
West Bloomfield School District

**Financial Report
with Supplemental Information
June 30, 2022**

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenue, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Notes to Financial Statements	17-35
Required Supplemental Information	36
Budgetary Comparison Schedule - General Fund	37
Schedule of the School District's Proportionate Share of the Net Pension Liability	38
Schedule of Pension Contributions	39
Schedule of the School District's Proportionate Share of the Net OPEB Liability	40
Schedule of OPEB Contributions	41
Notes to Required Supplemental Information	42
Other Supplemental Information	43
Nonmajor Governmental Funds:	
Combining Balance Sheet	44
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	45
Schedule of Bonded Indebtedness	46
Federal Awards Supplemental Information	Issued Under Separate Cover

Independent Auditor's Report

To the Board of Education
West Bloomfield School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Bloomfield School District (the "School District") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2022 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Emphasis of Matter

As explained in Note 2 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
West Bloomfield School District

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

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

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

Required Supplemental Information

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

Supplemental Information

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

To the Board of Education
West Bloomfield School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 23, 2022

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand West Bloomfield 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 and 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 General Fund, the 2020 Capital Projects Fund, and the Debt Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplemental Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

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 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 activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

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 (such as the Cafeteria, Student Activities, and Community Education funds) 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 School District'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 School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District'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 (fund level statements) in a reconciliation to help readers understand the differences in accounting methods.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
	(in millions)	
Assets		
Current and other assets	\$ 48.4	\$ 64.2
Capital assets	193.0	179.3
Total assets	241.4	243.5
Deferred Outflows of Resources	27.2	36.7
Liabilities		
Current liabilities	15.9	15.6
Noncurrent liabilities	120.6	130.7
Net pension liability	88.1	126.4
Net OPEB liability	5.7	19.8
Total liabilities	230.3	292.5
Deferred Inflows of Resources	56.5	20.5
Net Position (Deficit)		
Net investment in capital assets	85.1	81.1
Restricted	2.1	2.0
Unrestricted	(105.4)	(115.9)
Total net position (deficit)	\$ (18.2)	\$ (32.8)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$18.2 million at June 30, 2022. Net investment in capital assets totaling \$85.1 million compares the original cost, less depreciation of the School District'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 School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(105.4) million) was unrestricted.

The \$(105.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance, when positive, enables the School District 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.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted Statement No. 87, *Leases*, as of July 1, 2021. This standard resulted in a single lease accounting model (except for short-term leases) whereby the net present value of the future lease payments is reported as both a lease asset and liability on the statement of net position. There was no effect on net position at July 1, 2021 as a result of adoption, as the lease assets were equal to the lease liabilities for lease agreements in place as of the adoption date. Further information regarding the lease asset and liability balances at June 30, 2022 is included in additional detail in the sections that follow. All school districts with a June 30, 2022 year end were required to adopt this new accounting standard.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

Summary of Activities

	Governmental Activities	
	2022	2021
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 2.1	\$ 1.1
Operating grants	23.6	17.9
General revenue:		
Taxes	27.4	27.5
State aid not restricted to specific purposes	42.7	41.6
Other	2.0	1.0
Total revenue	97.8	89.1
Expenses		
Instruction	43.4	47.6
Support services	30.7	32.1
Athletics	1.1	1.1
Food services	2.0	1.1
Community services	1.8	2.1
Debt service	4.2	4.4
Loss on sale of capital assets	-	6.3
Total expenses	83.2	94.7
Change in Net Position	14.6	(5.6)
Net Position (Deficit) - Beginning of year	(32.8)	(27.2)
Net Position (Deficit) - End of year	<u><u>\$ (18.2)</u></u>	<u><u>\$ (32.8)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$83.2 million. Certain activities were partially funded from those who benefited from the programs (\$2.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$23.6 million). We paid for the remaining public benefit portion of our governmental activities with \$27.4 million in taxes, \$42.7 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$14.6 million during fiscal year 2022.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District'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 School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. This fund-by-fund breakdown of revenue and expenditures (and related assets and liabilities) helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$33.2 million, which is a decrease of \$16.1 million from last year. The primary reason for this change is due to planned spenddown of construction funds used to complete the West Bloomfield Middle School. Included below is further detail for each fund.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

During the 2021-2022 school year, the School District's General Fund, our principal operating fund, ended the year with excess revenue over expenditures of \$2.3 million, resulting in an ending General Fund fund balance of approximately \$15.2 million, or 20.2 percent of total revenue.

During the 2021-2022 school year, the School District received \$3.1 million in federal funding related to COVID-19 that was utilized to provide both online and hybrid instruction, purchase the necessary technology, and purchase necessary personal protective equipment and supplies to operate throughout the year. This federal funding source is a one-time source and is not expected to continue into future years.

During the 2021-2022 school year, the fund balances of our special revenue funds, which include the Cafeteria, Student Activities, and Community Education funds, increased by approximately \$1.2 million due in large part to surplus operating revenue in excess of operating expenditures for the Cafeteria Fund of approximately \$1 million. The School District outsources the Cafeteria Fund to Aramark Education, LLC.

During the 2021-2022 school year, fund balance in our Debt Fund remained steady at approximately \$1.3 million. Annually, debt millage rates are reviewed and revised as necessary to ensure that the School District accumulates sufficient resources to pay annual bond related debt service. The Debt Fund reserves can only be used to pay debt service obligations.

During the 2021-2022 school year, the fund balance of our 2020 Capital Projects Fund and the Sinking Fund decreased by \$19.7 million. This decrease is due to ongoing construction to the West Bloomfield Middle School, a \$60.5 million project scheduled to open in the fall of 2022 for the start of the 2022-2023 school year. As a part of the 2017 Bond Issue, voters approved the construction of a new middle school located on the same site as the Orchard Lake Middle School.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2022. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

The General Fund budget was first amended in December 2021 to account for changes in enrollment, the state foundation allowance, grant allocations, and staffing changes to better reflect the latest information since the original budget was developed in the spring of 2021. Overall, the December 2021 amendment adjusted the General Fund down by \$0.6 million, with the main adjustments coming from state aid revenue and federal COVID-related funding sources. The fiscal year 2021-2022 General Fund budget was amended again in June 2022, which resulted in an overall decrease of \$0.8 million due in large part to deferring a portion of the School District's hold harmless tax revenue to 2022-2023 fiscal year. This adjustment was a one-time deferral in the amount of \$1.4 million due to a shift in hold harmless revenue to state categorical funding as a part of Public Act 48 of 2022.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the School District had \$193.0 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, equipment, and leased assets. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$13.3 million, or 7.30 percent, from last year.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

	2022	2021
Land	\$ 7,764,664	\$ 7,764,664
Construction in progress	59,118,353	43,856,514
Buildings and improvements	179,362,821	177,789,079
Furniture and equipment	32,251,765	28,821,914
Buses and other vehicles	6,530,475	6,517,260
Leased assets - Buildings	504,790	504,790
Financed purchase - Copiers	323,095	-
Total capital assets	285,855,963	265,254,221
Less accumulated depreciation and amortization	92,834,788	85,477,285
Total capital assets - Net of accumulated depreciation and amortization	\$ 193,021,175	\$ 179,776,936

This year's additions of \$13.3 million included new school construction, instructional furniture, and equipment related to the new middle school on schedule to open for the 2022-2023 school year as a part of the School District's bond fund. We anticipate capital additions in fiscal year 2022-2023 will be comparable to this year. We present information that is more detailed about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$107.8 million in bonds outstanding versus \$117.3 million in the previous year, a change of 8.1 percent. Those bonds consisted of the following:

	2022	2021
General obligation bonds	\$ 107,805,000	\$ 117,280,000

The School District's general obligation bond rating is A2 with Moody's Investor Service and A with Standard & Poor's. 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 of \$107.8 million is significantly below this \$312.3 million statutorily imposed limit.

Other obligations include compensated absences, a Sinking Fund loan with a bank, and financed purchases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2022-2023 fiscal year budget. One of the most important factors is the School District's student count since the state foundation formula product is derived from the blended student count and per pupil foundation allowance. This portion of the School District's General Fund revenue constitutes approximately 76 percent of total General Fund revenue.

The 2022-2023 budget was adopted based on an estimate of the number of students who will enroll in September 2022. Our estimate of 196 fewer pupils in the original fiscal year 2022-2023 budget was based in part on a demographic study of area school aged children. Under state law, the School District cannot assess additional property taxes for general operations, and, as a result, district funding is heavily dependent upon the ability of the State of Michigan to fund local school operations. Once the final student count and related per pupil funding are known, the General Fund will be amended to reflect the most current information.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

Since the School District's revenue is heavily dependent on state funding and the health of the State of Michigan's School Aid Fund, the actual revenue received depends on the State of Michigan's ability to collect revenue to fund School Aid Fund appropriations. The 2022-2023 original budget was developed based on an estimated increase of \$435 per pupil. This estimate was developed based on legislative reports available at the time the original budget was developed and from data published from the May 2022 Revenue Consensus Estimating Conference. The actual foundation allowance will not be known until amendments to the School Aid Act are finalized, which was not signed by Governor Whitmer until July 2022, after the original budget was adopted by the Board of Education.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the West Bloomfield School District Business Office located at 5810 Commerce Road, West Bloomfield, MI 48324 or call 248-865-6430.

West Bloomfield School District

Statement of Net Position

June 30, 2022

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 14,442,584
Receivables:	
Other receivables	190,740
Due from other governments	13,819,272
Inventory	4,668
Prepaid costs and other assets	805,023
Restricted assets	19,129,360
Capital assets - Net (Note 5)	193,021,175
Total assets	241,412,822

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 7)	48,372
Deferred pension costs (Note 10)	19,405,194
Deferred OPEB costs (Note 10)	7,723,694
Total deferred outflows of resources	27,177,260

Liabilities

Accounts payable	4,702,962
Accrued liabilities and other	8,342,707
Unearned revenue (Note 2)	2,886,521
Noncurrent liabilities:	
Due within one year (Note 7)	8,809,054
Due in more than one year (Note 7)	111,762,330
Net pension liability (Note 10)	88,110,768
Net OPEB liability (Note 10)	5,717,924
Total liabilities	230,332,266

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to measurement (Note 10)	5,912,899
Deferred pension cost reductions (Note 10)	29,119,395
Deferred OPEB cost reductions (Note 10)	21,467,614
Total deferred inflows of resources	56,499,908

Net Position (Deficit)

Net investment in capital assets	85,094,241
Restricted:	
Debt service	609,450
Capital projects	1,537,478
Unrestricted	(105,483,261)
Total net position (deficit)	\$ (18,242,092)

West Bloomfield School District

Statement of Activities

Year Ended June 30, 2022

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 43,417,622	\$ -	\$ 13,768,405	\$ (29,649,217)
Support services	30,681,291	-	6,509,585	(24,171,706)
Athletics	1,149,128	272,534	-	(876,594)
Food services	1,961,740	71,625	2,944,159	1,054,044
Community services	1,830,757	1,721,553	-	(109,204)
Interest	4,185,020	-	397,699	(3,787,321)
Other debt costs	25,777	-	-	(25,777)
Total primary government	\$ 83,251,335	\$ 2,065,712	\$ 23,619,848	(57,565,775)
General revenue:				
Taxes:				
Property taxes levied for general purposes				11,255,246
Property taxes levied for debt service				13,762,893
Property taxes levied for capital projects				2,424,869
State aid not restricted to specific purposes				42,674,406
Interest and investment earnings				43,381
Loss on disposal of capital assets				(3,358)
Other				1,953,711
Total general revenue				72,111,148
Change in Net Position				14,545,373
Net Position (Deficit) - Beginning of year				(32,787,465)
Net Position (Deficit) - End of year				\$ (18,242,092)

West Bloomfield School District

Governmental Funds Balance Sheet

June 30, 2022

	General Fund	2020 Capital Projects Fund	Debt Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 10,296,466	\$ -	\$ -	\$ 4,146,118	\$ 14,442,584
Receivables:					
Other receivables	190,740	-	-	-	190,740
Due from other governments	13,666,045	-	-	153,227	13,819,272
Inventory	-	-	-	4,668	4,668
Prepaid costs and other assets	805,023	-	-	-	805,023
Restricted assets	-	16,976,435	1,326,804	826,121	19,129,360
Total assets	\$ 24,958,274	\$ 16,976,435	\$ 1,326,804	\$ 5,130,134	\$ 48,391,647
Liabilities					
Accounts payable	\$ 293,931	\$ 4,307,391	\$ -	\$ 101,640	\$ 4,702,962
Accrued liabilities and other	7,625,353	-	-	-	7,625,353
Unearned revenue (Note 2)	1,851,773	-	-	1,034,748	2,886,521
Total liabilities	9,771,057	4,307,391	-	1,136,388	15,214,836
Fund Balances					
Nonspendable:					
Inventory	-	-	-	4,668	4,668
Prepaid costs	805,023	-	-	-	805,023
Restricted:					
Debt service	-	-	1,326,804	-	1,326,804
Capital projects	-	12,669,044	-	805,501	13,474,545
Food service	-	-	-	2,309,089	2,309,089
Committed - Student activities	-	-	-	874,488	874,488
Assigned - Budgeted use of fund balance in subsequent year	676,033	-	-	-	676,033
Unassigned	13,706,161	-	-	-	13,706,161
Total fund balances	15,187,217	12,669,044	1,326,804	3,993,746	33,176,811
Total liabilities and fund balances	\$ 24,958,274	\$ 16,976,435	\$ 1,326,804	\$ 5,130,134	\$ 48,391,647

West Bloomfield School District

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

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 33,176,811
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	285,855,963
Accumulated depreciation and amortization	<u>(92,834,788)</u>
Net capital assets and lease assets used in governmental activities	193,021,175
Deferred inflows and outflows related to bond refundings are not reported in the funds	48,372
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(119,106,872)
Accrued interest is not due and payable in the current period and is not reported in the funds	(717,354)
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	(1,464,512)
Net pension liability and related deferred inflows and outflows	(97,824,969)
Net OPEB liability and related deferred inflows and outflows	(19,461,844)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(5,912,899)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (18,242,092)</u></u>

West Bloomfield School District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	2020 Capital Projects Fund	Debt Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 12,003,949	\$ 488,897	\$ 13,762,893	\$ 5,250,073	\$ 31,505,812
State sources	49,537,900	-	79,612	38,197	49,655,709
Federal sources	8,181,546	-	397,699	3,702,753	12,281,998
Interdistrict sources	5,564,662	-	-	-	5,564,662
Total revenue	75,288,057	488,897	14,240,204	8,991,023	99,008,181
Expenditures					
Current:					
Instruction	44,344,278	-	-	-	44,344,278
Support services	27,593,950	10,641	-	1,096,558	28,701,149
Athletics	1,268,590	-	-	-	1,268,590
Food services	-	-	-	1,990,750	1,990,750
Community services	313,993	-	-	1,773,996	2,087,989
Debt service: (Note 7)					
Principal	176,014	-	9,475,000	600,000	10,251,014
Interest	15,894	-	4,622,775	89,780	4,728,449
Other debt costs	-	-	25,777	-	25,777
Capital outlay	352,660	20,151,536	-	1,547,982	22,052,178
Total expenditures	74,065,379	20,162,177	14,123,552	7,099,066	115,450,174
Excess of Revenue Over (Under) Expenditures	1,222,678	(19,673,280)	116,652	1,891,957	(16,441,993)
Other Financing Sources (Uses)					
Leases entered into	323,095	-	-	-	323,095
Proceeds from sale of capital assets	6,300	-	-	-	6,300
Transfers in (Note 6)	729,606	-	-	-	729,606
Transfers out (Note 6)	-	-	-	(729,606)	(729,606)
Total other financing sources (uses)	1,059,001	-	-	(729,606)	329,395
Net Change in Fund Balances	2,281,679	(19,673,280)	116,652	1,162,351	(16,112,598)
Fund Balances - End of year	12,905,538	32,342,324	1,210,152	2,831,395	49,289,409
Fund Balances - End of year	\$ 15,187,217	\$ 12,669,044	\$ 1,326,804	\$ 3,993,746	\$ 33,176,811

West Bloomfield School District

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

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds \$ (16,112,598)

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 and amortization:

Capitalized capital outlay	20,698,326
Depreciation and amortization expense	(7,444,429)
Net book value of assets disposed of	(9,658)

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	(91,544)
--	----------

Revenue in support of pension contributions made subsequent to the measurement date	(1,116,571)
---	-------------

Issuing debt and entering into leases provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(323,095)
---	-----------

Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	10,799,085
--	------------

Interest expense is recognized in the government-wide statements as it accrues	(4,642)
--	---------

Some employee costs (pension, OPEB, compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	8,150,499
--	-----------

Change in Net Position of Governmental Activities **\$ 14,545,373**

June 30, 2022

Note 1 - Nature of Business

West Bloomfield School District (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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 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. In accordance with governmental accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

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 units, as applicable. 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 schedules reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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. 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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

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 goods are received or services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the School District's ability to spend resources in the future. 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 recorded until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

June 30, 2022**Note 2 - Significant Accounting Policies (Continued)**

Revenue is not recognized until it is collected or will be 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.

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 the following 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 primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2020 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the purchase of buses and building improvements. This fund will operate until the purpose for which it was created is accomplished.
- The Debt Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

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

- The Sinking Fund is used to account for construction and repair of buildings that are funded by a specific millage.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Cafeteria, Community Education, and the Student Activities funds. Any operating deficit generated by these activities is the responsibility of the General Fund. The main sources of revenue for these funds are food sales to pupils, free/reduced breakfast and lunch reimbursements from federal funds, tuition from community education programs, fundraising revenue, and donations earned and received by student groups.

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 amounts due from/to other funds or 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.

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.

June 30, 2022

Note 2 - Significant Accounting Policies (Continued)***Specific Balances and Transactions*****Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with maturities 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.

Inventories and Prepaid Costs

Inventories are valued at cost on a first-in, first-out basis. Inventories are accounted for using the consumption method, are recorded as expenditures when consumed rather than when purchased, and include commodities within the Cafeteria Fund. 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 2020 capital projects bond, the cash proceeds from the Sinking Fund millage, and cash proceeds from the issuance of a term note for the Sinking Fund are required to be set aside for capital projects. Additionally, the Debt Fund's cash is required to be used for future bond payments. As such, these amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets also include leased assets, which the accounting for is further defined in the leases paragraph that follows. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 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. Costs of normal repairs and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

	Depreciable/ Amortizable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10
Leased assets	5

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the 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 Fund are generally used to liquidate governmental long-term debt.

June 30, 2022**Note 2 - Significant Accounting Policies (Continued)****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 School District reports deferred outflows related to the deferred charges for the unfunded pension and OPEB benefit obligation and deferred charges on bond refundings.

In addition to liabilities, the statement of net position and/or balance sheet reports deferred inflows of resources, which represent acquisitions of net position that apply to future periods and will not be recognized as inflows of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension and OPEB payments made subsequent to the measurement date and deferred pension and OPEB cost reductions.

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. Restricted 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 investment in capital assets or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for particular purposes 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 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 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 balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Nonspendable fund balance 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 specific purposes. The School District can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

June 30, 2022**Note 2 - 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 superintendent of schools and the deputy superintendent for business operations to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover differences 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.

The School District's fund balance policy prescribes the minimum fund balance as 10 percent of expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

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. These taxes are billed on July 1. Taxes are considered to be delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. 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 for specific operating purposes are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, 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.

Unearned/Unavailable Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the fiscal year, the School District recorded unearned revenue related to unspent state grants and the over levy of the hold harmless millage totaling \$2,886,521.

June 30, 2022**Note 2 - Significant Accounting Policies (Continued)****Compensated Absences (Vacation and Sick Leave)**

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. These amounts are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only upon known employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

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.

Leases

The School District is a lessee for noncancelable building lease. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

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

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 87, *Leases*. As a result, the statement of net position now includes a liability for the present value of payments expected to be made and right-to-use assets. Lease activity is further described in Note 8.

June 30, 2022**Note 2 - Significant Accounting Policies (Continued)*****Upcoming Accounting Pronouncements***

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

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

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 23, 2022, which is the date the financial statements were available to be issued.

Note 3 - 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 all special revenue funds, except that capital outlay is budgeted in other expenditure categories on a functional basis. The actual amounts in the budget-to-actual statement have been presented in the same classification as the budget. 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.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not recorded during the year. Budget appropriations are considered to be spent once goods are delivered or services are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant unfavorable expenditure budget variances.

Capital Projects Fund Compliance

The 2020 Capital Projects 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 State of Michigan's School Code.

The Sinking Fund accounts for capital expenditures funded with the Sinking Fund millage. For these funds, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

June 30, 2022**Note 4 - 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 and investments are in accordance with statutory authority.

The School District has designated two banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for the School District's investments in the Michigan Liquid Asset Fund Plus - MAX Class fund, which may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State. Redemptions made prior to the applicable 14-day period are subject to penalty equal to 15 days' interest on the amounts 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 \$16,778,550 included bank deposits of \$16,278,550 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. There were no investment securities held at June 30, 2022 that were uninsured and unregistered.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by structuring 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, and 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.

June 30, 2022

Note 4 - Deposits and Investments (Continued)***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 School District has no oversight of the investee organizations, and the fair value of the pool approximates the fair value of the shares owned. The School District's investments in the Michigan Liquid Asset Fund are broken out as follows:

Investment	Carrying Value	Rating	Rating Organization
MILAF Plus MAX Class	\$ 18,121,002	AAAm	S&P

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in money market funds and other qualified stable investments.

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.

June 30, 2022

Note 5 - Capital Assets

Capital asset activity of the School District was as follows:

Governmental Activities

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated or amortized:					
Land	\$ 7,764,664	\$ -	\$ -	\$ -	\$ 7,764,664
Construction in progress	43,856,514	-	15,261,839	-	59,118,353
Subtotal	51,621,178	-	15,261,839	-	66,883,017
Capital assets being depreciated or amortized:					
Buildings and improvements	177,789,079	-	1,573,742	-	179,362,821
Furniture and equipment	28,821,914	-	3,429,851	-	32,251,765
Buses and other vehicles	6,517,260	-	109,799	(96,584)	6,530,475
Financed purchase - Copiers	-	-	323,095	-	323,095
Leased assets - Buildings	504,790	-	-	-	504,790
Subtotal	213,633,043	-	5,436,487	(96,584)	218,972,946
Accumulated depreciation and amortization:					
Buildings and improvements	64,529,481	-	4,307,876	-	68,837,357
Furniture and equipment	17,765,756	-	2,079,702	-	19,845,458
Buses and other vehicles	3,182,048	-	871,419	(86,926)	3,966,541
Accumulated amortization - Financed purchase - Copiers	-	-	59,234	-	59,234
Accumulated amortization - Leased assets - Buildings	-	-	126,198	-	126,198
Subtotal	85,477,285	-	7,444,429	(86,926)	92,834,788
Net capital assets being depreciated or amortized	128,155,758	-	(2,007,942)	(9,658)	126,138,158
Net governmental activities capital assets	\$ 179,776,936	\$ -	\$ 13,253,897	\$ (9,658)	\$ 193,021,175

Depreciation and amortization expense was charged to programs of the School District as follows:

Governmental activities:	
Instruction	\$ 4,466,657
Support services	2,977,772
Total governmental activities	\$ 7,444,429

Construction Commitments

The School District has active construction projects at year end related to the Sinking Fund and the 2020 Capital Projects Fund. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sinking Fund and 2020 Capital Projects Fund	\$ 56,619,091	\$ 6,426,918

June 30, 2022

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund transfers include transfers between the special revenue funds and the General Fund. Transfers to the General Fund from the Community Education Fund totaled \$672,431 to cover the fund surplus within the special revenue funds, bringing the current year fund balance to \$0. Additionally, there was a transfer of \$57,175 from the Cafeteria Fund to the General Fund, as allowed by federal and state regulation.

Note 7 - Long-term Debt

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings - Sinking					
Fund loan:	\$ 3,850,000	\$ -	\$ (600,000)	\$ 3,250,000	\$ 615,000
Other debt - General obligation					
bonds payable:	117,280,000	-	(9,475,000)	107,805,000	7,060,000
Unamortized bond premiums	7,982,216	-	(582,215)	7,400,001	582,215
Total bonds and notes payable	129,112,216	-	(10,657,215)	118,455,001	8,257,215
Leases (Note 8)	504,790	-	(132,674)	372,116	135,500
Financed purchase - Copier lease	-	323,095	(43,340)	279,755	50,211
Compensated absences	1,573,968	-	(109,456)	1,464,512	366,128
Total governmental activities long-term debt	<u>\$ 131,190,974</u>	<u>\$ 323,095</u>	<u>\$ (10,942,685)</u>	<u>\$ 120,571,384</u>	<u>\$ 8,809,054</u>

The School District had deferred outflows of \$48,372 related to deferred charges on bond refundings at June 30, 2022.

Sinking Fund Loan

During the year ended June 30, 2019, the School District borrowed \$5,000,000 from a bank for the purpose of financing certain critical authorized improvements to school facilities that are eligible for payment from the School District's sinking fund millage. The loan matures on June 1, 2027 and requires annual principal payments due on June 1 and semiannual interest payments due on June 1 and December 1 at a 2.30 percent interest rate. The loan is considered a direct borrowing, as the School District has engaged in a loan directly with a bank. The School District has pledged dollars to be collected from its voter-approved Sinking Fund levy as collateral against the required principal and interest payments of the loan.

June 30, 2022

Note 7 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition of certain equipment and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligations outstanding at June 30, 2022 are as follows:

	Annual Installments	Interest Rates (Percent)	Maturing	Outstanding
Governmental Activities				
2010 Bond Issue - \$15,000,000 serial nonqualified bonds	\$1,225,000 - \$1,250,000	6.30- 6.70*	2027	\$ 6,175,000
2016 Refunding Bond Issue - \$8,325,000 serial nonqualified bonds	\$1,310,000 - \$1,335,000	4.00	2024	2,645,000
2017 Bond Issue - \$42,915,000 serial nonqualified bonds	\$1,900,000 - \$3,075,000	5.00	2037	38,250,000
2020 Bond Issue - \$68,710,000 serial nonqualified bonds	\$2,600,000 - \$4,185,000	3.00	2040	60,735,000
Total				<u>\$ 107,805,000</u>

*Interest is subsidized up to a maximum of 5.90 percent.

Other Long-term Liabilities

Compensated absences attributable to the governmental activities and lease liabilities will be liquidated primarily by the General Fund.

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					
	Bonds Payable			Direct Placement Borrowings		
	Principal	Interest	Interest Subsidy	Principal	Interest	Total
2023	\$ 7,060,000	\$ 4,249,176	\$ (327,689)	\$ 615,000	\$ 61,755	\$ 11,658,242
2024	7,210,000	3,945,600	(262,682)	635,000	47,610	11,575,528
2025	6,075,000	3,630,876	(197,675)	650,000	33,005	10,191,206
2026	6,300,000	3,361,300	(142,500)	665,000	18,055	10,201,855
2027	6,475,000	3,082,050	(71,250)	685,000	2,760	10,173,560
2028-2032	28,925,000	11,797,500	-	-	-	40,722,500
2033-2037	33,375,000	5,815,750	-	-	-	39,190,750
2038-2040	12,385,000	747,150	-	-	-	13,132,150
Total	<u>\$ 107,805,000</u>	<u>\$ 36,629,402</u>	<u>\$ (1,001,796)</u>	<u>\$ 3,250,000</u>	<u>\$ 163,185</u>	<u>\$ 146,845,791</u>

Defeased Debt

In prior years, the School District defeased certain bonds by placing the proceeds of the new bonds into an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities of the defeased bonds are not included in the basic financial statements. At June 30, 2022, \$5,955,000 of bonds outstanding is considered defeased.

June 30, 2022

Note 8 - Leases

The School District leases a building from a third party. The assets leased include a building lease for the purpose of having exclusive rights to the parking areas, driveways, sidewalks, and common areas. All lease payments are fixed monthly and do not have any residual value guarantees.

Lease asset activity of the School District is included in Note 5.

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2022 are as follows:

Years Ending	Principal	Interest	Total
2023	\$ 122,114	\$ 13,386	\$ 135,500
2024	129,967	8,359	138,326
2025	138,141	3,011	141,152
Total	<u>\$ 390,222</u>	<u>\$ 24,756</u>	<u>\$ 414,978</u>

Note 9 - Risk Management

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

The shared risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The SET-SEG risk pool operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the service pool that the service pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the School District.

Note 10 - Michigan Public School Employees' Retirement System***Plan Description***

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

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

Benefits Provided

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

June 30, 2022**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

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.

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) accounts. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

June 30, 2022

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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:

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2022 were \$12,470,545, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$5,912,899 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were \$2,829,398, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2022, the School District reported a liability of \$88,110,768 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the School District's proportion was 0.372161 and 0.368048 percent, respectively, representing a change of 1.12 percent.

Net OPEB Liability

At June 30, 2022, the School District reported a liability of \$5,717,924 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the School District's proportion was 0.374607 and 0.368684 percent, respectively, representing a change of 1.61 percent.

June 30, 2022

Note 10 - Michigan Public School Employees' Retirement System (Continued)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For 2022, the School District recognized pension expense of \$10,451,785, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,364,874	\$ (518,868)
Changes in assumptions	5,554,188	-
Net difference between projected and actual earnings on pension plan investments	-	(28,327,329)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,631,339	(273,198)
The School District's contributions to the plan subsequent to the measurement date	10,854,793	-
Total	<u>\$ 19,405,194</u>	<u>\$ (29,119,395)</u>

The \$5,912,899 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2023. 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	Amount
2023	\$ (1,793,903)
2024	(4,606,861)
2025	(6,630,071)
2026	(7,538,159)
Total	<u>\$ (20,568,994)</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.

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

For the year ended June 30, 2022, the School District recognized OPEB recovery of \$2,911,217.

June 30, 2022

Note 10 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2022, the School District 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	\$ -	\$ (16,321,406)
Changes in assumptions	4,779,900	(715,252)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,309,702)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	844,405	(121,254)
Employer contributions to the plan subsequent to the measurement date	2,099,389	-
Total	<u>\$ 7,723,694</u>	<u>\$ (21,467,614)</u>

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	Amount
2023	\$ (4,024,402)
2024	(3,752,590)
2025	(3,553,057)
2026	(3,279,787)
2027	(1,090,411)
Thereafter	(143,062)
Total	<u>\$ (15,843,309)</u>

Actuarial Assumptions

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

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.00%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant
		Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

June 30, 2022

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2021 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

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

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

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 125,974,502	\$ 88,110,768	\$ 56,719,248

June 30, 2022

Note 10 - Michigan Public School Employees' Retirement System (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 10,624,934	\$ 5,717,924	\$ 1,553,624

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

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

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 1,391,697	\$ 5,717,924	\$ 10,585,449

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2022, the School District reported a payable of \$2,665,630 and \$447,407 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

Required Supplemental Information

West Bloomfield School District**Required Supplemental Information
Budgetary Comparison Schedule
General Fund****Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 12,789,554	\$ 11,552,787	\$ 12,003,949	\$ 451,162
State sources	45,204,972	49,858,979	49,537,900	(321,079)
Federal sources	7,384,606	7,853,706	8,181,546	327,840
Interdistrict sources	5,263,227	5,394,308	5,564,662	170,354
Total revenue	70,642,359	74,659,780	75,288,057	628,277
Expenditures				
Current:				
Instruction:				
Basic programs	31,730,521	33,581,722	33,948,876	367,154
Added needs	9,376,008	10,385,352	10,282,593	(102,759)
Adult/Continuing education	127,051	158,867	138,174	(20,693)
Total instruction	41,233,580	44,125,941	44,369,643	243,702
Support services:				
Pupil	6,105,088	6,469,773	6,472,070	2,297
Instructional staff	3,548,558	4,654,228	4,356,242	(297,986)
General administration	809,213	875,750	856,844	(18,906)
School administration	4,984,747	4,590,418	4,619,648	29,230
Business	1,043,447	1,027,731	1,051,665	23,934
Operations and maintenance	4,764,781	5,305,438	5,209,314	(96,124)
Pupil transportation services	2,758,234	3,117,445	2,940,484	(176,961)
Central	2,568,666	2,775,452	2,414,978	(360,474)
Total support services	26,582,734	28,816,235	27,921,245	(894,990)
Athletics and co-curricular activities	1,145,217	1,257,464	1,268,590	11,126
Community services and nonpublic school pupils	317,817	312,228	313,993	1,765
Debt service	72,197	72,697	191,908	119,211
Total expenditures	69,351,545	74,584,565	74,065,379	(519,186)
Excess of Revenue Over Expenditures	1,290,814	75,215	1,222,678	1,147,463
Other Financing Sources (Uses)				
Leases entered into	-	-	323,095	323,095
Proceeds from sale of capital assets	-	-	6,300	6,300
Transfers in	50,000	40,000	729,606	689,606
Transfers out	-	(275,772)	-	275,772
Total other financing sources (uses)	50,000	(235,772)	1,059,001	1,294,773
Net Change in Fund Balance	1,340,814	(160,557)	2,281,679	2,442,236
Fund Balance - Beginning of year	12,905,538	12,905,538	12,905,538	-
Fund Balance - End of year	<u>\$ 14,246,352</u>	<u>\$ 12,744,981</u>	<u>\$ 15,187,217</u>	<u>\$ 2,442,236</u>

West Bloomfield School District

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

	Last Eight Plan Years Plan Years Ended September 30							
	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.37216 %	0.36805 %	0.39892 %	0.36343 %	0.35582 %	0.36392 %	0.38179 %	0.40526 %
School District's proportionate share of the net pension liability	\$ 88,110,768	\$126,428,334	\$122,173,092	\$109,252,452	\$ 92,209,081	\$ 90,795,798	\$ 93,251,748	\$ 89,264,167
School District's covered payroll	\$ 33,871,056	\$ 32,688,786	\$ 32,150,589	\$ 31,453,597	\$ 29,693,733	\$ 30,006,650	\$ 31,726,461	\$ 33,131,808
School District's proportionate share of the net pension liability as a percentage of its covered payroll	260.14 %	386.76 %	380.00 %	347.34 %	310.53 %	302.59 %	293.92 %	269.42 %
Plan fiduciary net position as a percentage of total pension liability	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

West Bloomfield School District

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Eight Fiscal Years Years Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 12,470,545	\$ 10,767,136	\$ 10,120,528	\$ 9,735,253	\$ 8,941,001	\$ 8,631,430	\$ 8,534,354	\$ 6,948,586
Contributions in relation to the statutorily required contribution	12,470,545	10,767,136	10,120,528	9,735,253	8,941,001	8,631,430	8,534,354	6,948,586
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 35,545,206	\$ 32,963,984	\$ 32,721,784	\$ 31,971,237	\$ 29,776,265	\$ 31,203,571	\$ 30,032,324	\$ 30,727,559
Contributions as a Percentage of Covered Payroll	35.08 %	32.66 %	30.93 %	30.45 %	30.03 %	27.66 %	28.42 %	22.61 %

West Bloomfield School District

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

	Last Five Plan Years				
	Plan Years Ended September 30				
	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.37461 %	0.36868 %	0.36800 %	0.37001 %	0.35530 %
School District's proportionate share of the net OPEB liability	\$ 5,717,924	\$ 19,751,407	\$ 26,414,114	\$ 29,412,219	\$ 31,463,232
School District's covered payroll	\$ 33,871,056	\$ 32,688,786	\$ 32,150,589	\$ 31,453,597	\$ 29,693,733
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.88 %	60.42 %	82.16 %	93.51 %	105.96 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

West Bloomfield School District

Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Five Fiscal Years Years Ended June 30				
	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 2,829,398	\$ 2,686,977	\$ 2,618,397	\$ 2,503,907	\$ 2,145,603
Contributions in relation to the statutorily required contribution	2,829,398	2,686,977	2,618,397	2,503,907	2,145,603
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 35,545,206	\$ 32,963,984	\$ 32,721,784	\$ 31,971,237	\$ 29,776,265
Contributions as a Percentage of Covered Payroll	7.96 %	8.15 %	8.00 %	7.83 %	7.21 %

June 30, 2022

Pension Information

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

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 0.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This 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, 2020 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs 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 lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

West Bloomfield School District**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds****June 30, 2022**

	Special Revenue Funds			Capital Project Funds	Total
	Cafeteria	Student Activities	Community Education	Sinking Fund	
Assets					
Cash and investments	\$ 2,309,740	\$ 874,553	\$ 961,825	\$ -	\$ 4,146,118
Receivables	153,227	-	-	-	153,227
Inventory	4,668	-	-	-	4,668
Restricted assets	-	-	-	826,121	826,121
Total assets	<u>\$ 2,467,635</u>	<u>\$ 874,553</u>	<u>\$ 961,825</u>	<u>\$ 826,121</u>	<u>\$ 5,130,134</u>
Liabilities					
Accounts payable	\$ 78,653	\$ 65	\$ 2,302	\$ 20,620	\$ 101,640
Unearned revenue	75,225	-	959,523	-	1,034,748
Total liabilities	153,878	65	961,825	20,620	1,136,388
Fund Balances					
Nonspendable - Inventory	4,668	-	-	-	4,668
Restricted:					
Capital projects	-	-	-	805,501	805,501
Food service	2,309,089	-	-	-	2,309,089
Committed - Student activities	-	874,488	-	-	874,488
Total fund balances	<u>2,313,757</u>	<u>874,488</u>	<u>-</u>	<u>805,501</u>	<u>3,993,746</u>
Total liabilities and fund balances	<u>\$ 2,467,635</u>	<u>\$ 874,553</u>	<u>\$ 961,825</u>	<u>\$ 826,121</u>	<u>\$ 5,130,134</u>

West Bloomfield School District

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

Year Ended June 30, 2022

	Special Revenue Funds			Capital Project Funds	
	Cafeteria	Student Activities	Community Education	Sinking Fund	Total
Revenue					
Local sources	\$ 81,946	\$ 1,075,610	\$ 1,665,319	\$ 2,427,198	\$ 5,250,073
State sources	38,197	-	-	-	38,197
Federal sources	2,921,645	-	781,108	-	3,702,753
Total revenue	3,041,788	1,075,610	2,446,427	2,427,198	8,991,023
Expenditures					
Current:					
Support services	-	873,350	-	223,208	1,096,558
Food services	1,990,750	-	-	-	1,990,750
Community services	-	-	1,773,996	-	1,773,996
Debt service:					
Principal	-	-	-	600,000	600,000
Interest	-	-	-	89,780	89,780
Capital outlay	19,022	-	-	1,528,960	1,547,982
Total expenditures	2,009,772	873,350	1,773,996	2,441,948	7,099,066
Excess of Revenue Over (Under)					
Expenditures	1,032,016	202,260	672,431	(14,750)	1,891,957
Other Financing Uses - Transfers out	(57,175)	-	(672,431)	-	(729,606)
Net Change in Fund Balances	974,841	202,260	-	(14,750)	1,162,351
Fund Balances - Beginning of year	1,338,916	672,228	-	820,251	2,831,395
Fund Balances - End of year	\$ 2,313,757	\$ 874,488	\$ -	\$ 805,501	\$ 3,993,746

West Bloomfield School District

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2022

Years Ending June 30	2010 Bond	2016 Refunding	2017 Bond	2020 Bond	Total
	Principal	Principal	Principal	Principal	
2023	\$ 1,225,000	\$ 1,335,000	\$ 1,900,000	\$ 2,600,000	\$ 7,060,000
2024	1,225,000	1,310,000	2,000,000	2,675,000	7,210,000
2025	1,225,000	-	2,100,000	2,750,000	6,075,000
2026	1,250,000	-	2,200,000	2,850,000	6,300,000
2027	1,250,000	-	2,300,000	2,925,000	6,475,000
2028	-	-	2,400,000	3,025,000	5,425,000
2029	-	-	2,500,000	3,100,000	5,600,000
2030	-	-	2,600,000	3,175,000	5,775,000
2031	-	-	2,675,000	3,300,000	5,975,000
2032	-	-	2,750,000	3,400,000	6,150,000
2033	-	-	2,825,000	3,500,000	6,325,000
2034	-	-	2,900,000	3,600,000	6,500,000
2035	-	-	2,975,000	3,700,000	6,675,000
2036	-	-	3,050,000	3,825,000	6,875,000
2037	-	-	3,075,000	3,925,000	7,000,000
2038	-	-	-	4,050,000	4,050,000
2039	-	-	-	4,150,000	4,150,000
2040	-	-	-	4,185,000	4,185,000
Total remaining payments	<u>\$ 6,175,000</u>	<u>\$ 2,645,000</u>	<u>\$ 38,250,000</u>	<u>\$ 60,735,000</u>	<u>\$ 107,805,000</u>
Interest rate	6.30 - 6.70%	4.00%	5.00%	3.00%	
Original issue	<u>\$ 15,000,000</u>	<u>\$ 8,325,000</u>	<u>\$ 42,915,000</u>	<u>\$ 68,710,000</u>	<u>\$ 134,950,000</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.