	19,850,121	(167,856)
Business	3,749,552	2,922,043	2,925,476	3,433
Operations and maintenance	34,942,155	30,664,170	30,998,928	334,758
Pupil transportation services	13,706,017	14,969,885	14,358,762	(611,123)
Central	6,821,322	8,713,701	8,167,796	(545,905)
Athletics	3,238,099	3,419,922	3,386,518	(33,404)
Community services	226,909	284,202	263,640	(20,562)
Total expenditures	262,596,846	265,946,817	266,216,949	270,132
Excess of Revenue Over Expenditures	3,621,395	7,433,066	3,742,916	(3,690,150)
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	-	-	30,667	30,667
Transfers in	6,616,733	6,161,634	3,297,469	(2,864,165)
Transfers out	(11,416,134)	(12,617,029)	(10,141,585)	2,475,444
Total other financing uses	(4,799,401)	(6,455,395)	(6,813,449)	(358,054)
Net Change in Fund Balance	(1,178,006)	977,671	(3,070,533)	(4,048,204)
Fund Balance - Beginning of year	35,838,314	35,838,314	35,838,314	-
Fund Balance - End of year	<u>\$ 34,660,308</u>	<u>\$ 36,815,985</u>	<u>\$ 32,767,781</u>	<u>\$ (4,048,204)</u>

School District of the City of Dearborn, Michigan

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

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 39,944	\$ 2,838,350	\$ 2,660,051	\$ (178,299)
State sources	29,981,061	51,994,611	44,797,265	(7,197,346)
Federal sources	52,513,305	28,139,852	22,998,628	(5,141,224)
Interdistrict - Incoming transfers from other districts	217,505	1,491,349	699,838	(791,511)
Total revenue	82,751,815	84,464,162	71,155,782	(13,308,380)
Expenditures				
Current:				
Instruction:				
Basic programs	28,398,422	29,426,651	24,947,391	(4,479,260)
Added needs	17,415,090	15,566,614	12,737,138	(2,829,476)
Adult/Continuing education	195,877	213,053	215,654	2,601
Support services:				
Pupil	18,368,694	17,145,861	17,138,128	(7,733)
Instructional staff	8,704,640	12,819,113	10,311,101	(2,508,012)
General administration	56,860	9,172	4,770	(4,402)
School administration	1,061,804	470,628	92,380	(378,248)
Business	38,949	-	-	-
Operations and maintenance	2,868,804	2,764,866	2,047,088	(717,778)
Pupil transportation services	1,152,229	513,264	358,995	(154,269)
Central	529,127	747,503	471,454	(276,049)
Other	9,248	16,826	16,573	(253)
Community services	3,298,964	4,695,928	2,858,889	(1,837,039)
Total expenditures	82,098,708	84,389,479	71,199,561	(13,189,918)
Excess of Revenue Over (Under) Expenditures	653,107	74,683	(43,779)	(118,462)
Other Financing Sources (Uses)				
Transfers in	57,657	147,657	364,827	217,170
Transfers out	(710,764)	(204,733)	(303,441)	(98,708)
Total other financing (uses) sources	(653,107)	(57,076)	61,386	118,462
Net Change in Fund Balance	-	17,607	17,607	-
Fund Balance (Deficit) - Beginning of year	(17,607)	(17,607)	(17,607)	-
Fund Balance (Deficit) - End of year	<u>\$ (17,607)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School District of the City of Dearborn, Michigan

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

**Last Ten Plan Years
Years Ended September 30**

	2023		2022		2021		2020	
	College	P-12	College	P-12	College	P-12	College	P-12
Proportion of the collective MPSERS net pension liability	0.38718 %	1.63463 %	0.39807 %	1.65432 %	0.43368 %	1.58060 %	0.44512 %	1.49485 %
School District's proportionate share of the net pension liability	\$ 125,313,887	\$ 529,065,080	\$ 149,707,664	\$ 622,168,215	\$ 102,675,766	\$ 374,213,558	\$ 152,902,744	\$ 513,496,271
Covered payroll	\$ 40,708,429	\$ 163,393,122	\$ 38,808,077	\$ 160,537,693	\$ 38,807,429	\$ 149,949,336	\$ 38,599,452	\$ 133,449,438
Proportionate share of the net pension liability as a percentage of its covered payroll	307.83 %	323.80 %	385.76 %	387.55 %	264.58 %	249.56 %	396.13 %	384.79 %
MPSERS fiduciary net position as a percentage of total pension liability	65.91 %	65.91 %	60.77 %	60.77 %	72.32 %	72.32 %	59.49 %	59.49 %
	2019		2018		2017		2016	
	College	P-12	College	P-12	College	P-12	College	P-12
Proportion of the collective MPSERS net pension liability	0.45765 %	1.49049 %	0.46436 %	1.47706 %	0.47006 %	1.46387 %	0.46260 %	1.45070 %
School District's proportionate share of the net pension liability	\$ 151,557,535	\$ 493,600,427	\$ 139,595,750	\$ 444,032,271	\$ 121,812,093	\$ 379,349,782	\$ 115,404,414	\$ 361,929,771
Covered payroll	\$ 39,563,341	\$ 130,904,452	\$ 39,016,622	\$ 127,124,502	\$ 39,611,832	\$ 122,229,184	\$ 39,002,600	\$ 124,444,156
Proportionate share of the net pension liability as a percentage of its covered payroll	383.08 %	377.07 %	357.79 %	349.29 %	307.51 %	310.36 %	295.89 %	290.84 %
MPSERS fiduciary net position as a percentage of total pension liability	60.08 %	60.08 %	62.12 %	62.12 %	63.96 %	63.96 %	63.01 %	63.01 %
	2015		2014					
	College	P-12	College	P-12				
Proportion of the collective MPSERS net pension liability	0.44420 %	1.40690 %	0.41190 %	1.36530 %				
School District's proportionate share of the net pension liability	\$ 108,513,913	\$ 343,628,845	\$ 90,738,688	\$ 300,722,387				
Covered payroll	\$ 37,594,029	\$ 117,342,529	\$ 35,090,424	\$ 115,972,345				
Proportionate share of the net pension liability as a percentage of its covered payroll	288.64 %	292.84 %	258.59 %	259.31 %				
MPSERS fiduciary net position as a percentage of total pension liability	63.17 %	62.92 %	66.18 %	66.20 %				

School District of the City of Dearborn, Michigan

Required Supplementary Information

Schedule of the School District of the City of Dearborn, Michigan's Pension Contributions

Michigan Public School Employees' Retirement System

Last Ten Fiscal Years
Years Ended June 30

	2024		2023		2022		2021	
	College	P-12	College	P-12	College	P-12	College	P-12
Statutorily required contribution	\$ 16,491,391	\$ 70,483,923	\$ 18,290,206	\$ 79,328,078	\$ 13,556,278	\$ 58,918,049	\$ 13,126,437	\$ 45,862,226
Contributions in relation to the contractually required contribution	16,491,391	70,483,923	18,290,206	79,328,078	13,556,278	58,918,049	13,126,437	45,862,226
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 41,703,327	\$ 173,071,629	\$ 40,397,121	\$ 172,431,115	\$ 37,216,689	\$ 165,084,389	\$ 38,222,721	\$ 134,821,087
Contributions as a Percentage of Covered Payroll	39.54 %	40.73 %	45.28 %	46.01 %	36.43 %	35.69 %	34.34 %	34.02 %
	2020		2019		2018		2017	
	College	P-12	College	P-12	College	P-12	College	P-12
Statutorily required contribution	\$ 12,456,336	\$ 41,632,191	\$ 12,165,227	\$ 40,027,978	\$ 11,950,133	\$ 37,839,965	\$ 11,211,788	\$ 34,322,159
Contributions in relation to the contractually required contribution	12,456,336	41,632,191	12,165,227	40,027,978	11,950,133	37,839,965	11,211,788	34,322,159
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 38,550,737	\$ 132,645,482	\$ 38,945,452	\$ 130,601,702	\$ 38,942,209	\$ 126,354,565	\$ 40,361,645	\$ 121,864,395
Contributions as a Percentage of Covered Payroll	32.31 %	31.39 %	31.24 %	30.65 %	30.69 %	29.95 %	27.78 %	28.16 %
	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 contractually required contribution	10,751,416	32,998,038	6,397,865	25,594,553				
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -				
Covered Payroll	\$ 38,380,413	\$ 118,269,399	\$ 37,197,602	\$ 117,149,391				
Contributions as a Percentage of Covered Payroll	28.01 %	27.90 %	17.20 %	21.85 %				

School District of the City of Dearborn, Michigan

Required Supplementary Information

Schedule of the School District of the City of Dearborn, Michigan's Proportionate Share of the Net OPEB Liability (Asset) Michigan Public School Employees' Retirement System

Last Seven Plan Years Plan Years Ended September 30

	2023		2022		2021		2020		2019		2018		2017	
	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12
Proportion of the net OPEB (asset) liability	0.40532 %	1.62450 %	0.39704 %	1.64277 %	0.42697 %	1.65037 %	0.43370 %	1.50152 %	0.45080 %	1.49524 %	0.45676 %	1.49200 %	0.46946 %	1.46266 %
Proportionate share of the net OPEB (asset) liability	\$ (2,292,909)	\$ (9,189,776)	\$ 8,409,519	\$ 34,794,976	\$ 6,517,188	\$ 25,190,870	\$ 23,234,320	\$ 80,440,604	\$ 32,357,545	\$ 107,324,382	\$ 36,307,482	\$ 118,598,141	\$ 41,572,746	\$ 129,525,038
Covered payroll	\$ 40,708,429	\$ 163,393,122	\$ 38,808,077	\$ 160,537,693	\$ 38,807,429	\$ 149,949,336	\$ 38,599,452	\$ 133,449,438	\$ 39,563,341	\$ 130,904,452	\$ 39,016,622	\$ 127,124,502	\$ 39,611,832	\$ 122,229,184
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.63)%	(5.62)%	21.67 %	21.67 %	16.79 %	16.80 %	60.19 %	60.28 %	81.79 %	81.99 %	93.06 %	93.29 %	104.95 %	105.97 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	105.04 %	83.09 %	83.09 %	88.87 %	88.87 %	59.76 %	59.76 %	48.67 %	48.67 %	43.10 %	43.10 %	36.53 %	36.53 %

School District of the City of Dearborn, Michigan

Required Supplementary Information

Schedule of the School District of the City of Dearborn, Michigan's OPEB Contributions

Michigan Public School Employees' Retirement System

Last Seven Fiscal Years

Years Ended June 30

	2024		2023		2022		2021		2020		2019		2018	
	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12	College	P-12
Statutorily required contribution	\$ 3,426,106	\$ 14,218,570	\$ 3,251,645	\$ 13,879,325	\$ 3,032,862	\$ 13,453,057	\$ 3,180,799	\$ 11,219,474	\$ 3,097,783	\$ 10,658,860	\$ 3,059,175	\$ 10,258,796	\$ 2,814,540	\$ 9,126,243
Contributions in relation to the statutorily required contribution	3,426,106	14,218,570	3,251,645	13,879,325	3,032,862	13,453,057	3,180,799	11,219,474	3,097,783	10,658,860	3,059,175	10,258,796	2,814,540	9,126,243
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 41,703,327	\$ 173,071,629	\$ 40,397,121	\$ 172,431,115	\$ 37,216,689	\$ 165,084,389	\$ 38,222,721	\$ 134,821,087	\$ 38,550,737	\$ 132,645,452	\$ 38,945,452	\$ 130,601,702	\$ 38,942,209	\$ 126,354,565
Contributions as a Percentage of Covered Payroll	8.22 %	8.22 %	8.05 %	8.05 %	8.15 %	8.15 %	8.32 %	8.32 %	8.04 %	8.04 %	7.86 %	7.86 %	7.23 %	7.22 %

June 30, 2024

Pension Information

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. This, in addition to actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

June 30, 2024

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

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

Supplementary Information

School District of the City of Dearborn, Michigan

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds					Capital Project Funds		Total Nonmajor Funds
	Debt Service Fund	Cafeteria Fund	Adult Education Fund	Center Program Fund	School Activity Fund	Energy Bonds Fund	General Building and Site Fund	
Assets								
Cash and investments	\$ -	\$ 572,277	\$ 2,011,952	\$ -	\$ 1,950,976	\$ -	\$ -	\$ 4,535,205
Receivables	-	491,465	8,291	1,712,244	-	-	9,449,120	11,661,120
Due from other funds	637,543	-	-	-	-	415,258	9,476,862	10,529,663
Inventories	-	153,271	-	-	-	-	-	153,271
Prepaid costs and other assets	-	-	5,300	2,087	-	-	-	7,387
Restricted assets	11,944,909	-	-	-	-	4,912,725	-	16,857,634
Total assets	\$ 12,582,452	\$ 1,217,013	\$ 2,025,543	\$ 1,714,331	\$ 1,950,976	\$ 5,327,983	\$ 18,925,982	\$ 43,744,280
Liabilities								
Accounts and contracts payable	\$ 2,503	\$ 212,447	\$ 1,220	\$ 118,227	\$ 16,028	\$ 1,027,297	\$ 6,572,817	\$ 7,950,539
Due to other funds	-	804,928	821,386	149,543	821,462	-	-	2,597,319
Accrued salary, wage, and fringe benefits payable	-	47,569	73,188	1,446,561	-	-	-	1,567,318
Unearned revenue	-	-	210,745	-	-	-	-	210,745
Total liabilities	2,503	1,064,944	1,106,539	1,714,331	837,490	1,027,297	6,572,817	12,325,921
Fund Balances								
Nonspendable:								
Inventory	-	153,271	-	-	-	-	-	153,271
Prepaid costs	-	-	5,300	2,087	-	-	-	7,387
Restricted:								
Debt service	12,579,949	-	-	-	-	-	-	12,579,949
Capital projects	-	-	-	-	-	4,300,686	-	4,300,686
Committed - Student activities	-	-	-	-	1,113,486	-	-	1,113,486
Assigned:								
Capital projects	-	-	-	-	-	-	12,353,165	12,353,165
Adult education	-	-	913,704	-	-	-	-	913,704
Unassigned fund balances (deficit)	-	(1,202)	-	(2,087)	-	-	-	(3,289)
Total fund balances	12,579,949	152,069	919,004	-	1,113,486	4,300,686	12,353,165	31,418,359
Total liabilities and fund balances	\$ 12,582,452	\$ 1,217,013	\$ 2,025,543	\$ 1,714,331	\$ 1,950,976	\$ 5,327,983	\$ 18,925,982	\$ 43,744,280

School District of the City of Dearborn, Michigan

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

Year Ended June 30, 2024

	Special Revenue Funds					Capital Project Fund		Total Nonmajor Funds
	Debt Service Fund	Cafeteria Fund	Adult Education Fund	Center Program Fund	School Activity Fund	Energy Bonds Fund	General Building and Site Fund	
Revenue								
Local sources	\$ 5,443,397	\$ 713,952	\$ 1,497,439	\$ -	\$ 913,857	\$ 501,974	\$ -	\$ 9,070,619
State sources	1,585,913	512,177	2,646,052	10,548,839	-	-	-	15,292,981
Federal sources	901,904	14,069,278	-	-	-	-	30,445,381	45,416,563
Interdistrict - Incoming transfers from other districts	-	-	-	13,094,922	-	-	-	13,094,922
Total revenue	7,931,214	15,295,407	4,143,491	23,643,761	913,857	501,974	30,445,381	82,875,085
Expenditures								
Current:								
Instruction	-	-	1,720,079	16,272,384	-	-	-	17,992,463
Support services	41,796	-	1,626,810	6,633,154	821,462	-	-	9,123,222
Food services	-	15,072,992	-	-	-	-	-	15,072,992
Community services	-	-	921,338	-	-	-	-	921,338
Debt service:								
Principal	6,453,141	-	-	-	-	-	-	6,453,141
Interest and other	2,258,657	-	-	-	-	-	-	2,258,657
Fees and other bond costs	6,025	-	-	-	-	-	-	6,025
Capital outlay	-	133,074	-	83,897	-	4,883,834	42,785,302	47,886,107
Total expenditures	8,759,619	15,206,066	4,268,227	22,989,435	821,462	4,883,834	42,785,302	99,713,945
Excess of Revenue (Under) Over Expenditures	(828,405)	89,341	(124,736)	654,326	92,395	(4,381,860)	(12,339,921)	(16,838,860)
Other Financing Sources (Uses)								
Transfers in	1,594,997	20,059	-	2,161,702	-	350,241	6,000,000	10,126,999
Transfers out	-	(178,000)	-	(2,816,028)	-	-	(350,241)	(3,344,269)
Total other financing sources (uses)	1,594,997	(157,941)	-	(654,326)	-	350,241	5,649,759	6,782,730
Net Change in Fund Balances	766,592	(68,600)	(124,736)	-	92,395	(4,031,619)	(6,690,162)	(10,056,130)
Fund Balances - Beginning of year	11,813,357	220,669	1,043,740	-	1,021,091	8,332,305	19,043,327	41,474,489
Fund Balances - End of year	\$ 12,579,949	\$ 152,069	\$ 919,004	\$ -	\$ 1,113,486	\$ 4,300,686	\$ 12,353,165	\$ 31,418,359

School District of the City of Dearborn, Michigan

	Combined Total	General Fund	Pension and OPEB Liability Fund*	Auxiliary Services Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 6,432,940	\$ 6,217,735	\$ -	\$ 4,903
Short-term investments	74,170,902	74,170,902	-	-
Receivables - Net:				
Student receivables	3,476,718	3,421,443	-	51,827
Accounts and grants	3,493,426	544,676	-	-
Due from other governments	6,341,267	6,341,267	-	-
Inventories	748,831	-	-	744,479
Prepaid expenses and other assets	1,606,327	1,606,327	-	-
Total current assets	96,270,411	92,302,350	-	801,209
Noncurrent assets:				
Net OPEB asset	2,292,908	-	2,292,908	-
Capital assets - Net	104,099,964	-	-	-
Total noncurrent assets	106,392,872	-	2,292,908	-
Total assets	202,663,283	92,302,350	2,292,908	801,209
Deferred Outflows of Resources				
Deferred outflows related to pensions	35,368,108	-	35,368,108	-
Deferred charges on bond refunding	156,621	-	-	-
Deferred OPEB costs	8,050,123	-	8,050,123	-
Total deferred outflows of resources	43,574,852	-	43,418,231	-
Liabilities				
Current liabilities:				
Accounts payable	1,918,665	1,850,485	-	-
Due to other funds	-	66,442,592	-	(3,739,819)
Deposits held for others	170,301	-	-	-
Accrued salary, wage, and fringe benefits payable	5,344,754	5,145,522	-	1,829
Unearned revenue	4,340,834	113,006	-	-
Risk management	277,401	277,401	-	-
Current portion of long-term liabilities	3,122,869	-	-	-
Total current liabilities	15,174,824	73,829,006	-	(3,737,990)
Noncurrent liabilities:				
Bonds and notes payable - Net of unamortized premium and discounts	31,346,031	-	-	-
Net pension liability	125,313,887	-	125,313,887	-
Total noncurrent liabilities	156,659,918	-	125,313,887	-
Total liabilities	171,834,742	73,829,006	125,313,887	(3,737,990)
Deferred Inflows of Resources	49,682,870	-	49,682,870	-
Net Position (Deficit)				
Net investment in capital assets	69,787,685	-	-	-
Restricted:				
Net OPEB asset (expendable)	2,292,908	-	2,292,908	-
Restricted state appropriations (expendable)	4,225,000	4,225,000	-	-
Unrestricted	(51,585,070)	14,248,344	(131,578,526)	4,539,199
Total net position (deficit)	<u>\$ 24,720,523</u>	<u>\$ 18,473,344</u>	<u>\$ (129,285,618)</u>	<u>\$ 4,539,199</u>

Supplementary Information
Combining Statement of Net Position
Proprietary Funds

June 30, 2024

Designated Fund	Restricted Fund	Agency Fund	Plant Funds
\$ -	\$ 40,001	\$ 170,301	\$ -
-	-	-	-
-	-	3,448	-
-	2,948,750	-	-
-	-	-	-
4,352	-	-	-
-	-	-	-
4,352	2,988,751	173,749	-
-	-	-	-
-	-	-	104,099,964
-	-	-	104,099,964
4,352	2,988,751	173,749	104,099,964
-	-	-	-
-	-	-	156,621
-	-	-	-
-	-	-	156,621
-	50,000	-	18,180
(5,226,840)	102,372	3,448	(57,581,753)
-	-	170,301	-
217	-	-	197,186
620,989	2,836,379	-	770,460
-	-	-	-
-	-	-	3,122,869
(4,605,634)	2,988,751	173,749	(53,473,058)
-	-	-	31,346,031
-	-	-	-
-	-	-	31,346,031
(4,605,634)	2,988,751	173,749	(22,127,027)
-	-	-	-
-	-	-	69,787,685
-	-	-	-
-	-	-	-
4,609,986	-	-	56,595,927
\$ 4,609,986	\$ -	\$ -	\$ 126,383,612

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

School District of the City of Dearborn, Michigan

	Combined Total	Eliminations	General Fund	Pension and OPEB Liability Fund*
Operating Revenue				
Tuition and fees - Net of scholarship allowance of \$29,105,847	\$ 24,470,156	\$ (29,105,847)	\$ 50,428,101	\$ -
Federal grants	3,286,142	-	-	-
State and local grants and gifts	17,969,667	-	-	-
Auxiliary enterprises	4,179,522	-	-	-
Other funds expenditures for capital assets	-	(2,608,653)	-	-
Miscellaneous	737,849	-	567,011	-
Total operating revenue	50,643,336	(31,714,500)	50,995,112	-
Operating Expenses				
Instruction	44,748,903	(145,593)	49,444,153	(7,503,345)
Information technology	4,042,302	-	4,499,712	(467,743)
Instructional support	2,912,681	(44,760)	3,891,259	(938,206)
Student services	26,402,045	(29,105,847)	12,438,271	(2,000,714)
Institutional administration	11,899,268	-	13,245,640	(1,399,170)
Physical plant operations	8,970,953	(209,658)	9,988,273	(807,662)
Auxiliary enterprises	4,246,698	-	-	(170,635)
Repairs and maintenance	302,817	(2,208,642)	743,672	-
Depreciation expense	9,027,028	-	-	-
Total operating expenses	112,552,695	(31,714,500)	94,250,980	(13,287,475)
Operating (Loss) Income	(61,909,359)	-	(43,255,868)	13,287,475
Nonoperating Revenue (Expense)				
Federal grants - Pell	30,211,557	-	-	-
State appropriations	45,956,131	-	43,022,336	2,933,795
Property taxes	15,971,963	-	15,898,309	-
Loss on sale of capital assets	(191,258)	-	-	-
Investment income	3,806,474	-	3,806,474	-
Federal grants - Other	316,429	-	-	-
Interest on capital asset-related debt expenses	(1,178,462)	-	-	-
Total nonoperating revenue (expense)	94,892,834	-	62,727,119	2,933,795
Transfers (Out) In	-	-	(17,832,821)	-
Change in Net Position	32,983,475	-	1,638,430	16,221,270
Net Position (Deficit) - Beginning of year	(8,262,952)	-	16,834,914	(145,506,888)
Net Position (Deficit) - End of year	<u>\$ 24,720,523</u>	<u>\$ -</u>	<u>\$ 18,473,344</u>	<u>\$ (129,285,618)</u>

Supplementary Information

Combining Statement of Revenue, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2024

Auxiliary Services Fund	Designated Fund	Restricted Fund	Plant Funds
\$ -	\$ 1,478,371	\$ -	\$ 1,669,531
-	-	3,286,142	-
-	-	14,180,845	3,788,822
4,121,227	58,295	-	-
-	-	-	2,608,653
-	150,225	-	20,613
4,121,227	1,686,891	17,466,987	8,087,619
384	250,242	2,703,062	-
-	10,333	-	-
-	4,388	-	-
-	247,241	44,823,094	-
-	3,243	49,555	-
-	-	-	-
4,417,333	-	-	-
18,892	1,115,287	633,608	-
-	-	-	9,027,028
4,436,609	1,630,734	48,209,319	9,027,028
(315,382)	56,157	(30,742,332)	(939,409)
-	-	30,211,557	-
-	-	-	-
-	-	-	73,654
-	-	-	(191,258)
-	-	-	-
-	-	316,429	-
-	-	-	(1,178,462)
-	-	30,527,986	(1,296,066)
(100,000)	18,501	214,346	17,699,974
(415,382)	74,658	-	15,464,499
4,954,581	4,535,328	-	110,919,113
\$ 4,539,199	\$ 4,609,986	\$ -	\$ 126,383,612

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

School District of the City of Dearborn, Michigan

Supplementary Information Schedule of Bonded Indebtedness

June 30, 2024

Years Ending June 30	2010 QSCB Principal	2021 Refunding Principal	2022 Refunding Principal	2023 School Improvement Principal	Total
2025	\$ -	\$ 4,650,000	\$ 730,000	\$ 390,000	\$ 5,770,000
2026	-	4,690,000	460,000	405,000	5,555,000
2027	15,000,000	4,740,000	-	420,000	20,160,000
2028	-	4,800,000	-	435,000	5,235,000
2029	-	4,875,000	-	455,000	5,330,000
2030	-	4,950,000	-	475,000	5,425,000
2031	-	5,025,000	-	495,000	5,520,000
2032	-	5,105,000	-	515,000	5,620,000
2033	-	-	-	535,000	535,000
2034	-	-	-	555,000	555,000
2035	-	-	-	575,000	575,000
2036	-	-	-	600,000	600,000
2037	-	-	-	625,000	625,000
2038	-	-	-	650,000	650,000
2039	-	-	-	675,000	675,000
2040	-	-	-	700,000	700,000
2041	-	-	-	730,000	730,000
2042	-	-	-	760,000	760,000
2043	-	-	-	785,000	785,000
Total remaining payments	<u>\$ 15,000,000</u>	<u>\$ 38,835,000</u>	<u>\$ 1,190,000</u>	<u>\$ 10,780,000</u>	<u>\$ 65,805,000</u>
Interest rate	6.625%	0.87 - 2.05%	1.85%	4.0%	
Original issue	<u>\$ 15,000,000</u>	<u>\$ 39,880,000</u>	<u>\$ 15,580,000</u>	<u>\$ 11,180,000</u>	<u>\$ 90,242,293</u>

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

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