

Annual Comprehensive Financial Report



Farmington
PUBLIC SCHOOLS

June 30, 2022

Farmington Public School District
Farmington, MI

Annual Comprehensive Financial Report of Farmington Public School District 32500 Shiawassee Farmington, Michigan 48336

**For the Fiscal Year Ended
June 30, 2022**

**Dr. Christopher J. Delgado
Superintendent of Schools**

Board of Education

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Blau
President**

**Claudia T.
Heinrich
Treasurer**

**Angie F. Smith
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Jr.
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September 23, 2022

Citizens and Board Members:

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Ph.D.
Superintendent

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The Annual Comprehensive Financial Report of Farmington Public School District (the "School District") for the fiscal year ended June 30, 2022 is submitted herewith. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe that the data as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds with all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs.

Reporting Entity and Services

Farmington Public School District is an independent reporting entity established under the laws of the State of Michigan and governed by an elected, seven-member Board of Education and fully meets criteria established by the Governmental Accounting Standards Board (GASB). All funds of the School District are included in this report. The School District does not have component units.

The School District follows GASB Statement No. 34, a governmental reporting model. The financial section reports separately the governmental funds and the fiduciary fund administered by the board. In addition, the financial section includes the School District's government-wide financial statements.

Report Organization

The Annual Comprehensive Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section

This section introduces the reader to Farmington Public School District and to this report. Included are facts about the School District, this transmittal letter, the School District's organizational chart, and the Association of School Business Officials International Certificate of Excellence in Financial Reporting for the year ended June 30, 2021.

Financial Section

The financial section includes the independent auditor's report on the financial statements and schedules, management's discussion and analysis, government-wide financial statements, the fund financial statements, notes to the financial statements, and required and other supplemental information.

The management of the School District is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

The management's discussion and analysis, which includes an analysis of the School District's financial position and results of operations, government-wide financial statements, fund financial statements, and supplemental statements and schedules presented in the financial section of this report, present fairly and with full disclosure the financial position and results of the financial operation at the fund and government-wide levels in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions. The management's discussion and analysis provides an overview and analysis of the School District's basic financial statements and should be read in conjunction with the financial statements.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The supplemental statements and schedules contain a more detailed analysis of revenue and expenditures that are compared to the 2021-2022 budget for the General Fund, as well as schedules presenting the School District's proportionate share of net pension liability and contribution information related to the MPSERS pension plan. Other supplemental information includes the balance sheet and statement of revenue, expenditures, and changes in fund balances as well as statements and schedules containing a more detailed analysis of revenue and expenditures that are compared to the 2021-2022 budget for nonmajor governmental funds as well as the schedule of bonded indebtedness detailing interest rates and annual maturities, schedule of fixed assets by building, and schedule of cash, cash equivalents, and investments.

Statistical Section

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

About Farmington Public School District

The Community

Farmington Public School District is a suburban school district located in the cities of Farmington and Farmington Hills and the Township of West Bloomfield, all within southern Oakland County, Michigan. The School District encompasses 28 square miles with a population of approximately 95,600. The entire City of Farmington and a majority of the City of Farmington Hills lies within the School District boundaries. A small portion of West Bloomfield Township is within the School District boundaries. The School District's 2020 median housing value for the cities of Farmington and Farmington Hills was \$221,500 and \$270,000, respectively. The median household income from survey data collected by the Cities of Farmington and Farmington Hills, respectively, was estimated at \$78,875 and \$85,152 in 2019, the latest census data available. Due to its proximity to I-696, Northwestern Highway, Grand River, I-96, and I-275, the School District has a significant commercial and industrial tax base to support community services and provide a strong economic climate.

Many nonprofit agencies within the area, including the Farmington Call to Action, Farmington/Farmington Hills Multi-Cultural/Multi-Racial Community Council, Neighborhood House, Farmington Youth Assistance, the Commission on Children, Youth and Families, and the Farmington Hills/Farmington Community Foundation work closely with the schools and cities to improve the quality of life for Farmington residents. The School District maintains several school/community/business partnerships that enhance educational opportunities for students with the assistance of a Community Partnership Advisory Council.

The School District has always been a leader in instructional excellence. The attention to a strong comprehensive academic curriculum continues to be an attraction for families moving into the community.

The School District has one early childhood center, one K-8 STEAM school, eight K-5 elementary schools, three 6-8 middle schools, two 9-12 high schools, one 11-12 alternative high school, one special education center and several other support facilities.

The School District works within a comprehensive curriculum, including instructional resources, in the areas of language arts, mathematics, social studies, science, art, music, physical education and health, and world languages. Curriculum development is guided by the School District's student learning outcomes and the State Board of Education Curriculum. The District utilizes an instructional review process to guide staff through curriculum research, planning, piloting, implementation, and evaluation.

The School District's educational program is rich in choice and offerings. Currently, students are eligible to apply to attend any school of their choice within each school's capacity limit. The School District operates Head Start, a federally sponsored program, for eligible at-risk early childhood students.

There is a strong core curriculum for every student, enhanced by applied technology programs and access to 1-1 technology. Curriculum offerings include advanced placement opportunities, bilingual and special education programs, secondary alternative high school, International Baccalaureate for high school students, musical strings at the secondary level, a full range of physical education and athletic offerings, numerous enrichment programs as well as online learning and alternative options in cooperation with Oakland Schools.

Elementary children have access to literacy and bilingual programs that support students learning art, music, and physical education. In cooperation with the Farmington YMCA, the School District provides Y-Child Care, before and after school child care at its elementary sites.

Special education services are provided government-wide for infants up to age 26 years. In addition, English as a second language is provided for adult learners. A student assessment and evaluation program provides information about individual, school, and School District achievement.

The official blended enrollment for 2021/2022, including alternative and adult education students, was 8,955 students.

Accomplishments

Farmington Public Schools Strategic Plan Development

At the end of the 2016-17 school year, Farmington Public Schools engaged a committee to begin development of an updated Strategic Plan for the District. This committee reviewed the current state of the District, reviewed the District Vision, Mission and Desired Culture statements and identified four major goal areas for Farmington Public Schools to pursue. During the 2020-21 school year, this information was reviewed and restructured to eight goal areas to support the overarching district priorities of equity and innovation. Two goal areas were completed during the 2021-22 school year, Effective Management of Resources and Organizational Effectiveness, with recommendations presented to the Board of Education in June 2022 for the District's Central Administration eventual review and implementation. The remaining six goal areas include:

Community Relations

Objectives include improving communication/outreach efforts with all stakeholders, including new and existing families, senior citizens, board of education, and overall community stakeholders and enhancing with intention partnerships and enrichment opportunities that expand student learning opportunities.

Teaching and Learning

Objectives include connecting concepts of authentic tasks and positioning to the FPS Profile of a Lifelong Learner, developing awareness and opportunities for vertical alignment across the district and reviewing FPS grading practices.

Creating a Culture for Equity and Innovation

Objectives include identifying and promoting adult behaviors that support a culture of equity and innovation and aligning professional development to support creating a culture of equity and innovation.

Leadership that Supports Equity and Innovation

Objectives include identifying three to five key components of leadership that fosters equity and innovation and creating a cross-district culture of equitable student leadership.

Creating Systems for Equity and Innovation

Objectives include identifying the key components for a plan for equity at FPS and identifying key components for system-wide innovation.

FPS Futures Committee

Objectives include a space to discuss and identify “What could be” for our FPS learners, including the incorporation of content in the FPS Profile of a Lifelong Learner; exploring paths forward for future learning opportunities.

To support attainment of these goals, strategies, action steps and monitoring methods were reviewed and revised during the 2021-22 school year. An update on the current state of each goal area, including strategies, action steps and monitoring methods was presented to the Board of Education in the Spring of 2022 with continued implementation during the 2022-23 school year.

Student and Staff Recognition

The School District is proud of the many achievements recognized during the 2022 fiscal year, including:

- Approximately 750 students took advantage of Advanced Placement or Dual Enrollment, advancing their education and potentially savings on college tuition.
- Farmington Early Childhood Center is accredited by the National Association of the Education of Young Children.
- All PreK-12 schools and the District are fully accredited by Cognia. Cognia conducts on-site external reviews of schools and districts.
- Longacre Elementary School was the fifth school in Michigan to be awarded the distinction of being named a Leader in Me Lighthouse School.
- Hillside Elementary School, Farmington STEAM Academy and Farmington High School have been recognized as National PTA Schools of Excellence.

School/Community Relations Services

The District has a robust communications process in place to communicate with both its internal and external communities. Some of the vehicles that the Department uses include:

- UpDate Newsletter which is sent quarterly to more than 40,000 households
- @farmington online newsletter which is sent to staff every other week
- Social media channels - Facebook, Twitter, Instagram, Pinterest
- Blackboard Messaging – emails, texts, phone calls
- Community Meetings, Presentations, and Coffees
- Videos developed by TV-10, the student-run television station
- Mobile App

District and school websites were re-designed several years ago using a Content Management System to help with the ease of updating the sites. The District’s website has received the Commendable Award from the National School Public Relations Association. The District uses Peach Jar to help manage community resource information and fliers on the web site and mobile app.

This Department also hosts community events to help tell the District's story including a Senior Adult Breakfast, Realtor Breakfast, Superintendent's Awards of Excellence Breakfast, and the Turn Around Awards Luncheon.

The District works closely with its parent groups - PTA/PTSA's and the Farmington African American Parent Network (FAAPN) and numerous community groups including the Farmington Family YMCA, the Farmington Area Chamber of Commerce, the Farmington/Farmington Hills Optimist Club, the Farmington/Farmington Hills Education Foundation, and the Farmington Xemplar Club to name just a few.

For the past two Community Surveys, Communications ranked high in overall satisfaction.

Instructional Services

Board reports will include instructional reports to provide updates to the superintendent and the Board of Education. These are designed to provide an overview of instructional initiatives and the achievement of our students.

The School District continues to align the development of the District Improvement Plan (DIP) by ensuring School Improvement Plans (SIP) are completed by the end of May to ensure they inform the DIP as well as professional development for the upcoming school year. This alignment is a required part of the Michigan Integrated Continuous Improvement Process (MICIP).

The School District continues its work in meeting state requirements for the Teacher and Administrator Evaluation System. The School District implemented its Teacher Professional Growth and Evaluation model using the final ratings to inform the 2021-22 staffing process. The teacher evaluation process is being refined through professional development and experience with all components.

Technology is infused throughout the organization, with FPS now being a 1:1 district. It supports operations, curriculum, and instruction, enhances learning, and extends beyond the school faculty and school day. Support includes the NWEA assessment, M-STEP testing as well as the addition of Google Apps for Education. The district invested in a Learning Management System (LMS) to support teachers, students and families in the learning process. A Learning Management System provides an online space for students and teachers to work collaboratively and includes parents as partners in their child's education.

The work of key instructional staff with technology consultants, along with input from teachers across the District, continues to drive bond technology purchases throughout the District. Technology advancements include expanded wireless connectivity throughout the School District, 1:1 technology for all learners, interactive projectors, document cameras, classroom sound-systems, and interactive flat panels.

Student Support Services

A Multi-Tiered System of Supports (MTSS) is addressed through initiatives including lab classrooms, professional development, implementation of Reader's and Writer's Workshop, Instructional Support Time (IST), and What I Need Time (WIN). Furthermore, the District provides instructional support with the use of supplementary print and digital resources.

Implementation of Positive Behavior Intervention Support (PBIS) and on-going monitoring of discipline data continues in each school.

Each school and department in our district is a Professional Learning Community where schools work in professional learning teams (PLTs). Teams are established in all schools and departments in the district. Support for the work of PLTs is provided through professional development for all staff. Teacher teams are meeting on a regular basis to review what students must know and be able to do, analyze and use assessment data to inform instruction and progress, and to identify supports for assisting students to improve learning. Instructional support teams (Business Services, Facilities, etc.) continue to work on effective and efficient practices within their areas of service.

Special Education

Special education continues to support, align, and integrate special education instructional goals with the general education curriculum and also work to develop a model to facilitate the transition for special education students between levels and programs within the School District.

Special Education also utilizes technology to support curriculum (Unique Learning System) that aligns with Essential Elements for our basic classrooms and Specially Designed Instruction intervention strategies for students struggling in reading and math. Ipads are used as communication devices for students with autism and others with communication needs. Chromebooks are used to support students who have difficulty writing their ideas, but are able to express their ideas verbally. Special Education has two PAES labs (Practical Assessment Exploration System) to provide vocational assessments for secondary and post-secondary students and PREP (Preparing Real Experiences for Post-secondary success) program for students who are more independent and attend school on the Oakland Community College campus. Visions Unlimited has a production workshop where students learn to make sellable products and participate in Work Based Learning Experiences.

Facilities Management

With the successful bond proposal in May 2015, the district interviewed and awarded contracts to the required consultants, including architects and engineers to design and document the work in the bond proposal. Schools included in Phases 1 through 5 of the 2015 bond construction cycle are complete.

In March of 2020 the District successfully passed a second bond initiative (totaling \$98 million dollars). The first series of bonds were issued in June 2020 and the proceeds totaled \$67.8 million. The District successfully negotiated contracts with its Architect, Construction Manager and Technology Design Consultant. Work began on Phase I schools in June 2020. To date (August 31) bond work has been completed at Lanigan Elementary, Wood Creek Elementary, Gill Elementary, Longacre Elementary, Forest Elementary, Hillside Elementary, East Middle School, Power Middle School and Farmington High School. Work is scheduled to begin later this fall at Farmington Community School and at the Maxfield Education Center. Of the \$98 million originally approved, \$16.1 million is currently committed.

The School District continues its work on energy management. The program that was initiated 16 years ago has saved over \$13.0 million since its inception.

All operational departments and schools continue to practice and investigate sustainable measures, including recycling, energy management, and industrial storm water management for future generations. This year's environmental activities include the removal of two 10,000 gallon, 40 year old underground fuel storage tanks at transportation and two tanks at facilities management.

In the past, all 16 of the District's K-12 schools have received Michigan Green School Awards, 8 of which have been recognized as Evergreen, the highest level in the program. Due to the COVID-19 shutdown of schools, many of the schools were not able to complete and submit their applications this past year for the award.

In February of 2023 the District hired ABM, a third-party custodial services company, for a three-year period due to ongoing performance issues with the previous contracted cleaning service. The District's new hybrid model utilizes twenty-two day head custodians and two night foreman who monitor contracted services. The District continues its cleaning and sanitizing protocols to comply with CDC and local health department requirements related to the COVID-19 Pandemic. Personal Protection Equipment, including surgical masks, face shields and signage continue to be used in all school buildings to mitigate the risk of the spread of the virus.

Farmington Community School had been closed with the early childhood programs moving out, however the District ran a Title I summer school program in the building due to bond work taking place at Lanigan Elementary. Due to the continued challenges of the COVID-19 Pandemic, the District used this building in the 2021-22 school year to provide teachers with classroom space to teach virtually for those students who are part of the Virtual Learning Program (VLP). The building is scheduled to be renovated during the winter and spring of 2023 and occupied by Visions Unlimited staff and students in July of 2023.

The District's total square footage is 1,573,322 which includes 8 elementary schools, 1 K-8 STEAM Academy, 3 middle schools, 2 high schools, 1 alternative high school, 1 early childhood school and 1 special education school. The balance of the square footage includes 4 support facilities for a total of 21 buildings.

Human Resources

There continues to be a clear focus in Human Resources on efforts to attract, retain, and develop the best talent possible in order to help our students reach their maximum potential for growth. These efforts include the recruitment of diverse staff to better represent our student population, as well as a teacher mentoring program, developed by talented Farmington Public Schools' teacher leaders, that support the growth and development of our new teachers throughout the school year.

Related to the impact of the pandemic, numerous student supports have been added, which enhance the literacy growth and social-emotional needs of our students. The supports include direct services to our students, as well as growth opportunities for our teachers in instructional practices.

Negotiations have previously resulted in two-year or three-year contracts with all of our employee units. Three-year contracts, expiring in 2024, are with our bus drivers (Farmington Transportation Association), paraprofessionals and office staff (Educational Support Professionals), and teachers and support staff (Farmington Education Association). Two-year contracts, expiring in 2023, were reached with our maintenance and nutrition services staff (Farmington Maintenance and Cafeteria) and school administrators (Farmington Association of School Administrators). The District sought agreements that continued to recognize and value the contributions of all employees, while assuring that Farmington remains well-positioned for long-term, sustainable academic and financial health.

Business Services

Financial reports are prepared in accordance with standards of the Association of School Business Officials International criteria and the School District was recognized for this program.

Transparency information continues to be updated on the School District's website providing public access to how the School District spends its tax dollars.

The Business Office has converted to an all-electronic Purchase Order process and continues offering ACH payments (versus a paper check) to its vendors.

Due to the COVID-19 pandemic, the federal government provided billions of dollars to help support public school districts throughout the country. The business office has been instrumental in managing and supporting spending of these federal dollars with approximately \$20.5 million provided to Farmington Public Schools starting in 2020. Focus areas included purchase of PPE (personal protective equipment), disinfecting equipment, air purifiers for all classrooms and shared spaces, signage and posters, additional custodial support, outdoor WiFi availability at several schools, hotspots, instructional software, including a Learning Management System, as well as individualized student kits to eliminate the use of shared materials. These federal dollars are also being used to provide social emotional learning support to students, after-school tutoring, robust summer school programs, math and literacy support at the middle school level and a variety of instructional software to enhance student learning.

Farmington Schools provides the management of the nutrition services program in the Redford Union School District through a cooperative agreement.

Nutrition Services prepared and distributed over 355,000 breakfasts and 682,000 lunches which were funded by the USDA through a federal program, Seamless Summer Option, and available to all families with children enrolled in the District.

Financial Report Awards

The School District has received the Association of School Business International Officials Certificate of Excellence in Financial Reporting since the 1996-1997 fiscal year for its financial reports.

Economic Outlook

As the School District completes its 28th year under Proposal A, approved by Michigan voters in 1994, revenue has not kept pace with inflation. Proposal A substantially shifted funding responsibility from the local level to the state level and from property tax as the major revenue source. The cumulative rate of per-pupil revenue increase has been about 21.0 percent since 1994, and the cumulative rate of inflation at 51.4 percent, illustrating that funding has not kept pace with the rate of inflation. The School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level. In addition, various costs were shifted to local districts, which historically had been paid by the State. These include contributions to the Michigan Public School Employees' Retirement System and FICA.

The original budget for 2022-23 was created using an estimate of \$435 per pupil increase as the State budget had not yet been approved. The May Revenue Estimating Conference revealed that both the State's General Fund as well as the State School Aid Fund were in much better shape than previously anticipated. In the months that followed the May Revenue Estimating Conference, the State concluded it could make a significant investment in education. A State School Aid budget was approved on July 13, 2022 and included significant increases for schools. The State closed the "foundation allowance gap" that had existed for many years in the previous year and guaranteed a foundation allowance of \$9,150 for all school districts. Farmington, a "Hold Harmless" school district, is still allowed to levy an additional amount per pupil on residential taxpayers for operating purposes. The budget also provided a significant funding increases for special education and at-risk programs as well as new funding for school safety and pupil mental health. This was one of the largest investments in education over the last two decades, however the big question remains as to whether it is affordable into the long-term future.

The District settled contracts with all of its employee groups during 2020-21. A three-year contract through August 23, 2024 was reached with its teachers, the Farmington Education Association (FEA). Step increases will occur for those on the step schedule for each of the three years. Increases to the salary schedules were provided for 2022, 2023 and 2024 and equal 2.0%, 1.50% and 1.0%, respectively. Longevity payments increased and will continue to be paid to those eligible.

A three-year contract was settled through June 30, 2024 with the District's paraprofessional and secretarial staff, the Educational Support Professionals (ESP) and with its bus drivers, the Farmington Transportation Association (FTA). Within the ESP contract, the two-tier pay structure was eliminated and all employees moving from Tier 2 to Tier 1 were brought on closest to their current wage, but no lower. Steps are provided for the 2nd and 3rd years of the contract and on schedule wage increases for the first two years ranged from 1% to 1.5%. Longevity payments also increased and will be paid to eligible employees. The FTA contract also eliminated its two-tier wage structure. The contract provides for movement to the new wage schedule in year one with 2% and 5% on-schedule increases for bus drivers and mechanics, respectively. The remaining two years of the contract provide for step movement for those eligible with a 1% increase on schedule. Health insurance deductions for bus drivers were reduced from 24% to 20% over a two-year period to bring them in line with other district employees.

A two-year contract was settled through June 30, 2023 for maintenance and nutrition staff, Farmington Maintenance and Cafeteria (FMC) and with the Farmington Association of School Administrators (FASA). The FMC contract provides for step movement and on-schedule wage increases in both years. The FASA contract eliminated its two-tier wage structure and provided for step movement and on-schedule wage increases in both years of the contract.

The State of Michigan, through the Department of Treasury, commissioned an Adequacy of Education Funding in Michigan study with results received in June 2016. Results of the equity analysis showed Michigan's school finance system to be moderately inequitable. Findings also suggested that the State may be falling short in providing additional resources for serving special needs populations. The study provided various recommendations to the State, but ultimately, it suggested that the State should work toward having a single formula allowance amount for all districts supplemented by an equalized local option operating levy that must be approved by a district's voters and that provides an avenue for local discretion on school spending levels. This recommendation sounds very similar to the funding structure for hold harmless districts currently in place. We will need to closely monitor any changes brought forward in the future to assess how they will impact our funding. Oakland Intermediate School District organized a task work group, now known as the School Finance Research Collaborative, to continue the adequacy funding study to provide more detailed recommendations on funding sources needed for today's schools.

The School Finance Research Collaborative is a diverse, broad-based and bipartisan group of business leaders and education experts from all corners of Michigan. The key findings of the study completed are:

- An identified base cost for educating a student with several factors that deserve additional funding for student characteristics including poverty, special education, English Language Learners (ELL) and Career and Technical Education (CTE).
- Identification of costs in related areas in response to school district or charter school characteristics including: transportation of students, geographic isolation, state pension system costs and enrollment size.
- Identification of the base cost of a regular education student at \$9,590 for both traditional public schools and charter schools. That amount excludes transportation, food service and capital costs, and only includes pension costs at 4.6% of wages.
- In addition to the base per-pupil cost, a percentage of the base cost should be provided for special education, English Language Learners, students living in poverty and programs to provide Career and Technical Education, and to account for geographic isolation.
- All school districts and those charter schools in the State Pension system (MPERS) should receive funding in addition to the base for the payment required by law. Currently, the required additional payment is equal to approximately 22.9% of all wages.

The current Governor has been very supportive of the Adequacy of Education Funding in Michigan study. The budget she presented in February 2022 continued to try to address funding for these specific areas. The Legislature approved and the Governor signed one of the largest state aid bills in the last two decades. The funding gap between lower funded districts and higher funded districts was closed in the previous year with the State guaranteeing to fund a foundation allowance per pupil of \$9,150 for all school districts in Michigan. Farmington Public Schools is still able to levy an additional \$1,876 per pupil (hold harmless millage) on its residential taxpayers for operating purposes.

Although the School District has a fund balance at the present time, the future requires that the School District continue to develop a long-term set of strategies to ensure it is able to maintain a balanced budget in the future. The Board of Education requires a targeted fund balance range of 10 percent to 15 percent of expenditures along with cost containment strategies, constant program review, and new programs to remain dynamic and has the commitment of the board and administration.

The School District's hold-harmless millage was overwhelmingly renewed by voters in August 2015, which was anticipated to bring continued levels of local operating revenue through 2025. For the past five years, the District was able to levy 18.0000 mills on all non-homestead properties due to the successful passage of a headlee override by voters in November 2017. The ballot proposal in the November 2017 election not only restored the millage rate back to 18.0000 mills but authorized an additional one mill to absorb potential future rollbacks. The State assumes the District levies the full 18.00 mills on non-homestead properties as part of the foundation allowance formula and does not make up the loss in revenue should the millage rate be rolled back. For 2022-23, the District is only able to levy 17.3848 mills on non-homestead properties as the millage rate has been permanently rolled back over the last five years and is now below 18.0000 mills. This results in a loss of revenue of approximately \$878,000. The District has a ballot proposal in the November 2022 election to restore the 0.6152 mills as well as authorize an additional one mill to absorb potential future rollbacks.

Another challenge the School District faces is declining enrollment. A third-party demographer projects our enrollment annually. For fiscal year 2022-23, the District used a decrease of 63 pupils for budget purposes. The major factor affecting enrollment over the last decade continues to be the declining birth rates in Oakland County. Early enrollment numbers appear to be higher than we anticipated as schools return to normal programming following two years of the COVID-19 pandemic.

Accounting System, Budgetary, and Internal Control

The State of Michigan requires all school districts to comply with Public Act 43 of 1963, *Budget Hearings of Local Governments* and Public Act 2 of 1968, *Uniform Budgeting and Accounting Act*. These acts require all school districts to prepare budgets for their funds, which account for the day-to-day operations of the district; however, fiduciary funds are not required to be budgeted. The budgets are prepared in accordance with generally accepted accounting principles and a specific uniform chart of accounts established by the State. Budgets must be approved no later than June 30 for the fiscal year beginning July 1, and ending June 30 the subsequent year. Prior to adoption, the Board must conduct a public hearing and make the budget available for review as well as provide notice of the hearing in a newspaper of general circulation at least six days prior to the hearing. Formal adoption of the budget is accomplished through a general appropriations resolution approved by the Board which sets forth the amounts to defray the expenditures and meet the liabilities of the District as well as a statement of estimated revenue by object in each fund. Once approved, expenditures cannot exceed the budget by function and object during the fiscal year without Board approval of revisions.

The board maintains a system of budgetary and accounting controls designed to assist management in meeting its responsibility for reporting reliable information. The system is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded and executed with management's authorization. Internal control systems are subject to inherent limitations with regard to the necessity to balance cost against the benefits produced. Management believes that the existing system of budgetary and accounting control provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The board utilizes a functional budget that is prepared according to the guidelines and requirements set forth in state law and the *State Financial Reporting Manual*.

During the fiscal year, reports are generated for the budgetary funds, which include the budget, current year-to-date revenue and expenditures, revenue and expenditures over or under, and percentage over or under budget. These reports are provided to administration and each budget administrator has the capability to run their own reports as needed. The reports also detail the monthly transactions and summarize the remaining balances to be spent from the appropriations allocated for goods and services among the programs managed.

The report of the School District's independent certified public accountants, Plante & Moran, PLLC, appears on pages 1-2 of this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and, accordingly, included a review of the board's system of budgetary and accounting controls.

Financial Policies

The following financial policies and practices of the School District had a significant impact on the School District's fiscal year 2021-2022 financial statements:

Fund Balance - Financial stability is important to maintain a strong instructional program for the students in the School District. In order to maintain financial stability, the Board of Education stipulates that the School District target an 10 percent to 15 percent fund balance in the General Fund. Maintaining this level of fund balance helps the School District weather sudden reductions in funding, as well as provide adequate cash flow to meet its payroll and other financial obligations.

Long-Term Financial Planning – A budget timeline and budget parameters are developed with the District's Central Office Team. These parameters are then presented to and discussed with the Board's Finance and Facilities Committee and then with the Board of Education at a regular public meeting. Input received at the Board meeting is incorporated. These parameters become the basis for the ensuing year's budget development and guide the forecast for an additional year. The forecast is used internally to make decisions both for the upcoming budget year and the forecasted year which promote fiscal stability, keep the Board's target fund balance percent at the forefront and provide quality educational programs for the students.

Preventative Maintenance Schedule and Plan - Maintaining the School District's facilities is important to provide a safe and healthy learning environment. The School District maintains a long-range preventative maintenance and capital projects schedule in order to keep its buildings in good working order as well as to timely identify replacement of significant components within a building. In 2010, a facilities evaluation was completed by a third-party architect. This facilities evaluation has aided the School District in identifying future capital needs based upon the ages and condition of its physical plant. In May 2015, a \$131.5 million bond proposal was passed by the electorate to address facilities needs and the related financing of these needs. The amount financed also includes dollars to replace a portion of our aging fleet of buses as well as technology upgrades. The bond financing amount was reduced by a factor to adjust for potential school closures due to projected declining enrollment. This infusion of bond money will help to alleviate the pressure within the General Fund to pay for ongoing costs for our aging facilities whose average age exceeds 50 years.

A 10-year Capital Assessment Plan was completed by a consultant in May 2019 and updated in December 2019 with the assistance of the Facilities Management Department. The assessment provided the District with a capital planning template with three major components: critical need/life-safety, deferred maintenance and property enhancements. The Plan identified needs of approximately \$85.5 million. Approximately \$20.0 million was identified for technology needs and approximately \$7.5 million identified for buses. The District's Board of Education approved a ballot proposal for a \$98.0 million bond issue which was voted on in March 2020. The bond proposal was approved by voters and the District is currently working on the Phase II and III projects that took place over the Summer of 2022 and will continue into the Fall.

Enrollment Projections - Annually, the School District hires a third-party consultant to project student enrollment figures using live birth statistics and grade progression. This assists the School District in facilities and budget planning.

Pension and Other Postemployment Benefits - The School District participates in the Michigan Public Schools Employees' Retirement System (MPERS), which is a state-administered cost-sharing multiple-employer public employee retirement system. The retirement system consists of three plans: a defined benefit plan, a hybrid plan consisting of a defined benefit plan and a defined contribution plan, and a defined contribution plan. As part of the MPERS reform approved by the Michigan Legislature and signed by the governor on September 4, 2012, all employees hired prior to July 1, 2010 were required to make an election from four options. Effective February 1, 2013, and depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of reportable wages. Employees could elect into a defined contribution plan (DC), whereby they are not required to make additional contributions, and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF), depending upon their date of hire and retirement plan election.

Under the MPERS act, all retirees participating in the MPERS pension plan have the option of continuing health, dental, and vision coverage through MPERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. Effective February 1, 2013, members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 401(k) account.

The assumed rate of return within the retirement plan has been reduced over the last few years to 7.05 percent, which has the net effect of increasing the value of the retirement obligation for the plan, which in turn increases the required contributions to the plan. Additionally, for staff hired on or after February 1, 2018, the default employee election will be into a defined contribution (DC) plan; however, an employee can elect the hybrid plan within a specified timeframe. Members opting to participate in the defined contribution (DC) plan are provided with a 50 percent employer match (up to 3 percent of salary) on employee contributions. This created a change in the District's cost of the benefit for employees new to

the retirement system in February 2018. It is anticipated that funding will continue to be provided in 2020-21 to all public school districts to help offset the additional costs for these plan changes.

Employer contribution rates are established annually by the Office of Retirement Services based upon actuarial data and estimates of future retirements in the system. A factor affecting the retirement rate computation is the number of active members for which contributions are made into the retirement system. Over the last several years, the trend in Michigan public schools is to privatize non-instructional services such as substitutes, custodians, transportation, maintenance, and food service. It has yet to be determined what effect privatization will have on future employer contribution rates.

Major Initiatives

Strategic Planning – At the end of the 2016-17 school year, Farmington Public Schools engaged a committee to begin development of an updated Strategic Plan for the District. This committee reviewed the current state of the District, reviewed the District Vision, Mission and Desired Culture statements and identified four major goal areas for Farmington Public Schools to pursue. During the 2020-21 school year, this information was reviewed and restructured to support the overarching district priorities of equity and innovation. The 8 goal areas include Community Relations, Teaching and Learning, Creating a Culture for Equity and Innovation, Effective Management of Resources, Organizational Effectiveness, Leadership that Supports Equity and Innovation, Creating Systems for Equity and Innovation, and FPS Futures Committee. Two goal areas were completed during the 2021-22 school year, Effective Management of Resources and Organizational Effectiveness, with recommendations presented to the Board of Education in June 2022 for the District's Central Administration eventual review and implementation.

District Equity Audit – An equity audit was conducted by US² during the 2020-21 school year. US² spoke with 623 stakeholders which included students, building administrators, staff members, parents, community members, board members and district administrators and received surveys back from 4,707 stakeholders. School virtual visits took place during March, April and May of 2021. Focus areas that were examined were:

- Representation/Policies & Procedures
- Culture
- Family & Community Engagement
- Teacher Leadership
- Instruction/Pedagogy
- Curriculum

US² compiled a report of findings as well as a summary of recommendations for the district, as an entity. The District is currently developing a 3 – 5 year plan to address the findings and recommendations.

Professional Learning Teams (PLT's) – The goal of Professional Learning Teams is to support staff growth that ensures student achievement. Time is being planned for teams to work together to explore their curriculum and resources, share resource materials, and review data to plan instruction. To facilitate the success of PLT's, a focused effort on the development of teacher leadership was developed and will be in use for the upcoming school year. This will include training teacher leaders in facilitation, assessment (formative and summative), and curriculum mapping.

School Improvement Process – Input from School Improvement Teams will inform each school's improvement plan and result in a coordinated District Improvement Plan as part of the Michigan Integrated Continuous Improvement Process (MICIP) that drives, supports and services, as well as necessary professional development. Successful re-accreditation by Cognia in 2020-21 provided feedback to improve our programs and services across the district.

Quality Instruction Initiative – The instructional department has outlined our instructional vision which includes linking the learner profile, quality instruction and instructional observations to increase student achievement and accountability. The intent of the process is to provide staff the necessary tools to move learning forward with the necessary knowledge and skills. This model is articulated in the Teacher Professional Growth and Evaluation model, particularly the Marzano Design questions and related elements.

Curriculum Alignment and Development – The proper alignment is in place for all state approved standards for respective content areas including common assessments at all levels. As a result, our District works collaboratively with Oakland Intermediate School District in the area of curriculum, instruction and assessment to best represent the learning outlined with Common Core. These resources continue to be integrated by our PLT teams into their instructional practice.

K-12 Science Adoption – During 2018-19 a comprehensive science program was investigated for grades K-8 including purchasing the necessary materials/resources that meet the needs of students and incorporate the new instructional shifts laid out in the Michigan Science Standards so that every student will meet grade-level proficiency on state administered performance assessments. The new program encourages student centered learning around various phenomena. The new science program was implemented during the 2019-20 school year for grades K-8. High School Science is currently investigating several programs with a rolling implementation starting in 2021-22.

Talent Development Model - As we continue on the path of growth, we want to focus on organizational processes designed to attract, develop, motivate, and retain skilled and highly engaged staff. We have dedicated staff in our District and our goal is to continue to attract, develop, and keep outstanding staff members in all areas in Farmington. A talent development model was designed with an equity lens focusing first on teachers and administrators and is currently being utilized when hiring new staff.

Capital Planning – On May 5, 2015, a \$131.5 million bond proposal was approved by voters. The proposal was the culmination of work that occurred during the 2013-14 fiscal year by the Capital Planning Advisory Committee. The committee presented its recommendations in the summer of 2014. The work of the Committee stemmed from the prior work of the Facilities Forward study team which created a broad vision to address the critical facilities needs across the district including learning spaces and tools to be able to support our staff in having what they need to achieve great results with their students. In addition, a Building and Site Utilization Committee provided a recommendation on the number of facilities that will be retained by the District. Their work was based upon enrollment trends, as the full amount of needs exceeded over \$140 million for the District to retain all existing buildings, but was reduced to incorporate enrollment trends. As part of the bond work, the District expanded and renovated one of its early childhood centers, Alameda, which will allow for all early childhood programs to operate in one building. The newly renovated and expanded site will open in the Fall of 2020 and will be renamed Farmington Early Childhood Center. Remaining bond dollars should be expended by June 30, 2023.

A 10-year Capital Assessment Plan was completed by a consultant in May 2019 and updated in December 2019 with the assistance of the Facilities Management Department. The assessment provided the District with a capital planning template with three major components: critical need/life-safety, deferred maintenance and property enhancements. The Plan identified needs of approximately \$85.5 million. Approximately \$20.0 million was identified for technology needs and approximately \$7.5 million identified for buses. The District's Board of Education approved a ballot proposal for a \$98.0 million bond issue which was voted on in March 2020. The bond proposal was approved by voters in March 2020 and the District is currently wrapping up Phase II projects with Phase III projects currently being planned.

Independent Audit

The School District's financial statements were audited by Plante & Moran, PLLC, certified public accountants, as of June 30, 2022. Their audit was made in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. The financial statements present fairly the financial position of Farmington Public School District at June 30, 2022. Their audit also included the single audit on federal awards, a copy of which can be obtained from the School District's business office.

Excellence in Financial Reporting

The School District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a Comprehensive Annual Financial Report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. The School District received a Certificate of Excellence in Financial Reporting from the ASBO for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1997 through June 30, 2021.

In order to be awarded a certificate of excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A certificate of excellence is valid for a period of one year only. We believe our current report conforms to program standards and we are submitting our report to the ASBO to determine its eligibility for this certificate.

Acknowledgments

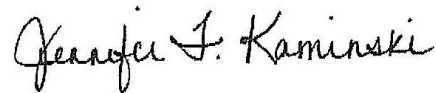
The preparation of this report on a timely basis could not have been accomplished without the effort and dedicated services of the entire staff of the business department. We would like to express our appreciation to all the members of this office who assisted in the timely closing of the School District's financial records and the preparation of this report.

Also, we would like to express our appreciation to other departments and individuals who assisted in the preparation of this report.

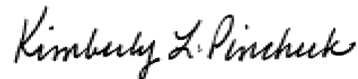
Sincerely,



Christopher J. Delgado, Ph.D.
Superintendent



Jennifer F. Kaminski
Assistant Superintendent for Business Services



Kimberly L. Pincheck
Finance Director

Farmington Public School District

District Officials

Administration

Dr. Christopher J. Delgado
Superintendent of Schools

Dr. Kelly M. Coffin
Assistant Superintendent,
Innovation and Strategic Initiatives

Bradley Paddock
Assistant Superintendent, Human
Resources and Talent Development

Jennifer F. Kaminski
Assistant Superintendent,
Business Services

Dr. Jacqueline D. McDougal
Executive Director, Student Services

Jon Barth
Director, Facilities Management &
Transportation

Diane Bauman
Director, School & Community Services

Board of Education

Dr. Cheryl B. Blau
President

Angie F. Smith
Vice President

Claudia T. Heinrich
Treasurer

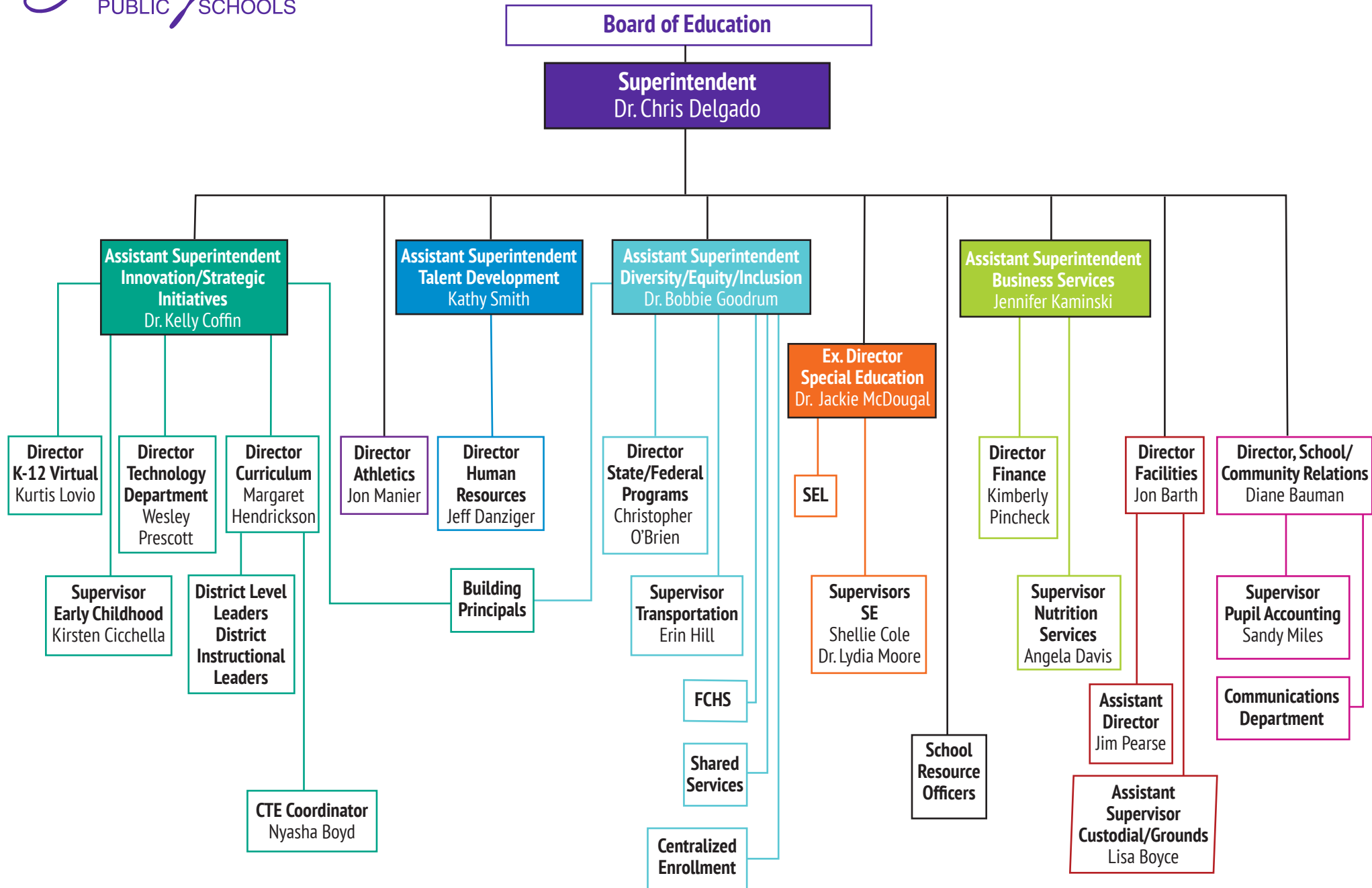
Donald Walker, Jr.
Secretary

Mable S. Fox
Trustee

Zach T. Rich
Trustee

Terri A. Weems
Trustee

Administrative Organizational Chart - 2021-2022





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Farmington Public School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Independent Auditor's Report

To the Board of Education
Farmington Public 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 Farmington Public 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 and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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
Farmington Public 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Education
Farmington Public School District

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 Farmington Public 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 basic 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 Farmington Public 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 and the 2020 Building and Site Fund - with all other funds presented in one column as nonmajor funds.

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Basic Financial Statements

Required Supplemental Information

Budgetary Information for Major Fund

Schedules of Proportionate Share of the Net Pension and OPEB Liabilities

Schedules of Pension and OPEB Contributions

Other Supplemental Information

In addition, the School District has added the introductory section and the statistical section to compile its Annual Comprehensive Financial Report.

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.

Farmington Public 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 nutrition services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Nutrition Services Fund is an example) 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

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 in a reconciliation.

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services provided to other funds. The School District established a proprietary fund, specifically the internal service fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent health insurance benefits.

Farmington Public 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	\$ 122.9	\$ 141.7
Capital assets	181.9	172.9
Total assets	304.8	314.6
Deferred Outflows of Resources	49.5	73.5
Liabilities		
Current liabilities	28.5	30.4
Noncurrent liabilities	364.7	495.0
Total liabilities	393.2	525.4
Deferred Inflows of Resources	132.9	57.9
Net Position (Deficit)		
Net investment in capital assets	65.4	68.0
Restricted	4.3	3.3
Unrestricted	(241.5)	(266.5)
Total net position (deficit)	\$ (171.8)	\$ (195.2)

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 \$(171.8) million at June 30, 2022. Net investment in capital assets totaling \$65.4 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 (\$(241.5) million) was unrestricted.

The \$(241.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and 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.

Farmington Public School District

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 2.2	\$ 0.9
Operating grants	50.4	46.2
General revenue:		
Taxes	53.4	54.2
State aid not restricted to specific purposes	54.8	57.0
Other	0.9	0.5
Total revenue	161.7	158.8
Expenses		
Instruction	72.1	85.1
Support services	48.7	52.8
Athletics	1.6	1.4
Nutrition services	3.2	2.3
Community services	1.5	1.3
Interdistrict payments	0.9	1.0
Debt service	6.1	5.8
Depreciation expense (unallocated)*	4.2	3.9
Total expenses	138.3	153.6
Change in Net Position	23.4	5.2
Net Position (Deficit) - Beginning of year	(195.2)	(200.4)
Net Position (Deficit) - End of year	<u><u>\$ (171.8)</u></u>	<u><u>\$ (195.2)</u></u>

*Unallocated depreciation excludes direct depreciation expenses of the various programs.

As reported in the statement of activities, the cost of all of our governmental activities this year was \$138.3 million. Certain activities were partially funded from those who benefited from the programs (\$2.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$50.4 million). We paid for the remaining public benefit portion of our governmental activities with \$53.4 million in taxes, \$54.8 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$23.4 million, primarily due to the change in the School District's pension liability, which decreased as a result of market fluctuations and the return on investments in the pension system.

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.

Farmington Public School District

Management's Discussion and Analysis (Continued)

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds 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 \$93.7 million, which is a decrease of \$16.7 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased \$0.4 million to \$31.6 million. The change is due mainly to additional property tax revenue received and one-time funds distributed by the intermediate school district. Excluding federal and state grant budget variances, revenue exceeded projections by \$424,000, and expenditures were under projections by \$199,000.

Combined, the fund balance of our debt service funds decreased \$237,000. Millage rates were kept flat as property values increased. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can be used only to pay debt service obligations.

Combined, the fund balance of our capital project funds decreased \$18.0 million. This decrease is due primarily to continued construction related to the 2018 and 2020 bond issues. The 2018 bond construction projects are estimated to be approximately 93.2 percent complete at the end of the year, with the remaining funds to be expended in full by June 30, 2023.

The Maintenance/Bus Purchases capital projects fund was created during the 2004-2005 fiscal year to separate large capital and nonoperating expenditures from general operating obligations of the School District. Transfers from the General Fund are made to this fund based upon capital projects needs for future fiscal years. A transfer of \$600,000 was made during the year.

The Technology/Other Projects Fund was previously funded through transfers from the General Fund. These funds were used to purchase technology-related equipment. As pressures continued on General Fund operations, limited dollars, if any, were available to fund technology purchases. Therefore, a portion of the 2018 Building and Site Fund is being used to purchase technology infrastructure and technology-related equipment. A transfer of \$300,000 was made during the year to address future technology needs when bond dollars are fully expended from the 2020 bond issue.

With the adoption of GASB 84, the School District created the Student Activities special revenue fund to account for activities previously reported as fiduciary funds. Fund balance increased slightly for the year ended June 30, 2022 as a result of a return to normal opportunities for fundraising after the COVID-19 pandemic and the return to a full year of in-person instruction.

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 required supplemental information of these financial statements.

There were significant revisions made to the 2021-2022 General Fund original budget. Budgeted revenue was increased by \$13.0 million due to a decrease in local revenue (\$2.6 million) for property taxes related to a reduction in the hold harmless millage rate, Medicaid fee for service, and other miscellaneous revenue; an increase in state revenue (\$6.6 million) due to an increase in the base foundation allowance, increased funding for the MPERS retirement costs, and state ESSER II per pupil equalization grant funding; an increase in federal grant funds (\$8.4 million) based upon current grant awards mainly due to ESSER II and ESSER III (ARP) grant funding provided to schools; and an increase in interdistrict revenue (\$0.6 million) due to additional special education funding distributions from the intermediate school district.

Farmington Public School District

Management's Discussion and Analysis (Continued)

Budgeted expenditures were also increased by \$12.4 million to account for actual staffing in place, current contractual obligations, and current grant awards (which included significant new federal dollars).

The difference between final budgeted revenue and actual revenue was \$8.8 million, or 5.8 percent less than budgeted. The difference, on a net basis, included higher than anticipated property taxes; an increase in interdistrict revenue due to one-time funds distributed for special education; and other state and federal revenue recorded based upon expenditures made, where these grants are budgeted at the full award amount.

The difference between final budgeted expenditures and actual expenditures was approximately \$9.4 million, or 6.2 percent less than budgeted. The reasons for the differences, on a net basis, are as follows:

- Grant expenditures, budgeted upon award amounts, were below projections by approximately \$9,200,000.
- Utility costs were under projections by approximately \$127,000.
- Employee wage and wage-related benefit costs were below projections by approximately \$26,000.
- Maintenance purchased services were above projections by \$60,000.
- Teachers and paraprofessional sub costs exceeded projections by approximately \$645,000.
- Workshops and conferences were below projections by approximately \$143,000.
- Contracted transportation for special education was below projections by approximately \$231,000.
- Teaching supplies and textbook purchases were below projections by approximately \$339,000.
- Custodial, maintenance, office, and miscellaneous supplies were below projections by approximately \$81,000.
- Departmental budgets, on a net basis, were above projections by approximately \$43,000.
- Contracted services for custodial services were above projections by approximately \$124,000.
- Gas, oil, and repair parts costs were below projections by approximately \$128,000.
- Tax tribunal costs were below projections by approximately \$40,000.
- Tuition costs paid to other districts were higher than projections by \$43,000.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the School District had \$181.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$9.0 million from 2021 to 2022.

	Governmental Activities	
	2022	2021
Land	\$ 683,744	\$ 683,744
Construction in progress	8,062,679	2,321,948
Buildings and improvements	254,506,227	244,461,485
Furniture and equipment	22,713,384	21,633,000
Buses and other vehicles	10,386,860	11,746,875
Total capital assets	296,352,894	280,847,052
Less accumulated depreciation	114,472,721	107,931,158
Total capital assets - Net of accumulated depreciation	\$ 181,880,173	\$ 172,915,894

Farmington Public School District

Management's Discussion and Analysis (Continued)

This year's additions of \$17.9 million included buses, district signage, various classroom/school equipment, kitchen appliances, and custodial equipment

This year's disposals of \$2.4 million included the disposal of buses and obsolete furniture and equipment.

Debt

At the end of this year, the School District had \$153.7 million in bonds outstanding versus \$160.0 million in the previous year - a change of 4.0 percent. Those bonds consisted of the following:

	2022	2021
2015 general obligation bonds	\$ 53,405,000	\$ 56,320,000
2018 general obligation bonds	45,575,000	47,675,000
2020 general obligation bonds	54,675,000	56,015,000
Total	\$ 153,655,000	\$ 160,010,000

The School District's general obligation bond rating continues to be Aa3 and was reviewed and affirmed in May 2020 by Moody'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 does not currently have any outstanding unqualified general obligation debt.

Other obligations include accrued vacation pay, sick leave, and workers' compensation self-insurance. We present more detailed information about our long-term liabilities in the notes to the basic 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 affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2022-2023 budget was adopted in June 2022 with a reduction in enrollment of 63 students. Approximately 68 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2022 school year, we anticipate that the fall student count will be on target with the estimates used in creating the 2022-2023 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund all school districts at a targeted foundation allowance of \$9,150 per pupil. The School District will be able to levy its hold harmless per pupil of \$1,876; however, the nonhomestead millage rate has been rolled back below 148.0 mills due to the Headlee Amendment, a loss of \$103 per pupil, which brings the overall foundation allowance to \$10,923, an increase of \$347 from 2021-2022. The School District's total foundation allowance if able to levy the full nonhomestead millage rate would have been \$11,026, or an increase of \$450 per pupil. The School District is asking for a restoration millage override in the November 8, 2022 election to be able to collect the full foundation allowance allowed by law.

The School District settled contracts with all of its employee groups during 2020-2021. A three-year contract through August 23, 2024 was reached with its teachers, the Farmington Education Association (FEA). Step increases will occur for those on the step schedule for each of the three years. Increases to the salary schedules were provided for 2022, 2023, and 2024 and equal 2.0 percent, 1.50 percent, and 1.0 percent, respectively. Longevity payments increased and will continue to be paid to those eligible.

Farmington Public School District

Management's Discussion and Analysis (Continued)

A three-year contract was settled through June 30, 2024 with the School District's paraprofessional and secretarial staff, the Educational Support Professionals (ESP), and with its bus drivers, the Farmington Transportation Association (FTA). Within the ESP contract, the two-tier pay structure was eliminated, and all employees moving from Tier 2 to Tier 1 were brought on closest to their current wage but no lower. Steps are provided for the second and third years of the contract, and on-schedule wage increases for the first two years ranged from 1 percent to 1.5 percent. Longevity payments also increased and will be paid to eligible employees. The FTA contract also eliminated its two-tier wage structure. The contract provides for movement to the new wage schedule in year one with 2 percent and 5 percent on-schedule increases for bus drivers and mechanics, respectively. The remaining two years of the contract provide for step movement for those eligible with a 1 percent increase on schedule. Health insurance deductions for bus drivers were reduced from 24 percent to 20 percent over a two-year period to bring them in line with other district employees.

A two-year contract was settled through June 30, 2023 for maintenance and nutrition staff, Farmington Maintenance and Cafeteria (FMC), and for school administrators, the Farmington Association of School Administrators (FASA). The FMC contract provides for step movement and on-schedule wage increases in both years. The FASA contract eliminated its two-tier wage structure and provided for step movement and on-schedule wage increases in both years of the contract.

The significant one-time federal funds provided will require the School District to carefully monitor its budget for 2022-2023, as well as in future years. Decisions made at the federal and state level related to financial resources will also need to be monitored, as they will have a direct impact on the School District's budget. As information becomes known by the School District, the budget will be reviewed and adjusted as needed to ensure adequate resources are available both now and in the future.

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 business office.

Farmington Public School District

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 42,988,096
Receivables:	
Taxes	62,000
Accounts receivable	26,532
Due from other governmental units	18,942,075
Inventory	79,768
Prepaid expenses	1,214,911
Restricted assets (Note 4)	59,652,094
Capital assets:	
Assets not subject to depreciation (Note 6)	8,746,423
Assets subject to depreciation - Less accumulated depreciation of \$114,472,721 (Note 6)	173,133,750
Total assets	304,845,649
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	35,628,893
Deferred OPEB costs (Note 10)	13,873,655
Total deferred outflows of resources	49,502,548
Liabilities	
Accounts payable	6,597,755
Due to other governmental units	28,031
Accrued liabilities and other	19,701,567
Unearned revenue (Note 5)	2,169,307
Noncurrent liabilities:	
Due within one year (Note 8)	8,220,891
Due in more than one year:	
Compensated absences and other long-term liabilities (Note 8)	2,165,591
Net pension liability (Notes 8 and 10)	181,117,983
Net OPEB liability (Notes 8 and 10)	11,507,883
Bonds - Net of current portion (Note 8)	161,694,602
Total liabilities	393,203,610
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the report date (Note 10)	11,263,755
Deferred pension cost reductions (Note 10)	73,429,826
Deferred OPEB cost reductions (Note 10)	48,224,104
Total deferred inflows of resources	132,917,685
Net Position (Deficit)	
Net investment in capital assets	65,427,511
Restricted:	
Capital projects	1,911,581
Nutrition services	2,412,447
Unrestricted	(241,524,637)
Total net position (deficit)	<u><u>\$ (171,773,098)</u></u>

Farmington Public 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	\$ 72,085,015	\$ 129,119	\$ 27,405,166	\$ (44,550,730)
Support services	48,651,209	347,824	18,445,873	(29,857,512)
Athletics	1,605,764	540,492	-	(1,065,272)
Nutrition services	3,243,190	274,055	4,539,101	1,569,966
Community services	1,515,629	936,818	-	(578,811)
Interdistrict payments	949,469	-	-	(949,469)
Interest on long-term debt and other	5,766,193	-	-	(5,766,193)
Other debt costs	303,921	-	-	(303,921)
Depreciation expense (unallocated)*	4,200,213	-	-	(4,200,213)
Total primary government	\$ 138,320,603	\$ 2,228,308	\$ 50,390,140	(85,702,155)
General revenue:				
Taxes:				
Property taxes - Levied for general purposes				40,688,411
Property taxes - Levied for debt services				12,754,989
State aid not restricted to specific purposes				54,834,814
Interest and investment earnings				202,257
Penalties, interest, and other taxes				521
Gain on sale of capital assets (Note 6)				45,000
Other				588,970
Total general revenue				109,114,962
Change in Net Position				23,412,807
Net Position (Deficit) - Beginning of year				(195,185,905)
Net Position (Deficit) - End of year				<u>\$(171,773,098)</u>

*Unallocated depreciation excludes direct depreciation expenses of the various programs.

Farmington Public School District

Governmental Funds Balance Sheet

June 30, 2022

	General Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 33,533,898	\$ -	\$ 4,380,240	\$ 37,914,138
Receivables:				
Taxes	62,000	-	-	62,000
Accounts receivable	26,280	-	252	26,532
Due from other governmental units	18,680,829	-	261,246	18,942,075
Due from other funds (Note 7)	276,375	-	2,657,012	2,933,387
Inventory	27,831	-	51,937	79,768
Prepaid expenses	1,148,498	-	17,963	1,166,461
Restricted assets (Note 4)	-	52,478,455	7,173,639	59,652,094
Total assets	\$ 53,755,711	\$ 52,478,455	\$ 14,542,289	\$ 120,776,455
Liabilities				
Accounts payable	\$ 1,201,045	\$ 4,400,769	\$ 85,975	\$ 5,687,789
Due to other governmental units	28,031	-	-	28,031
Due to other funds (Note 7)	2,660,193	422	275,953	2,936,568
Accrued payroll and other liabilities	16,255,471	-	18,020	16,273,491
Unearned revenue (Note 5)	1,981,470	-	187,837	2,169,307
Total liabilities	22,126,210	4,401,191	567,785	27,095,186
Fund Balances				
Nonspendable:				
Inventory	27,831	-	51,937	79,768
Prepays	1,148,498	-	17,963	1,166,461
Restricted:				
Debt service	-	-	932,966	932,966
Capital projects	-	48,077,264	6,765,953	54,843,217
Nutrition services	-	-	2,360,440	2,360,440
Committed:				
Capital projects	-	-	2,993,566	2,993,566
Contractual obligations - Retirement and sick pay	2,165,591	-	-	2,165,591
Contractual obligations - Vacation pay	304,482	-	-	304,482
Cash flow deficiency for 2022-2023	1,191,595	-	-	1,191,595
Student activities	-	-	851,679	851,679
Assigned:				
Subsequent year's budget	793,119	-	-	793,119
Instructional Initiatives	300,000	-	-	300,000
Unassigned	25,698,385	-	-	25,698,385
Total fund balances	31,629,501	48,077,264	13,974,504	93,681,269
Total liabilities and fund balances	\$ 53,755,711	\$ 52,478,455	\$ 14,542,289	\$ 120,776,455

Farmington Public School District

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

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 93,681,269
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	296,352,894
Accumulated depreciation	<u>(114,472,721)</u>
Net capital assets used in governmental activities	181,880,173
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(169,384,298)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,037,417)
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	(2,470,073)
Provision for health and/or workers' compensation claims not accounted for within the internal service fund	(226,713)
Net pension liability and related deferred inflows and outflows	(218,918,916)
Net OPEB liability and related deferred inflows and outflows	(45,858,332)
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	(11,263,755)
Internal service funds are included as part of governmental activities	<u>1,824,964</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (171,773,098)</u></u>

Farmington Public School District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 43,856,099	\$ 101,724	\$ 13,584,290	\$ 57,542,113
State sources	79,177,842	-	205,686	79,383,528
Federal sources	8,342,617	-	5,012,587	13,355,204
Interdistrict sources	12,621,598	-	-	12,621,598
Total revenue	143,998,156	101,724	18,802,563	162,902,443
Expenditures				
Current:				
Instruction	85,838,569	-	-	85,838,569
Support services	52,488,364	-	520,508	53,008,872
Athletics	1,815,060	-	-	1,815,060
Nutrition services	-	-	3,518,833	3,518,833
Community services	1,668,289	-	-	1,668,289
Debt service:				
Principal	-	-	6,355,000	6,355,000
Interest on long-term debt and other	-	-	6,804,613	6,804,613
Other debt costs	-	303,921	-	303,921
Capital outlay	126,398	17,455,384	1,811,149	19,392,931
Interdistrict payments	949,469	-	-	949,469
Total expenditures	142,886,149	17,759,305	19,010,103	179,655,557
Excess of Revenue Over (Under) Expenditures	1,112,007	(17,657,581)	(207,540)	(16,753,114)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	45,000	-	-	45,000
Transfers in (Note 7)	140,931	-	900,000	1,040,931
Transfers out (Note 7)	(900,000)	-	(140,931)	(1,040,931)
Total other financing (uses) sources	(714,069)	-	759,069	45,000
Net Change in Fund Balances	397,938	(17,657,581)	551,529	(16,708,114)
Fund Balances - Beginning of year	31,231,563	65,734,845	13,422,975	110,389,383
Fund Balances - End of year	\$ 31,629,501	\$ 48,077,264	\$ 13,974,504	\$ 93,681,269

Farmington Public 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	\$ (16,708,114)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	17,857,382
Depreciation expense	(8,893,103)
Revenue in support of pension contributions made subsequent to the measurement date	(1,214,033)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	7,349,696
Interest expense is recognized in the government-wide statements as it accrues	43,724
Some employee costs (pension, OPEB, compensated absences, and self-insurance liabilities) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	25,179,561
Internal service funds are included as part of governmental activities	(202,306)
Change in Net Position of Governmental Activities	<u><u>\$ 23,412,807</u></u>

Farmington Public School District

Proprietary Fund Statement of Net Position

June 30, 2022

	Benefit Stabilization Fund
Assets	
Current assets:	
Cash and investments (Note 4)	\$ 5,073,958
Due from other funds (Note 7)	3,181
Prepaid expenses	48,450
Total assets	5,125,589
Liabilities	
Current liabilities:	
Accounts payable	909,966
Accrued other liabilities (Note 9)	2,390,659
Total liabilities	3,300,625
Net Position - Unrestricted	\$ 1,824,964

Farmington Public School District

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

Year Ended June 30, 2022

	Benefit Stabilization Fund
Operating Revenue	
Charges for services	\$ 15,095,691
Other	<u>1,252,969</u>
Total operating revenue	16,348,660
Operating Expenses - Cost of insurance claims	<u>16,558,005</u>
Operating Loss	(209,345)
Nonoperating Revenue - Interest income	<u>7,039</u>
Change in Net Position	(202,306)
Net Position - Beginning of year	<u>2,027,270</u>
Net Position - End of year	<u><u>\$ 1,824,964</u></u>

Farmington Public School District

Proprietary Fund Statement of Cash Flows

Year Ended June 30, 2022

	Benefit Stabilization Fund
Cash Flows from Operating Activities	
Receipts from interfund services	\$ 15,092,510
Claims paid and premiums paid	(16,741,790)
Other receipts	1,252,969
Net cash and investments used in operating activities	(396,311)
Cash Flows Provided by Investing Activities - Interest	7,039
Net Decrease in Cash and Investments	(389,272)
Cash and Investments - Beginning of year	5,463,230
Cash and Investments - End of year	\$ 5,073,958
Reconciliation of Operating Loss to Net Cash and Investments from Operating Activities	
Operating loss	\$ (209,345)
Adjustments to reconcile operating loss to net cash from operating activities -	
Changes in assets and liabilities:	
Prepays	(4,515)
Due to and from other funds	(3,181)
Accounts payable	(231,882)
Accrued liabilities	52,612
Total adjustments	(186,966)
Net cash and investments used in operating activities	\$ (396,311)

June 30, 2022

Note 1 - Nature of Business

Farmington Public 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 government 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

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

Fund Accounting

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 projects 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.

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

The 2020 Building and Site Fund is a capital projects fund used to record bond proceeds and other revenue and disbursement of invoices specifically related to the remodeling of buildings for safety and security improvements; construction additions to, equipping, furnishing, reequipping, refurnishing, and remodeling buildings, including classroom, auditorium, and media center improvements; improving and developing sites, including outdoor athletic facilities, playgrounds, and structures; acquiring school buses; and acquiring and installing technology infrastructure and equipment. The fund operates until the purpose for which it was created is accomplished.

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District).

The School District's internal service fund (the Benefits Stabilization Fund) is used to finance services provided to other funds on a cost-reimbursement basis. The internal service fund maintained by the School District is for medical benefits liabilities, including health, dental and vision, administrative expenses, costs of life insurance, and long-term disability benefits. It is funded through charges to the General Fund in amounts equal to the normal estimated medical benefits expense expected to be incurred subsequent to year end and contributions from employees for their share of medical benefits.

Interfund Activity

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

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

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.

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

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

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

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

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments with an original maturity of greater than one year are stated at fair value, net acquisition value, or amortized cost depending on the nature of the investment. Pooled investment income from each of the School District's funds is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

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

Restricted Assets

The unspent bond proceeds and related interest of the 2018 Building and Site Fund and the 2020 Building and Site Fund require amounts to be set aside for construction. In addition, the unspent property taxes levied on the debt service funds are required to be set aside for future bond principal and interest. These amounts have also been classified as restricted assets.

Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. 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 repair and maintenance that do not add to the value or materially extend the asset life are not capitalized. The School District does not have infrastructure-type assets.

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

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

	Depreciable Life - Years
Buildings and improvements	20-50
Furniture and equipment	5-10
Buses and other vehicles	5-10

Construction in progress and land are not depreciated. Construction in progress is reclassified to the appropriate category once placed in service. It is then depreciated according to the useful lives listed in the above table

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan 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. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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.

June 30, 2022**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Flow Assumptions**

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can commit fund balance 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.

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. The Board of Education has committed certain funds to ensure cash flow stabilization of the School District when cash flow is at the lowest point during the year and mitigate the need to borrow from a financial institution. This amount, as determined and adjusted on an annual basis as part of the budget preparation process, is classified as a component of committed fund balance in the General Fund.

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 Board of Education to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Amounts that do not fall into any other category above are considered to be unassigned fund balance. This represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

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

The fund balance target prescribes the minimum fund balance as 10 to 15 percent of expenditures in the General Fund. This is deemed to be the prudent amount to provide working capital to meet cash flow needs and avoid borrowing and provide for unanticipated or emergency expenditures.

Property Tax Revenue

Property taxes are levied on July 1 for taxes due on August 31 and on December 1 for the remainder on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. 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 to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

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

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. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to governmental funds to provide employee benefits and services. Operating expenses for these funds include the cost of benefits and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Tax Abatement

The School District evaluated tax abatements and considered the total property tax abatements to be insignificant.

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

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.

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. All annual appropriations lapse at fiscal year end. The School District also elected to adopt annual budgets for its debt service funds and capital projects funds. 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. There were significant revisions made to the 2021-2022 General Fund original budget. Budgeted revenue was increased by \$13.0 million due to a decrease in local revenue (\$2.6 million) for property taxes related to a reduction in the hold harmless millage rate, Medicaid fee for service, and other miscellaneous revenue; an increase in state revenue (\$6.6 million) due to an increase in the base foundation allowance, increased funding for the MPSERS retirement costs, and state ESSER II per pupil equalization grant funding; an increase in federal grant funds (\$8.4 million) based upon current grant awards mainly due to ESSER II and ESSER III (ARP) grant funding provided to schools; and an increase in interdistrict revenue (\$0.6 million) due to additional special education funding distributions from the intermediate school district.

The required supplemental information budgetary comparison schedules are presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances, including capital outlay expenditures being reported in other expenditure categories.

June 30, 2022**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Since all encumbrances are budgeted for in 2022-2023, no encumbrances are included in assigned fund balance at June 30, 2022.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District had one function with a significant expenditure budget variance. The variance in the other support services line relates to higher than expected costs related to grant expenditures for bus drivers redeployed to cover noon supervision of students at the elementary level due to staffing shortages.

Capital Projects Fund Compliance

The 2018 Building and Site and 2020 Building and Site capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

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 are in accordance with statutory authority.

The School District has designated one bank 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 a 1-day minimum investment period. MAX CLASS investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. 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. At June 30, 2022, the School District did not have any deposit balance, as all balances are held with the Michigan Liquid Asset Fund and are uninsured.

June 30, 2022

Note 4 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments

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

Interest Rate Risk

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

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 allows only purchases of commercial paper with ratings of A1/PI and AA/Aa. As of year end, the credit quality ratings of the School District's investments (other than the U.S. government) are as follows:

Investment	Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management Class	\$ 11,874,316	N/A 2a7-like pool	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class	71,747,193	N/A 2a7-like pool	AAAm	S&P
Michigan Liquid Asset Fund - Term Series Sept 2023	16,000,000	11/7/2022	AAAf	Fitch
Michigan Liquid Asset Fund - Term Series Sept 2023	5,303,642	12/9/2022	AAAf	Fitch
Total	<u>\$ 104,925,151</u>			

Concentration of Credit Risk

The School District uses a pooled fund with Michigan Liquid Asset Fund (MILAF) for all of its cash accounts. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issues will be minimized. A maximum of 30 percent of available funds may be invested in any one issuer. Since MILAF is a pooled fund, it is not considered a single issuer under school district policy. Additionally, MILAF has a more restrictive issuer concentration policy in order to maintain its AAAm rating by Standard & Poor's. MILAF has adopted the guidance in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*, thereby allowing MILAF to continue presenting its financial statements on an amortized cost basis. More than 5 percent of the School District's investments are invested in the following:

Investment	Value	Percentage of Total Investments
Michigan Liquid Asset Fund - MAX Class	\$ 71,747,193	68.38

June 30, 2022

Note 4 - Deposits and Investments (Continued)***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.

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares or interests in the Michigan Liquid Asset Fund Term Series, where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2022, the fair value of the School District's investments in the MILAF Term Series was \$21,303,642. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted, but an early redemption fee would apply.

The investment pool includes investments that the School District does not control. The investment pool primarily invests in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2022, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Tuition and other	\$ -	\$ 761,354
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	1,407,953
Total	\$ -	\$ 2,169,307

June 30, 2022
Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 683,744	\$ -	\$ -	\$ -	\$ 683,744
Construction in progress	2,321,948	(10,640,213)	16,380,944	-	8,062,679
Subtotal	3,005,692	(10,640,213)	16,380,944	-	8,746,423
Capital assets being depreciated:					
Buildings and improvements	244,461,485	10,044,742	-	-	254,506,227
Furniture and equipment	21,633,000	595,471	484,913	-	22,713,384
Buses and vehicles	11,746,875	-	991,525	(2,351,540)	10,386,860
Subtotal	277,841,360	10,640,213	1,476,438	(2,351,540)	287,606,471
Accumulated depreciation:					
Buildings and improvements	86,415,139	-	7,332,153	-	93,747,292
Furniture and equipment	12,299,070	-	968,793	-	13,267,863
Buses and vehicles	9,216,949	-	592,157	(2,351,540)	7,457,566
Subtotal	107,931,158	-	8,893,103	(2,351,540)	114,472,721
Net capital assets being depreciated	169,910,202	10,640,213	(7,416,665)	-	173,133,750
Net capital assets	<u>\$ 172,915,894</u>	<u>\$ -</u>	<u>\$ 8,964,279</u>	<u>\$ -</u>	<u>\$ 181,880,173</u>

The School District received proceeds of \$45,000 and recognized a gain of \$45,000 on the disposal of fixed assets.

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 2,542,538
Support services	2,015,177
Community services	135,175
Unallocated	<u>4,200,213</u>
Total governmental activities	<u>\$ 8,893,103</u>

Construction Commitments

The School District has active construction projects at year end. The projects include the 2018 and 2020 bond issue. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2018 bond issue	\$ 50,387,586	\$ 1,129,673
2020 bond issue	20,128,474	14,945,423

June 30, 2022
Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			
	General Fund	2020 Building and Site Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 422	\$ 275,953	\$ 276,375
Nonmajor funds	2,657,012	-	-	2,657,012
Benefit Stabilization Fund	3,181	-	-	3,181
Total	<u>\$ 2,660,193</u>	<u>\$ 422</u>	<u>\$ 275,953</u>	<u>\$ 2,936,568</u>

The General Fund maintains the majority of the cash and investment accounts. Interfund balances are created upon recording the revenue and expenditures for each applicable fund. All interfund balances are expected to be repaid within one year.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 900,000
Nonmajor governmental funds	General Fund	140,931
Total		<u>\$ 1,040,931</u>

General Fund transfers out are used by the applicable funds to support and maintain the operations of the funds for the purpose for which they were created. Nutrition services funds are transferred to the General Fund to cover indirect costs related to operations for the Nutrition Services Fund.

Note 8 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 160,010,000	\$ -	\$ (6,355,000)	\$ 153,655,000	\$ 6,695,000
Unamortized bond premiums	16,723,994	-	(994,696)	15,729,298	994,696
Total bonds payable	176,733,994	-	(7,349,696)	169,384,298	7,689,696
Compensated absences	2,410,190	782,402	(722,519)	2,470,073	304,482
Workers' compensation	520,788	369,725	(663,800)	226,713	226,713
Net pension liability	273,709,279	-	(92,591,296)	181,117,983	-
Net OPEB liability	41,618,029	-	(30,110,146)	11,507,883	-
Total governmental activities long-term debt	<u>\$ 494,992,280</u>	<u>\$ 1,152,127</u>	<u>\$ (131,437,457)</u>	<u>\$ 364,706,950</u>	<u>\$ 8,220,891</u>

June 30, 2022

Note 8 - Long-term Debt (Continued)**General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2022 are as follows:

Purpose	Remaining Annual Installments	Interest Rate (Percent)	Maturing May 1	Outstanding
\$81,050,000 qualified serial bonds (2015 issue)	\$3,070,000 - \$5,145,000	5.00	2035	\$ 53,405,000
\$54,675,000 qualified serial bonds (2018 issue)	\$2,150,000 - \$3,800,000	3.00-4.50	2038	45,575,000
\$57,265,000 qualified serial bonds (2020 issue)	\$875,000 - \$8,875,000	4.00-5.00	2040	54,675,000
Total governmental activities				<u>\$ 153,655,000</u>

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		
	Other Debt		
	Principal	Interest	Total
2023	\$ 6,695,000	\$ 6,511,094	\$ 13,206,094
2024	6,315,000	6,234,094	12,549,094
2025	6,680,000	5,971,594	12,651,594
2026	6,950,000	5,683,594	12,633,594
2027	7,250,000	5,383,094	12,633,094
2028-2032	41,260,000	21,905,564	63,165,564
2033-2037	49,980,000	12,110,220	62,090,220
2038-2040	28,525,000	2,225,000	30,750,000
Total	<u>\$ 153,655,000</u>	<u>\$ 66,024,254</u>	<u>\$ 219,679,254</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 participates in Middle Cities Risk Management Trust risk pool for claims relating to property loss, torts, and errors and omissions. The School District is partially insured for workers' compensation and medical claims.

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. There have been no significant reductions in insurance coverage from the prior year. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

June 30, 2022

Note 9 - Risk Management (Continued)

Under the School District's workers' compensation plan, the School District's current maximum loss is limited to 100 percent of the normal workers' compensation premiums. Losses in excess of the percent limitation are insured up to an aggregate limit of \$5,000,000. The School District is also insured against losses in excess of \$100,000 to \$500,000 for each occurrence, depending on the year the claim was made.

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded as long-term debt in the government-wide financial statements, as they are not considered due at June 30. At June 30, 2022, \$226,713 is recorded as long-term debt.

The School District is self-insured for medical claims. The School District estimates the liability for medical claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. These estimates are recorded as accrued liabilities in the internal service fund. At June 30, 2022, the estimated liability for these medical claims totals \$2,390,659.

Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation		Medical	
	2022	2021	2022	2021
Estimated liability - Beginning of year	\$ 520,788	\$ 538,209	\$ 2,338,047	\$ 2,512,444
Estimated claims incurred, including changes in estimates	200,123	563,299	14,704,191	14,202,029
Claim payments	(494,198)	(580,720)	(14,651,579)	(14,376,426)
Estimated liability - End of year	<u>\$ 226,713</u>	<u>\$ 520,788</u>	<u>\$ 2,390,659</u>	<u>\$ 2,338,047</u>

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 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) account. 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) account.

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 \$25,224,407, 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 \$11,263,754 in revenue received from the State of Michigan and remitted to the System to fund the MPERS 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 \$6,006,992, 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 \$181,117,983 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 0.77 and 0.80 percent, respectively, representing a change of (3.99) percent.

Net OPEB Liability

At June 30, 2022, the School District reported a liability of \$11,507,883 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 0.75 and 0.78 percent, respectively, representing a change of (2.95) 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 \$12,732,335, 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	\$ 2,805,595	\$ (1,066,570)
Changes in assumptions	11,417,030	-
Net difference between projected and actual earnings on pension plan investments	-	(58,228,849)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(14,134,407)
The School District's contributions to the plan subsequent to the measurement date	21,406,268	-
Total	<u>\$ 35,628,893</u>	<u>\$ (73,429,826)</u>

The \$11,263,755 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 ended June 30, 2022. 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	\$ (10,459,284)
2024	(14,697,433)
2025	(17,315,506)
2026	(16,734,978)
Total	<u>\$ (59,207,201)</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 \$7,956,944.

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	\$ -	\$ (32,848,431)
Changes in assumptions	9,620,019	(1,439,514)
Net difference between projected and actual earnings on OPEB plan investments	-	(8,673,698)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	3,965	(5,262,461)
Employer contributions to the plan subsequent to the measurement date	4,249,671	-
Total	<u>\$ 13,873,655</u>	<u>\$ (48,224,104)</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	\$ (10,201,440)
2024	(9,314,259)
2025	(8,358,569)
2026	(7,715,523)
2027	(2,661,181)
Thereafter	(349,148)
Total	<u>\$ (38,600,120)</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%
Investment rate of return - OPEB	6.95%
Salary increases	2.75% - 11.55%
Health care cost trend rate - OPEB	5.25% - 7.75%
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.

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

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
Short-term investment pools	2.00	(1.30)
Real return/opportunistic pools	12.50	6.10
Total	100.00 %	

June 30, 2022

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

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	\$ 258,949,596	\$ 181,117,983	\$ 116,590,470

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	\$ 21,383,723	\$ 11,507,883	\$ 3,126,821

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	\$ 2,800,927	\$ 11,507,883	\$ 21,304,256

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 \$3,972,017 and \$805,787 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

Note 11 - Contingent Liabilities

The School District is subject to various legal proceedings and claims that arise in the ordinary course of its business. The School District believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Required Supplemental Information

Farmington Public 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	\$ 46,226,247	\$ 43,648,754	\$ 43,856,099	\$ 207,345
State sources	73,979,308	80,575,571	79,177,842	(1,397,729)
Federal sources	7,805,202	16,167,238	8,342,617	(7,824,621)
Interdistrict sources	11,825,149	12,405,055	12,621,598	216,543
Total revenue	139,835,906	152,796,618	143,998,156	(8,798,462)
Expenditures				
Current:				
Instruction:				
Basic programs	62,347,780	66,269,938	64,776,908	(1,493,030)
Added needs	22,126,092	23,677,875	21,002,153	(2,675,722)
Adult/Continuing education	186,877	187,245	171,385	(15,860)
Total instruction	84,660,749	90,135,058	85,950,446	(4,184,612)
Support services:				
Pupil	14,049,913	17,067,237	15,397,715	(1,669,522)
Instructional staff	7,376,543	10,413,824	7,895,742	(2,518,082)
General administration	1,610,137	1,362,758	1,358,833	(3,925)
School administration	7,285,702	6,752,289	6,745,971	(6,318)
Business	1,422,678	1,401,186	1,350,869	(50,317)
Operations and maintenance	8,984,384	9,495,650	9,730,200	234,550
Pupil transportation services	6,527,370	6,361,297	5,967,125	(394,172)
Central	3,368,725	3,802,570	3,733,718	(68,852)
Other	-	287,185	322,712	35,527
Total support services	50,625,452	56,943,996	52,502,885	(4,441,111)
Athletics	1,809,049	1,741,382	1,815,060	73,678
Community services	1,662,281	2,351,475	1,668,289	(683,186)
Interdistrict payments	1,153,307	1,120,564	949,469	(171,095)
Total expenditures	139,910,838	152,292,475	142,886,149	(9,406,326)
Excess of Revenue (Under) Over Expenditures	(74,932)	504,143	1,112,007	607,864
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	25,000	25,000	45,000	20,000
Transfers in	186,639	163,892	140,931	(22,961)
Transfers out	(900,000)	(900,000)	(900,000)	-
Total other financing uses	(688,361)	(711,108)	(714,069)	(2,961)
Net Change in Fund Balance	(763,293)	(206,965)	397,938	604,903
Fund Balance - Beginning of year	31,231,563	31,231,563	31,231,563	-
Fund Balance - End of year	<u>\$ 30,468,270</u>	<u>\$ 31,024,598</u>	<u>\$ 31,629,501</u>	<u>\$ 604,903</u>

Farmington Public School District

Required Supplemental Information Schedule of 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	0.76500 %	0.79680 %	0.82486 %	0.83564 %	0.85024 %	0.91075 %	0.96979 %	1.00461 %
School District's proportionate share of the net pension liability	\$ 181,117,983	\$ 273,709,279	\$ 273,164,256	\$ 251,209,675	\$ 220,333,627	\$ 227,224,167	\$ 236,872,217	\$ 221,281,477
School District's covered payroll	\$ 67,370,156	\$ 68,477,779	\$ 71,385,804	\$ 70,402,116	\$ 69,554,738	\$ 74,553,881	\$ 80,556,310	\$ 85,259,183
School District's proportionate share of the net pension liability as a percentage of its covered payroll	268.84 %	399.71 %	382.66 %	356.82 %	316.78 %	304.78 %	294.05 %	259.54 %
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 %

Farmington Public 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	\$ 24,757,127	\$ 22,649,203	\$ 21,739,509	\$ 21,669,555	\$ 21,055,508	\$ 19,972,010	\$ 20,859,210	\$ 15,602,264
Contributions in relation to the statutorily required contribution	24,757,127	22,649,203	21,739,509	21,669,555	21,055,508	19,972,010	20,859,210	15,602,264
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 71,490,843	\$ 67,043,340	\$ 69,479,774	\$ 71,456,642	\$ 70,148,520	\$ 69,805,215	\$ 73,117,969	\$ 81,965,999
Contributions as a Percentage of Covered Payroll	34.63 %	33.78 %	31.29 %	30.33 %	30.02 %	28.61 %	28.53 %	19.04 %

Farmington Public School District

Required Supplemental Information
Schedule of 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	0.75393 %	0.77685 %	0.81985 %	0.82904 %	0.85123 %
School District's proportionate share of the net OPEB liability	\$ 11,507,883	\$ 41,618,029	\$ 58,846,764	\$ 65,900,323	\$ 75,380,729
School District's covered payroll	\$ 67,370,156	\$ 68,477,779	\$ 71,385,804	\$ 70,402,116	\$ 69,554,738
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.08 %	60.78 %	82.43 %	93.61 %	108.38 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Farmington Public School District

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

	Last Five Fiscal Years				
	Years Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 5,731,528	\$ 5,520,920	\$ 5,547,682	\$ 5,588,588	\$ 5,057,398
Contributions in relation to the statutorily required contribution	<u>5,731,528</u>	<u>5,520,920</u>	<u>5,547,682</u>	<u>5,588,588</u>	<u>5,057,398</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 71,490,843	\$ 67,043,340	\$ 69,479,774	\$ 71,456,642	\$ 70,148,520
Contributions as a Percentage of Covered Payroll	8.02 %	8.23 %	7.98 %	7.82 %	7.21 %

June 30, 2022

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The School District also elected to adopt annual budgets for its debt service funds and capital projects funds.

The budget document presents information by fund, function, department, and line items. 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. There were no significant amendments during the year.

The School District did not have significant expenditure budget variances.

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 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 1.75 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.

June 30, 2022

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit 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 periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

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

Other Supplemental Information

Farmington Public School District

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds		Debt Service Funds			Capital Project Funds			
	Nutrition Services	Student Activities	2015 Issue	2018 Issue	2020 Issue	Technology/ Other Projects	Maintenance/ Bus Purchases	2018 Building and Site	Total
Assets									
Cash and investments	\$ 2,557,342	\$ 969,464	\$ -	\$ -	\$ -	\$ 853,434	\$ -	\$ -	\$ 4,380,240
Receivables:									
Accounts receivable	252	-	-	-	-	-	-	-	252
Due from other governmental units	246,246	-	5,000	5,000	5,000	-	-	-	261,246
Due from other funds	-	-	-	-	-	-	2,140,132	516,880	2,657,012
Inventory	51,937	-	-	-	-	-	-	-	51,937
Prepaid expenses	-	17,963	-	-	-	-	-	-	17,963
Restricted assets	-	-	374,829	179,171	363,966	-	-	6,255,673	7,173,639
Total assets	\$ 2,855,777	\$ 987,427	\$ 379,829	\$ 184,171	\$ 368,966	\$ 853,434	\$ 2,140,132	\$ 6,772,553	\$ 14,542,289
Liabilities									
Accounts payable	\$ 34,357	\$ 45,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,600	\$ 85,975
Due to other funds	207,735	68,218	-	-	-	-	-	-	275,953
Accrued liabilities and other	13,471	4,549	-	-	-	-	-	-	18,020
Unearned revenue	187,837	-	-	-	-	-	-	-	187,837
Total liabilities	443,400	117,785	-	-	-	-	-	6,600	567,785
Fund Balances									
Nonspendable:									
Inventory	51,937	-	-	-	-	-	-	-	51,937
Prepays	-	17,963	-	-	-	-	-	-	17,963
Restricted:									
Debt service	-	-	379,829	184,171	368,966	-	-	-	932,966
Capital projects	-	-	-	-	-	-	-	6,765,953	6,765,953
Nutrition services	2,360,440	-	-	-	-	-	-	-	2,360,440
Committed:									
Capital projects	-	-	-	-	-	853,434	2,140,132	-	2,993,566
Student activities	-	851,679	-	-	-	-	-	-	851,679
Total fund balances	2,412,377	869,642	379,829	184,171	368,966	853,434	2,140,132	6,765,953	13,974,504
Total liabilities and fund balances	\$ 2,855,777	\$ 987,427	\$ 379,829	\$ 184,171	\$ 368,966	\$ 853,434	\$ 2,140,132	\$ 6,772,553	\$ 14,542,289

Farmington Public 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		Debt Service Funds			Capital Project Funds			
	Nutrition Services	Student Activities	2015 Issue	2018 Issue	2020 Issue	Technology/ Other Projects	Maintenance/ Bus Purchases	2018 Building and Site	Total
Revenue									
Local sources	\$ 277,843	\$ 529,938	\$ 5,507,021	\$ 3,512,174	\$ 3,741,092	\$ 1,572	\$ -	\$ 14,650	\$ 13,584,290
State sources	43,394	-	70,613	45,020	46,659	-	-	-	205,686
Federal sources	4,495,707	-	-	-	-	-	-	516,880	5,012,587
Total revenue	4,816,944	529,938	5,577,634	3,557,194	3,787,751	1,572	-	531,530	18,802,563
Expenditures									
Current:									
Student activities	-	520,508	-	-	-	-	-	-	520,508
Nutrition services	3,518,833	-	-	-	-	-	-	-	3,518,833
Debt service:									
Principal	-	-	2,915,000	2,100,000	1,340,000	-	-	-	6,355,000
Interest on long-term debt and other	-	-	2,829,284	1,615,137	2,360,192	-	-	-	6,804,613
Capital outlay	52,246	-	-	-	-	-	-	1,758,903	1,811,149
Total expenditures	3,571,079	520,508	5,744,284	3,715,137	3,700,192	-	-	1,758,903	19,010,103
Excess of Revenue Over (Under) Expenditures	1,245,865	9,430	(166,650)	(157,943)	87,559	1,572	-	(1,227,373)	(207,540)
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	300,000	600,000	-	900,000
Transfers out	(140,931)	-	-	-	-	-	-	-	(140,931)
Total other financing (uses) sources	(140,931)	-	-	-	-	300,000	600,000	-	759,069
Net Change in Fund Balances	1,104,934	9,430	(166,650)	(157,943)	87,559	301,572	600,000	(1,227,373)	551,529
Fund Balances - Beginning of year	1,307,443	860,212	546,479	342,114	281,407	551,862	1,540,132	7,993,326	13,422,975
Fund Balances - End of year	<u>\$ 2,412,377</u>	<u>\$ 869,642</u>	<u>\$ 379,829</u>	<u>\$ 184,171</u>	<u>\$ 368,966</u>	<u>\$ 853,434</u>	<u>\$ 2,140,132</u>	<u>\$ 6,765,953</u>	<u>\$ 13,974,504</u>

Farmington Public School District**Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds
Nutrition Services****Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 1,549,163	\$ 289,993	\$ 277,843	\$ (12,150)
State sources	142,668	137,810	43,394	(94,416)
Federal sources	12,119,236	4,132,131	4,495,707	363,576
Total revenue	13,811,067	4,559,934	4,816,944	257,010
Expenditures - Current - Nutrition services	3,757,644	3,850,290	3,571,079	(279,211)
Excess of Revenue Over Expenditures	10,053,423	709,644	1,245,865	536,221
Other Financing Sources (Uses) - Transfers in (out)	74,838	74,838	(140,931)	(215,769)
Net Change in Fund Balance	10,128,261	784,482	1,104,934	320,452
Fund Balance - Beginning of year	1,307,443	1,307,443	1,307,443	-
Fund Balance - End of year	<u><u>\$ 11,435,704</u></u>	<u><u>\$ 2,091,925</u></u>	<u><u>\$ 2,412,377</u></u>	<u><u>\$ 320,452</u></u>

Farmington Public School District

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Student Activities

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue - Local	\$ 1,400,000	\$ 1,400,000	\$ 529,938	\$ (870,062)
Expenditures - Student activities	1,400,000	1,400,000	520,508	(879,492)
Net Change in Fund Balance	-	-	9,430	9,430
Fund Balance - Beginning of year	860,212	860,212	860,212	-
Fund Balance - End of year	<u><u>\$ 860,212</u></u>	<u><u>\$ 860,212</u></u>	<u><u>\$ 869,642</u></u>	<u><u>\$ 9,430</u></u>

Farmington Public School District

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Technology/Other Projects

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over Final Budget
Revenue - Local sources	\$ 1,500	\$ 1,500	\$ 1,572	\$ 72
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	1,500	1,500	1,572	72
Other Financing Sources - Transfers in	300,000	300,000	300,000	-
Net Change in Fund Balance	301,500	301,500	301,572	72
Fund Balance - Beginning of year	551,862	551,862	551,862	-
Fund Balance - End of year	<u><u>\$ 853,362</u></u>	<u><u>\$ 853,362</u></u>	<u><u>\$ 853,434</u></u>	<u><u>\$ 72</u></u>

Farmington Public School District

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Maintenance/Bus Purchases

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Other Financing Sources - Transfers in	600,000	600,000	600,000	-
Net Change in Fund Balance	600,000	600,000	600,000	-
Fund Balance - Beginning of year	1,540,132	1,540,132	1,540,132	-
Fund Balance - End of year	<u><u>\$ 2,140,132</u></u>	<u><u>\$ 2,140,132</u></u>	<u><u>\$ 2,140,132</u></u>	<u><u>\$ -</u></u>

Farmington Public School District

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
2018 Building and Site

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 20,000	\$ 2,500	\$ 14,650	\$ 12,150
Federal sources	-	-	516,880	516,880
Total revenue	20,000	2,500	531,530	529,030
Expenditures - Capital Projects	4,020,000	3,397,826	1,758,903	(1,638,923)
Net Change in Fund Balance	(4,000,000)	(3,395,326)	(1,227,373)	2,167,953
Fund Balance - Beginning of year	7,993,326	7,993,326	7,993,326	-
Fund Balance - End of year	<u><u>\$ 3,993,326</u></u>	<u><u>\$ 4,598,000</u></u>	<u><u>\$ 6,765,953</u></u>	<u><u>\$ 2,167,953</u></u>

Farmington Public School District**Other Supplemental Information**
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Debt Service

Year Ended June 30, 2022				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 12,829,174	\$ 12,742,961	\$ 12,760,287	\$ 17,326
State sources	<u>171,088</u>	<u>162,292</u>	<u>162,292</u>	<u>-</u>
Total revenue	13,000,262	12,905,253	12,922,579	17,326
Expenditures				
Debt service:				
Principal	6,355,000	6,355,000	6,355,000	-
Interest on long-term debt and other	6,773,444	6,773,444	6,804,613	31,169
Other debt costs	<u>91,500</u>	<u>36,500</u>	<u>-</u>	<u>(36,500)</u>
Total expenditures	<u>13,219,944</u>	<u>13,164,944</u>	<u>13,159,613</u>	<u>(5,331)</u>
Net Change in Fund Balances	(219,682)	(259,691)	(237,034)	22,657
Fund Balances - Beginning of year	<u>1,170,000</u>	<u>1,170,000</u>	<u>1,170,000</u>	<u>-</u>
Fund Balances - End of year	<u><u>\$ 950,318</u></u>	<u><u>\$ 910,309</u></u>	<u><u>\$ 932,966</u></u>	<u><u>\$ 22,657</u></u>

Farmington Public School District

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2022

Years Ending June 30	2015 Issue Principal	2018 Issue Principal	2020 Issue Principal
2023	\$ 3,070,000	\$ 2,150,000	\$ 1,475,000
2024	3,215,000	2,225,000	875,000
2025	3,380,000	2,300,000	1,000,000
2026	3,550,000	2,350,000	1,050,000
2027	3,725,000	2,425,000	1,100,000
2028	3,905,000	2,500,000	1,150,000
2029	4,090,000	2,600,000	1,200,000
2030	4,285,000	2,675,000	1,275,000
2031	4,480,000	2,775,000	1,350,000
2032	4,675,000	2,900,000	1,400,000
2033	4,845,000	3,050,000	1,500,000
2034	5,040,000	3,200,000	1,550,000
2035	5,145,000	3,375,000	1,650,000
2036	-	3,575,000	6,600,000
2037	-	3,675,000	6,775,000
2038	-	3,800,000	6,975,000
2039	-	-	8,875,000
2040	-	-	8,875,000
Total remaining payments	\$ 53,405,000	\$ 45,575,000	\$ 54,675,000
Principal payments due	May 1	May 1	May 1
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	5.00%	3.00% to 4.50%	4.00% to 5.00%
Original issue	\$ 81,050,000	\$ 54,675,000	\$ 57,265,000

Farmington Public School District

Other Supplemental Information Schedule of Cash, Cash Equivalents, and Investments

June 30, 2022

Fund	Types of Investment	Interest Rate (Percent)	Cost
General	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	\$ 5,092,133
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	635,057
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	296,185
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	105,479
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	29,544,243
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	10,695
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	56,189
	Total General Fund		35,739,981
Special Revenue	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	2,557,432
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	969,463
	Total Special Revenue		3,526,895
Debt Service	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	917,966
Capital Projects	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	853,434
	Cash Management Fund - Michigan School District Liquid Asset Fund Commercial Paper	Variable	6,255,673 -
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	52,478,455
Trust and Agency	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-
Internal Service	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	5,152,747
	Total cash, cash equivalents, and investments		<u>\$ 104,925,151</u>

Note: Balances represent balances from the bank statements at June 30, 2022

Farmington Public School District

	Cost					Total
	Land	Buildings and Building Improvements	Furniture and Equipment	Buses and Other Vehicles	Construction in Progress	
Elementary Schools						
Beechview	\$ 25,250	\$ 7,665,064	\$ 326,302	-	130,223	8,146,839
Forest	31,980	8,393,809	552,869	-	88,321	9,066,979
Gill	4,137	9,452,396	942,609	-	104,145	10,503,287
Hillside	16,301	9,322,654	513,166	-	1,313,770	11,165,891
Kenbrook	24,900	9,702,029	419,015	-	95,143	10,241,087
Lanigan	37,800	10,654,144	758,845	-	101,142	11,551,931
Longacre	30,300	7,827,460	457,826	-	935,911	9,251,497
Wood Creek	4,391	6,426,298	581,089	-	752,943	7,764,721
K-8 School						
Farmington STEAM Academy	36,000	17,336,518	884,733	-	134,300	18,391,551
Middle Schools						
East	57,500	21,942,823	1,284,659	-	13,461	23,298,443
Power	4,137	13,319,687	1,185,576	-	1,101,320	15,610,720
Warner	180,000	16,633,081	884,583	-	14,745	17,712,409
High Schools						
Farmington	1	45,712,579	3,004,642	-	2,617,138	51,334,360
North	117,600	43,773,682	3,773,456	-	16,689	47,681,427
Alameda Early Childhood Center	53,447	10,763,156	823,837	-	-	11,640,440
Highmeadow Common Campus	49,226	4,789,985	258,830	-	16,131	5,114,172
Shiawassee Complex	-	4,588,024	5,192,835	-	454,368	10,235,227
Maxfield Training Center	-	-	-	-	-	-
Farmington Community School	6,501	1,668,447	136,613	-	134,783	1,946,344
Maintenance	4,273	311,009	617,032	-	38,146	970,460
Visions/Cloverdale	-	4,223,382	114,867	-	-	4,338,249
Alternative Academy	-	-	-	-	-	-
Vehicles	-	-	-	10,386,860	-	10,386,860
Total	\$ 683,744	\$ 254,506,227	\$ 22,713,384	\$ 10,386,860	\$ 8,062,679	\$ 296,352,894

Other Supplemental Information

Schedule of Capital Assets and Accumulated Depreciation

June 30, 2022

Buildings and Building Improvements	Accumulated Depreciation			Total
	Furniture and Equipment	Buses and Other Vehicles		
2,333,386	176,268	-		2,509,654
2,262,868	230,821	-		2,493,689
2,802,852	399,146	-		3,201,998
4,840,180	261,496	-		5,101,676
2,955,561	206,222	-		3,161,783
2,941,788	320,985	-		3,262,773
2,884,741	216,999	-		3,101,740
2,920,832	299,682	-		3,220,514
7,199,625	464,459	-		7,664,084
7,026,981	674,688	-		7,701,669
5,453,611	544,750	-		5,998,361
5,658,835	376,860	-		6,035,695
20,137,907	1,667,477	-		21,805,384
16,804,797	2,106,472	-		18,911,269
1,117,460	95,681	-		1,213,141
1,882,060	147,974	-		2,030,034
1,834,815	4,349,053	-		6,183,868
-	-	-		-
915,519	106,215	-		1,021,734
234,432	528,494	-		762,926
1,539,042	94,121	-		1,633,163
-	-	-		-
-	-	7,457,566		7,457,566
\$ 93,747,292	\$ 13,267,863	\$ 7,457,566	\$	114,472,721

Statistical Section

This part of Farmington Public School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statements.

Contents

Financial Trend Information

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

Farmington Public School District

	As of June 30,			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:				
Net investment in capital assets	\$ 78,514,622	\$ 80,942,482	\$ 82,595,528	\$ 85,948,397
Restricted	3,359,899	3,769,752	2,986,963	1,042,446
Unrestricted	14,026,621	9,003,324	(222,340,637)	(218,066,275)
Total net position	<u><u>\$ 95,901,142</u></u>	<u><u>\$ 93,715,558</u></u>	<u><u>\$ (136,758,146)</u></u>	<u><u>\$ (131,075,432)</u></u>

Source: Farmington Public School District audited financial statements

GASB 68 and 71 have been adopted effective July 1, 2014. Net position prior to June 30, 2015 has not been restated in this table.

GASB 75 have been adopted effective July 1, 2017. Net position prior to June 30, 2017 has not been restated in this table.

Financial Trend Information

Net Position by Component

Governmental Activities

Last Ten Fiscal Years

As of June 30,					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 88,245,459	\$ 88,960,987	\$ 74,934,436	\$ 71,246,936	\$ 68,022,521	\$ 65,427,511
1,362,602	2,618,786	2,681,756	3,518,237	3,283,852	4,324,028
(211,170,358)	(278,624,856)	(273,622,807)	(276,041,984)	(266,492,278)	(241,524,637)
<u>\$ (121,562,297)</u>	<u>\$ (187,045,083)</u>	<u>\$ (196,006,615)</u>	<u>\$ (201,276,811)</u>	<u>\$ (195,185,905)</u>	<u>\$ (171,773,098)</u>

Farmington Public School District

	As of June 30,			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Governmental activities:				
Instruction	\$ 94,544,880	\$ 93,402,687	\$ 95,922,327	\$ 89,144,470
Support services	56,068,389	54,103,272	55,576,921	50,369,101
Nutrition services	3,676,910	3,648,056	3,676,318	3,754,799
Athletics	2,030,460	1,972,380	1,799,480	1,788,212
Community services	1,453,986	1,351,112	1,441,845	1,579,754
Interest on long-term debt and other	2,584,156	1,682,306	2,313,319	3,685,573
Depreciation (unallocated)	3,041,878	3,054,974	3,012,856	2,991,551
Total governmental activities	163,400,659	159,214,787	163,743,066	153,313,460
Program revenue				
Charges for services:				
Instruction	152,904	141,332	155,792	167,783
Support services	398,305	384,303	386,105	390,693
Food services	2,248,048	2,177,921	2,220,997	2,240,900
Athletics	668,356	657,129	651,087	637,501
Community services	1,164,022	1,126,506	1,135,108	1,064,660
Operating grants and contributions	32,699,534	32,930,138	33,771,843	32,384,317
Total program revenue	37,331,169	37,417,329	38,320,932	36,885,854
Net (expense) revenue	(126,069,490)	(121,797,458)	(125,422,134)	(116,427,606)
General Revenue				
Property taxes	52,169,541	50,140,673	47,981,086	51,629,686
State aid not restricted to specific purposes	68,638,365	67,506,547	68,748,701	68,498,645
Federal sources - unrestricted	-	-	-	-
Investment earnings	54,150	61,865	7,883	623,038
Other	1,624,004	1,902,789	2,156,945	1,358,951
Total general revenue	122,486,060	119,611,874	118,894,615	122,110,320
Special Item	1,119,517		-	-
Change in Net Position	<u>\$ (2,463,913)</u>	<u>\$ (2,185,584)</u>	<u>\$ (6,527,519)</u>	<u>\$ 5,682,714</u>

* Historically, approximately 50 percent of charges for services is for nutrition services and the balance is for community education tuition and facility usage charges.

Source: Farmington Public School District audited financial statements

Financial Trend Information

Changes in Governmental Net Position

Last Ten Fiscal Years

As of June 30,					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 83,023,833	\$ 82,284,322	\$ 84,797,861	\$ 89,682,813	\$ 85,085,371	\$ 72,085,015
47,348,639	46,716,391	50,241,412	52,891,179	52,841,038	48,651,209
3,263,892	3,476,209	3,287,761	1,482,167	2,291,990	1,605,764
1,871,122	1,841,765	1,816,325	3,190,774	1,445,370	3,243,190
1,413,280	1,345,953	1,289,169	1,286,765	1,297,075	1,515,629
3,125,884	3,733,345	5,463,229	6,299,759	6,797,777	7,019,583
2,843,930	4,535,757	4,949,376	4,635,558	3,945,005	4,200,213
142,890,580	143,933,742	151,845,133	159,469,015	153,703,626	\$ 138,320,603
183,938	676,910	711,205	739,441	188,435	129,119
407,735	313,074	474,899	244,407	178,503	347,824
2,000,464	2,017,007	2,109,968	1,422,338	77,558	540,492
653,934	625,659	656,161	469,314	326,329	274,055
1,032,701	897,554	973,242	608,827	240,929	936,818
38,679,893	40,589,208	38,884,270	41,441,121	46,092,484	50,390,140
42,958,665	45,119,412	43,809,745	44,925,448	47,104,238	52,618,448
(99,931,915)	(98,814,330)	(108,035,388)	(114,543,567)	(106,599,388)	(85,702,155)
50,893,808	50,523,428	51,864,257	53,301,213	54,231,308	53,443,400
58,042,621	58,583,743	57,987,402	55,114,928	56,967,649	54,834,814
-	-	-	-	-	-
494,663	642,894	1,643,441	1,067,399	158,225	202,257
13,958	6,214	(12,421,244)	(210,169)	437,742	634,491
109,445,050	109,756,279	99,073,856	109,273,371	111,794,924	109,114,962
-	-	-	-	-	-
\$ 9,513,135	\$ 10,941,949	\$ (8,961,532)	\$ (5,270,196)	\$ 5,195,536	\$ 23,412,807

Farmington Public School District

	As of June 30,			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:				
Nonspendable	\$ 1,113,025	\$ 835,743	\$ 661,116	\$ 746,904
Committed	4,051,511	6,801,338	3,000,517	6,336,300
Assigned	5,483,769	4,330,988	4,698,095	3,359,655
Unassigned	<u>8,471,478</u>	<u>-</u>	<u>-</u>	<u>2,259,671</u>
Total general fund	<u>\$ 19,119,783</u>	<u>\$ 11,968,069</u>	<u>\$ 8,359,728</u>	<u>\$ 12,702,530</u>
All other governmental funds:				
Nonspendable, reported in:				
Special revenue funds	35,196	39,470	34,038	38,302
Restricted, reported in:				
Special revenue funds	2,830,677	2,943,868	2,952,925	1,067,900
Debt service funds	494,026	786,414	227,029	754,951
Capital projects fund - bonded	-	-	76,602,905	68,361,556
Committed, reported in:				
Capital project funds	601,477	579,928	146,116	117,434
Student activities				
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,961,376</u>	<u>\$ 4,349,680</u>	<u>\$ 79,963,013</u>	<u>\$ 70,340,143</u>

Source: Farmington Public School District audited financial statements

Financial Trend Information Fund Balances - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 734,773	\$ 1,157,411	\$ 1,412,287	\$ 1,389,599	\$ 1,292,975	\$ 1,176,329
7,161,263	5,152,597	11,272,098	10,842,949	12,517,141	3,661,668
1,673,715	-	-	679,196	963,293	793,119
5,322,980	9,140,094	5,480,191	8,479,160	16,458,154	25,998,385
<u>\$ 14,892,731</u>	<u>\$ 15,450,102</u>	<u>\$ 18,164,576</u>	<u>\$ 21,390,904</u>	<u>\$ 31,231,563</u>	<u>\$ 31,629,501</u>
30,063	48,873	27,882	52,523	43,418	51,937
1,177,781	1,030,408	1,292,774	1,296,157	1,264,025	2,360,440
865,773	1,054,390	1,028,557	1,521,285	1,170,000	932,966
32,514,535	56,262,566	35,327,259	86,197,862	73,728,171	54,843,217
117,837	118,517	500,962	1,191,776	2,091,994	2,993,566
-	-	-	-	860,212	869,642
-	-	-	-	-	-
<u>\$ 34,705,989</u>	<u>\$ 58,514,754</u>	<u>\$ 38,177,434</u>	<u>\$ 90,259,603</u>	<u>\$ 79,157,820</u>	<u>\$ 62,051,768</u>

Farmington Public School District

	As of June 30,			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenue				
Local revenue	\$ 58,180,291	\$ 56,401,936	\$ 54,255,170	\$ 57,914,213
State revenue	82,047,166	81,213,142	83,101,032	82,062,850
Federal revenue	5,718,440	5,707,257	5,731,381	5,608,374
Interdistrict revenue	12,923,811	12,682,208	12,694,664	11,788,943
Total revenue	158,869,708	156,004,543	155,782,247	157,374,380
Expenditures				
Current:				
Instruction	91,818,639	92,780,320	92,034,829	85,548,608
Support services	54,251,823	53,564,499	53,105,932	48,240,724
Community services	1,433,219	1,329,693	1,424,828	1,496,704
Nutrition services	3,658,731	3,646,676	3,676,318	3,651,062
Athletics	2,030,460	1,972,380	1,799,480	1,788,212
Debt service:				
Principal	6,025,000	6,350,000	6,150,000	7,215,000
Debt issuance costs	128,622	-	537,564	-
Interest	1,983,642	1,638,386	1,771,184	3,725,090
Intergovernmental payments	662,217	592,863	434,061	678,074
Capital Outlay	3,431,896	901,333	518,875	11,295,327
Total expenditures	165,424,249	162,776,150	161,453,071	163,638,801
Excess of Revenue (Under) Over	(6,554,541)	(6,771,607)	(5,670,824)	(6,264,421)
Other Financing Sources (Uses)				
Debt issuance	11,180,000	-	81,050,000	-
Premium on debt issued	1,304,740	-	9,186,782	-
Sale of capital assets	1,119,518	8,197	502,255	532,260
Transfers in	9,591,991	8,220,060	8,479,893	266,955
Transfers out	(9,591,991)	(8,220,060)	(8,479,893)	(266,955)
Payments to bond escrow agent	(12,353,106)	-	(13,063,221)	-
Total other financing sources (uses)	1,251,152	8,197	77,675,816	532,260
Net change in fund balances	(5,303,389)	(6,763,410)	72,004,992	(5,732,161)
Fund Balances - Beginning of year	28,384,548	23,081,159	16,317,749	88,322,741
Fund Balances - End of year	\$ 23,081,159	\$ 16,317,749	\$ 88,322,741	\$ 82,590,580
Debt service as a percentage of noncapital expenditures	5.31%	5.21%	5.56%	7.77%

Source: Farmington Public School District audited financial statements

Financial Trend Information

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 56,823,935	\$ 56,820,326	\$ 59,272,881	\$ 58,995,894	\$ 56,925,388	\$ 57,542,113
79,540,215	80,753,569	79,439,607	77,900,206	79,076,235	79,383,528
5,073,500	4,584,875	6,552,413	6,015,529	11,787,860	13,355,204
11,318,752	10,973,273	11,615,912	11,362,842	12,176,602	12,621,598
<u>152,756,402</u>	<u>153,132,043</u>	<u>156,880,813</u>	<u>154,274,471</u>	<u>159,966,085</u>	<u>\$ 162,902,443</u>
84,698,693	85,131,450	85,128,370	83,267,562	81,924,865	85,838,569
46,227,964	47,646,320	48,694,856	47,408,343	48,508,103	53,008,872
1,417,606	1,395,012	1,297,459	1,199,880	1,158,934	1,815,060
3,291,564	3,547,386	3,320,045	3,077,384	2,242,587	3,518,833
1,887,855	1,903,395	1,844,753	1,429,971	1,435,124	1,668,289
7,430,000	7,455,000	6,900,000	7,035,000	6,065,000	6,355,000
-	556,576	-	326,626	57,891	303,921
4,044,991	3,740,820	5,085,422	4,933,121	6,775,362	6,804,613
812,115	777,328	922,418	1,157,458	1,000,846	949,469
<u>35,856,729</u>	<u>31,982,988</u>	<u>22,374,148</u>	<u>17,954,133</u>	<u>12,962,058</u>	<u>19,392,931</u>
<u>185,667,517</u>	<u>184,136,275</u>	<u>175,567,471</u>	<u>167,789,478</u>	<u>162,130,770</u>	<u>179,655,557</u>
(32,911,115)	(31,004,232)	(18,686,658)	(13,515,007)	(2,164,685)	(16,753,114)
-	54,675,000	-	57,265,000	-	-
-	562,493	-	10,855,498	-	-
9,255	42,875	1,063,812	703,006	8,191	45,000
173,592	177,675	547,542	999,165	1,038,519	1,040,931
(173,592)	(177,675)	(547,542)	(999,165)	(1,038,519)	(1,040,931)
-	-	-	-	-	-
<u>9,255</u>	<u>55,280,368</u>	<u>1,063,812</u>	<u>68,823,504</u>	<u>8,191</u>	<u>45,000</u>
(32,901,860)	24,276,136	(17,622,846)	55,308,497	(2,156,494)	(16,708,114)
82,590,580	49,688,720	73,964,856	56,342,010	112,545,877	110,389,383
<u>\$ 49,688,720</u>	<u>\$ 73,964,856</u>	<u>\$ 56,342,010</u>	<u>\$ 111,650,507</u>	<u>\$ 110,389,383</u>	<u>\$ 93,681,269</u>
8.34%	8.42%	8.54%	9.01%	9.54%	9.23%

Farmington Public School District

Taxable Value by Property Type

Tax Year	Real Property			Personal	Commercial
	Residential	Commercial	Industrial	Property*	Personal Property
2012	2,128,956,830	785,323,570	101,290,930	N/A	135,583,780
2013	2,152,620,080	731,842,410	92,365,090	N/A	137,119,430
2014	2,206,252,830	695,602,580	91,896,530	N/A	120,006,060
2015	2,279,432,190	695,770,180	94,275,590	N/A	124,588,940
2016	2,323,967,980	697,227,610	92,660,800	N/A	121,347,540
2017	2,394,338,920	717,326,830	94,328,290	N/A	123,873,610
2018	2,486,688,870	741,540,180	104,608,030	N/A	122,285,560
2019	2,591,755,350	773,336,870	111,015,520	N/A	128,999,420
2020	2,694,273,080	808,369,840	119,721,280	N/A	127,860,260
2021	2,779,269,890	846,091,890	124,603,780	N/A	130,508,500

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

* During fiscal year 2009, the State of Michigan revised the taxable value structure of the personal property tax base. This change was made to lessen property taxes on businesses within the state.

Source: Oakland County Form L-4028

Revenue Capacity Information

Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Taxable Value by Property Type

Industrial Personal Property	Utility Personal Property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
			Homestead/Non- Homestead		
77,025,150	44,594,630	3,272,774,890	13.3810/20.5600	6,545,549,780	50.00%
75,384,170	48,422,550	3,237,753,730	13.0150/20.5600	6,475,507,460	50.00%
76,000,470	49,097,810	3,238,856,280	11.7472/20.2600	6,477,712,560	50.00%
76,455,060	52,464,870	3,322,986,830	12.4418/21.4400	6,645,973,660	50.00%
34,303,610	55,425,380	3,324,932,920	12.1482/21.4400	6,649,865,840	50.00%
29,731,320	60,536,590	3,420,135,560	11.4628/21.3000	6,840,271,120	50.00%
26,284,020	63,545,460	3,544,952,120	11.3026/21.3000	7,089,904,240	50.00%
20,678,430	75,280,180	3,701,065,770	10.8634/21.3000	7,402,131,540	50.00%
18,778,930	82,232,230	3,851,235,620	10.4451/21.2000	7,702,471,240	50.00%
19,757,730	91,336,690	3,991,568,480	9.4482/21.2000	7,983,136,960	50.00%

Farmington Public School District

Millage rates - direct city taxes						
Operating				Total Direct Taxes		
Tax Year	Fiscal Year Ended June 30	Homestead	Non-homestead	Debt*	Homestead	Non-homestead
2011	2012	10.1534	18.0000	2.1800	12.3334	20.1800
2012	2013	10.8210	18.0000	2.5600	13.3810	20.5600
2013	2014	10.4550	18.0000	2.5600	13.0150	20.5600
2014	2015	9.4872	18.0000	2.2600	11.7472	20.2600
2015	2016	9.0018	18.0000	3.4400	12.4418	21.4400
2016	2017	8.7082	18.0000	3.4400	12.1482	21.4400
2017	2018	8.1268	18.0000	3.3000	11.4268	21.3000
2018	2019	8.0026	18.0000	3.3000	11.3026	21.3000
2019	2020	7.5434	18.0000	3.3000	10.8634	21.3000
2020	2021	7.2451	18.0000	3.2000	10.4451	21.2000
2021	2022	6.2482	18.0000	3.2000	9.4482	21.2000

* Debt millage applies to homestead and nonhomestead property.

Sources: Assessment and tax roll certificates and warrants for West Bloomfield Township, City of Farmington Hills, and City of Farmington

Revenue Capacity Information

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping taxes

Oakland County	Oakland Community College	Oakland Intermediate School District	State Education	City of Farmington	City of Farmington Hills	Township of West Bloomfield
4.7461	1.5844	3.3690	6.0000	16.5856	12.2036	11.9347
4.9461	1.5844	3.3690	6.0000	16.5856	13.9392	12.2537
4.9461	1.5844	3.3690	6.0000	16.5856	13.9392	12.2550
4.0019	1.5844	3.3690	6.0000	16.5856	13.9394	12.2550
4.0900	1.5819	3.3633	6.0000	15.0000	14.3908	12.2112
4.2800	1.5708	3.3980	6.0000	15.0000	14.3200	12.1700
4.4908	1.5555	3.3079	6.0000	15.0000	14.6569	12.0487
4.0400	1.5431	3.2813	6.0000	15.5000	14.5797	11.9618
4.0400	1.5303	3.2539	6.0000	18.4322	17.1905	11.8579
4.0200	1.5184	3.2280	6.0000	18.3559	17.0017	11.7840
4.0132	1.5057	3.2012	6.0000	18.3105	16.8566	11.7285

Revenue Capacity Information
Principal Property Taxpayers
Current and Ten Years Ago

	<u>Taxpayer</u>	2021 Taxable Value	% of total	<u>Taxpayer</u>	2012 Taxable Value	% of total	2012 Rank
1	Oakland Management Co.	\$ 52,483,630	1.31%	Oakland Management Co.	\$ 62,437,280	1.91%	1
2	DTE Energy	45,012,940	1.13%	FH Corportate Investors (Kojaian)	33,354,140	1.02%	2
3	Independence Green Assoc LLC	24,523,080	0.61%	DTE Energy	30,602,120	0.94%	3
4	FH Corportate Investors (Kojaian)	21,316,240	0.53%	Robert Bosch Corp.	29,667,110	0.91%	4
5	Green Hill Apts.	19,107,900	0.48%	Nissan Corp.	28,287,090	0.86%	5
6	Nissan Corp.	16,292,200	0.41%	Green Hill Apts.	16,710,850	0.51%	6
7	Gateway Center LLC	16,052,660	0.40%	Arboretum Development	16,677,640	0.51%	7
8	Ramco/Lion Venture LP	14,124,210	0.35%	Chrysler Financial Company	14,760,000	0.45%	8
9	Finsilver Friedman	14,038,670	0.35%	Ramco/Lion Venture LP	14,560,060	0.44%	9
10	Hartman & Tyner	13,826,620	0.35%	Aimco (Independence Green)	12,457,410	0.38%	10
	Total	<u>\$ 236,778,150</u>	5.93%		<u>\$ 259,513,700</u>	7.93%	
	Total School District Taxable Value	<u>\$ 3,991,568,480</u>			<u>\$ 3,272,774,890</u>		

Source: Cities of Farmington and Farmington Hills

Farmington Public School District

Revenue Capacity Information Property Tax Levies and Collections

Last Ten Fiscal Years

	Year ended		Current	Percent	Delinquent	Total tax	Percent of
Tax Year	June 30,	Total levy	collections (1)	collected	collections (2)	collections	levy collected
2011	2012	52,916,609	52,764,189	99.71%	1,398	52,868,451	99.91%
2012	2013	52,079,493	51,994,900	99.84%	4,548	52,055,771	99.95%
2013	2014	50,765,606	50,678,031	99.83%	41,439	50,719,470	99.91%
2014	2015	47,485,452	47,382,532	99.78%	-	47,382,532	99.78%
2015	2016	51,359,325	51,260,368	99.81%	-	51,260,368	99.81%
2016	2017	50,919,669	50,893,807	99.95%	-	50,893,807	99.95%
2017	2018	50,581,629	50,523,427	99.88%	-	50,523,427	99.88%
2018	2019	51,757,190	51,671,366	99.83%	-	51,671,366	99.83%
2019	2020	53,113,716	52,982,308	99.75%	-	52,982,308	99.75%
2020	2021	54,088,446	53,980,248	99.80%	-	53,980,248	99.80%
2021	2022	53,360,982	52,363,313	98.13%	-	52,363,313	98.13%

(1) Represents collections through the final distribution of taxes, including delinquent real taxes purchased by the county

(2) Represents all collections after the final distribution date, through the current date

Source: Farmington Public School District audited financial statements

Farmington Public School District

	As of June 30,			
	2013	2014	2015	2016
Governmental Activities:				
General obligation bonds	\$ 34,925,000	\$ 28,575,000	\$ 90,170,000	\$ 82,955,000
Less: pledged debt service funds	-	-	-	-
Net general bonded debt	34,925,000	28,575,000	90,170,000	82,955,000
Installment purchase agreements	-	-	-	-
Capital leases	-	-	-	-
Total debt of school distract	34,925,000	28,575,000	90,170,000	82,955,000
Taxable Value	6,545,549,780	6,475,507,460	6,477,712,560	6,645,973,660
Net general bonded obligation debt as a percentage of taxable value	0.53%	0.44%	1.39%	1.25%
Total Population	83,700	84,300	84,300	84,300
Total debt per capita	\$ 417	\$ 339	\$ 1,070	\$ 984
Per capita personal income	\$ 37,187	\$ 37,187	\$ 37,187	\$ 37,187
Total debt to per capita personal income	939:1	768:1	2425:1	2231:1

Note: If personal income is unavailable, it is acceptable to use Taxable Value

Sources: Farmington Public School District audited financial statements
Population information obtained from Southeastern Michigan Council of Governments

Debt Capacity Information Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 75,525,000	\$ 122,745,000	\$ 115,845,000	\$ 166,075,000	\$ 160,010,000	\$ 153,655,000
-	-	-	-	-	-
75,525,000	122,745,000	115,845,000	166,075,000	160,010,000	153,655,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>75,525,000</u>	<u>122,745,000</u>	<u>115,845,000</u>	<u>166,075,000</u>	<u>160,010,000</u>	<u>153,655,000</u>
6,649,865,840	6,840,271,120	7,089,904,240	9,382,768,362	7,687,337,680	7,968,003,400
1.14%	1.79%	1.63%	1.77%	2.08%	1.93%
84,300	91,600	91,500	91,500	91,700	95,600
\$ 896	\$ 1,340	\$ 1,266	\$ 1,815	\$ 1,745	1607
\$ 37,187	\$ 40,089	\$ 40,920	\$ 44,263	\$ 45,156	\$ 49,576
2031:1	3062:1	2831:1	3752:1	3543:1	3,099:1

Farmington Public School District

Debt Capacity Information Direct and Overlapping Governmental Activities Debt

June 30, 2022

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Farmington	\$ 18,105,000	100.00%	\$ 18,105,000
City of Farmington Hills	57,687,370	92.86%	53,568,492
Township of West Bloomfield	45,585,799	3.52%	1,604,620
Oakland County	220,654,700	6.10%	13,459,937
Oakland Intermediate School District	41,070,000	6.12%	2,513,484
Total overlapping debt			89,251,533
Direct district debt			153,655,000
Total direct and overlapping debt			<u>\$ 242,906,533</u>

Source: Municipal Advisory Council of Michigan, September 2022

The share of overlapping debt is determined by taking the amount of taxable value in each jurisdiction that is within the boundaries of the School District as a percentage of the total taxable value of that jurisdiction. That percentage is then applied to the direct tax-supported debt of the jurisdiction to determine the School District's overlapping share. Only tax-supported debt is included in the overlapping debt.

Farmington Public School District

	As of June 30,			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Calculation of debt limit				
State equalized valuation (SEV)	\$ 3,306,721,310	\$ 3,281,856,510	\$ 3,458,703,200	\$ 3,770,509,520
15% of state equalized valuation (SEV)	496,008,197	492,278,477	518,805,480	565,576,428
Calculation of debt subject to limit				
Total debt	34,925,000	28,575,000	90,170,000	82,955,000
Less debt not subject to limit:				
State qualified debt issuance	<u>(34,925,000)</u>	<u>(28,575,000)</u>	<u>(9,120,000)</u>	<u>(7,055,000)</u>
Net debt subject to limit	<u>-</u>	<u>-</u>	<u>81,050,000</u>	<u>75,900,000</u>
Legal debt margin	<u>496,008,197</u>	<u>492,278,477</u>	<u>437,755,480</u>	<u>489,676,428</u>
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	15.62%	13.42%

* Public Act No. 451 of Michigan 1976, Sec. 1351A provides debt limits as follows: The bonded indebtedness of a school district shall not exceed 15 percent of all assessed valuation of the district. Bonds not included in the computation of the legal debt margin are:

1. Defeased bonds
2. Any bond qualified under Article IX, Section 16 of the 1963 Michigan Constitution
3. Deficit budget bonds as authorized by Sec. 1356

**Based upon the strength of the School District's credit rating, along with a projected increase in taxable values in the foreseeable future, the School District selected the non-qualified bond option; however, it still met all of the requirements of the qualification process.

Source: School District audited financial statements

Debt Capacity Information Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 3,994,121,140	\$ 4,228,770,840	\$ 4,425,044,500	\$ 4,702,442,020	\$ 5,235,479,320	\$ 5,593,087,890
599,118,171	634,315,626	663,756,675	705,366,303	785,321,898	838,963,184
75,525,000	122,745,000	115,845,000	166,075,000	160,010,000	153,655,000
(4,800,000)	(2,500,000)	-	-	-	-
<u>70,725,000</u>	<u>120,245,000</u>	<u>115,845,000</u>	<u>166,075,000</u>	<u>160,010,000</u>	<u>153,655,000</u>
<u>528,393,171</u>	<u>514,070,626</u>	<u>547,911,675</u>	<u>539,291,303</u>	<u>625,311,898</u>	<u>685,308,184</u>
11.80%	18.96%	17.45%	23.54%	20.38%	18.31%

Farmington Public School District

Demographic and Economic Information

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal year	Population	Total Personal Income	Per Capita Personal Income	Unemployment rate
2012	89,500	3,328,237	37,187	7.53%
2013	83,700	3,112,552	37,187	7.38%
2014	84,300	3,134,864	37,187	6.26%
2015	84,300	3,134,864	37,187	3.73%
2016	84,300	3,134,864	37,187	2.90%
2017	91,600	3,556,828	38,830	4.30%
2018	91,600	3,672,152	40,089	3.80%
2019	91,500	3,668,418	40,092	4.00%
2020	91,500	4,050,064	44,263	8.70%
2021	91,700	4,140,805	45,156	3.90%
2022	95,600	4,739,466	49,576	4.30%

Sources: U.S. Bureau of the Census, Census 2020
Michigan Department of Labor and Economic Growth
Southeast Michigan Council of Governments

Farmington Public School District

Demographic and Economic Information Principal Employers

Employer	2022 Employees	Percentage of total	2013 Employees	Percentage of total
1 Pkc Group USA Inc	5,650	6.20%	-	4.80%
2 American Laser Centers	1,550	1.70%	-	3.80%
3 Beaumont Hospital - Farmington Hills	1,500	1.65%	2,500	1.20%
4 Robert Bosch Corporation	1,400	1.54%	1,600	3.75%
5 Farmington Public Schools	1,200	1.32%	1,400	3.30%
6 Nissan Technical Center North America	1,200	1.32%	1,200	1.40%
7 Hitachi	1,200	1.32%	-	1.40%
8 Mahle	850	0.00%	850	1.99%
9 TD Auto Finance	800	0.88%	900	2.00%
10 Accesspoint, LLC	700	0.77%	-	0.00%
 Total principal employers	 <u>16,050</u>	 16.69%	 <u>8,450</u>	 23.64%
 Total employment	 <u>91,077</u>		 <u>42,661</u>	

Sources: City of Farmington Hills website
Oakland County
Southeast Michigan Council of Governments
Farmington Public School District

Note: Total employment information is obtained from the Bureau of Labor Statistics.

Farmington Public School District

Function/ program:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government				
Instruction	856	838	804	701
Support services	486	468	445	413
Community service	4	4	3	3
Athletics	2	2	2	2
Food service	<u>69</u>	<u>69</u>	<u>69</u>	<u>69</u>
Total	<u>1,417</u>	<u>1,381</u>	<u>1,323</u>	<u>1,188</u>

Source: Farmington Public School District Personnel Department

Operating Information

Full-Time Equivalent School District Employees

Last Ten Fiscal Years

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
701	707	726	716	704	719
350	351	355	361	348	375
3	3	3	3	3	4
2	2	2	2	2	2
63	63	63	63	63	52
<u>1,119</u>	<u>1,126</u>	<u>1,149</u>	<u>1,145</u>	<u>1,120</u>	<u>1,152</u>

Farmington Public School District

Operating Information Operating Indicators

Last Ten Fiscal Years

Year	Enrollment	Operating expenditures	Cost per pupil	Operating revenue	Revenue per pupil	Total teaching staff	Percentage of students qualifying for free/reduced meals	Average teacher salary
2012	11,335	139,722,381	12,327	131,000,311	11,557	800	23.80%	76,621
2013	11,149	140,796,620	12,629	130,457,034	11,701	820	23.08%	75,303
2014	10,776	143,417,384	13,309	129,848,413	12,050	794	23.68%	75,930
2015	10,332	141,740,089	13,719	129,912,019	12,574	762	23.51%	76,625
2016	10,097	137,710,021	13,639	141,274,125	13,992	663	21.80%	75,627
2017	9,719	135,139,630	13,905	137,236,964	14,120	661	23.30%	76,176
2018	9,669	136,966,622	14,166	137,213,443	14,191	675	26.93%	76,087
2019	9,550	138,205,540	14,472	140,071,260	14,667	684	26.84%	76,586
2020	9,433	134,585,729	14,268	137,672,209	14,595	682	26.49%	75,421
2021	9,401	133,712,717	14,223	144,306,666	15,350	659	27.29%	74,391
2022	8,955	142,886,149	15,955	143,998,156	16,079	687	28.17%	74,387

Sources: Farmington Public School District audited financial statements
Michigan Department of Education Bulletin 1014

Farmington Public School District

Function/ program	As of June 30,			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instructional buildings:				
Elementary:				
Number of buildings	9	9	9	9
Square footage	459,488	459,488	459,488	459,488
Capacity	4,389	4,389	4,389	4,389
Enrollment*	3,643	3,607	3,431	3,351
Upper Elementary:				
Number of buildings	2	2	2	2
Square footage	209,452	209,452	209,452	209,452
Capacity	1,830	1,830	1,830	1,830
Enrollment*	1,633	1,523	1,408	1,322
K-8 School:				
Number of buildings	-	-	-	-
Square footage	-	-	-	-
Capacity	-	-	-	-
Enrollment*	-	-	-	-
Middle:				
Number of buildings	2	2	2	2
Square footage	232,200	232,200	232,200	232,200
Capacity	1,848	1,848	1,848	1,848
Enrollment*	1,704	1,691	1,611	1,530
High:				
Number of buildings	3	3	3	3
Square footage	734,412	734,412	734,412	734,412
Capacity	3,856	3,856	3,856	3,856
Enrollment*	3,950	3,719	3,639	3,544
Other:				
Number of buildings	4	4	4	4
Square footage	112,532	112,532	112,532	112,532
Capacity	605	605	605	605
Enrollment*	300	298	287	248
Administrative:				
Number of buildings	3	3	3	3
Square footage	77,588	77,588	77,588	77,588
Transportation/Maintenance:				
Number of garages	1	1	1	1
Buses	96	96	96	95
Athletics:				
Football/Soccer fields	15	15	15	15
Running tracks	5	5	5	5
Baseball/softball	31	31	31	31
Swimming pools	3	3	3	3
Playgrounds	14	14	14	14

* Enrollment is based upon the fall head count of pupils.

Source: Farmington Public School District

Operating Information

Capital Asset Information

Last Ten Fiscal Years

As of June 30,					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
9	8	8	8	8	8
459,488	423,652	423,652	423,652	423,652	423,652
4,389	4,103	4,103	4,103	4,103	4,103
3,950	3,471	3,597	3,652	3,535	3,620
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	1	1	1	1
-	84,720	84,720	84,720	84,720	84,720
-	896	896	896	896	896
-	598	699	717	721	630
3	3	3	3	3	3
344,452	348,552	348,552	348,552	348,552	348,552
2,782	2,832	2,832	2,832	2,832	2,832
2,035	1,903	1,813	1,816	1765	1689
3	3	3	2	2	2
734,412	734,412	734,412	489,105	489,105	489,105
3,856	3,856	3,856	2,372	2,372	2,372
3,364	3,242	3,057	2,860	2,738	2,672
4	5	5	5	5	5
112,532	135,323	135,323	135,323	135,323	135,323
605	941	941	941	941	941
245	252	244	240	236	237
3	3	3	3	3	3
77,588	77,588	77,588	77,588	77,588	77,588
1	1	1	1	1	1
95	95	95	95	95	95
15	15	15	13	13	13
5	5	5	5	5	5
31	31	31	28	28	28
3	3	3	2	2	2
14	14	14	14	14	14