



# Annual Comprehensive Financial Report

for the fiscal year ended June 30, 2022

---

Waterford, Michigan

# **Annual Comprehensive Financial Report**

## **Oakland Schools**

**2111 Pontiac Lake Road  
Waterford, MI 48328**

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

### **Board of Education**

President	George Ehlert
Vice President	Dr. Theresa Rich
Secretary	Connie Williams
Treasurer	Marc Katz
Trustee	Steven Gottlieb

**Superintendent of Schools**  
Dr. Wanda Cook-Robinson

**Deputy Superintendent**  
Kenneth Gutman

**Assistant Superintendent, Finance and  
Operations**  
Dr. Pamela Scales

**Assistant Superintendent, Shared Services/CIO**  
Tammy Evans

**Assistant Superintendent, Human Resources,  
Personnel Management & Labor Relations**  
Dandridge Floyd

### **Report Prepared by:**

Michelle Saunders, Executive Director of Financial Services

Gina Chesnutt, Controller	Kirsten Harris, Payroll Specialist
Karen Combs, Accounting Manager	Claudette Jefferson, Grant and Funded Projects Specialist
Konni Behounek, Early Childhood Grant Specialist	Julie Keys, PA-18 Technician
Lori Calderon, Accounting Technician	Shawn Makuch, Accounting Technician
Ericka Cloutier, Campus Bookkeeper	Candice Overton, Campus Bookkeeper
Jodi Crandall, Accounting Technician	Lydia Purol, Federal Grant Coordinator
Leola Eastman, Special Ed Fiscal Support Svc Coord.	Dawn Styma, Budget and Risk Management Specialist
Donna Esper, Accounting Technician	

**Introductory Section**

<b>Letter of Transmittal</b>	i-xii
<b>ASBO Certificate of Excellence</b>	xiii
<b>Organizational Chart</b>	xiv
<b>List of District Officials</b>	xv

**Financial Section**

<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-12

**Basic Financial Statements**

## Government-wide Financial Statements:

Statement of Net Position	13
Statement of Activities	14

## Fund Financial Statements:

## Governmental Funds:

Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Position	16
Statement of Revenue, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	18

## Proprietary Funds:

Statement of Net Position	19
Statement of Revenue, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21

## Fiduciary Fund:

Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23

Notes to Financial Statements	24-48
-------------------------------	-------

<b>Required Supplemental Information</b>	49
--	----

Budgetary Comparison Schedule - General Education Fund	50
Budgetary Comparison Schedules - Major Special Revenue Funds	51-52
Schedule of Proportionate Share of the Net Pension Liability	53
Schedule of Pension Contributions	54
Schedule of Proportionate Share of the Net OPEB Liability	55
Schedule of OPEB Contributions	56
Notes to Required Supplemental Information	57-58

<b>Other Supplemental Information</b>	59
Budgetary Comparison Schedules - Nonmajor Special Revenue Funds	60-64
Nonmajor Governmental Funds:	
Combining Balance Sheet	65
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	66
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	67
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	68
Schedule of Bonded Indebtedness	69
<b><u>Statistical Section</u></b>	70
<b>Introduction to the Statistical Section</b>	71
<b>Financial Trend Information</b>	
Net Position by Component (Unaudited)	72
Changes in Governmental Net Position (Unaudited)	73-74
Fund Balances - Governmental Funds (Unaudited)	75
Changes in Fund Balances - Governmental Funds (Unaudited)	76
<b>Revenue Capacity Information</b>	
Taxable Value of Property (Unaudited)	77
Direct and Overlapping Property Tax Rates (Unaudited)	78
Principal Property Taxpayers (Unaudited)	79
Property Tax Levies and Collections (Unaudited)	80
<b>Debt Capacity Information</b>	
Ratios of Outstanding Debt (Unaudited)	81
Direct and Overlapping Governmental Activities Debt (Unaudited)	82
Legal Debt Margin (Unaudited)	83
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics (Unaudited)	84
Principal Employers (Unaudited)	85
<b>Operating Information</b>	
Full-time Equivalent School District Employees (Unaudited)	86
Operating Indicators (Unaudited)	87
Facility Capital Asset Owned and Leased Information (Unaudited)	88
<b>Federal Awards Supplemental Information</b>	Issued Under Separate Cover



October 18, 2022

To the Citizens of Oakland County  
and the Board Members of Oakland Schools

State law requires that every school district and intermediate school district publish a complete set of audited financial statements by November 1 each year. The Annual Comprehensive Financial Report (ACFR) of Oakland Schools (an intermediate school district) for the fiscal year ended June 30, 2022 is hereby submitted to fulfill that requirement. The Oakland Schools Department of Financial Services prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Oakland Schools (the “District”). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various District funds. All disclosures necessary to enable the reader to gain a thorough understanding of the District’s financial activities have been included.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a listing of the elected and top administrative officials of the District, the District’s ASBO Certificate of Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2021 and the District’s administrative organizational chart. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&A), basic financial statements, required supplemental information, and other supplemental information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The basis for preparing the ACFR for the District was first to identify the financial reporting entity exclusive of any potential component units. Potential component units were evaluated to determine whether they should be reported in the District’s ACFR. A component unit is considered to be part of the District’s reporting entity if it meets the criteria as outlined by the Governmental Accounting Standards Board (GASB) in Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statements 39 and 61. The ACFR includes all District funds and account groups that are controlled or dependent upon the District’s Board of Education. There are no component units included in the District’s ACFR, and Oakland Schools is not included in any other governmental “reporting entity.”

## **The District**

Oakland Schools is one of 56 intermediate school districts (ISDs) established in Michigan in 1962. ISDs are regional service agencies that offer support services to local school district personnel that are best delivered regionally, as measured by cost, size and quality advantages. Oakland Schools is an autonomous, tax-supported public school district governed by Michigan General School laws. The District serves 28 local school districts and 23 public school academies, each independently funded, with a countywide enrollment of approximately 181,036 students. Enrollment decreased by 3.2%, or 5,985 full time equivalents between 2020-21 and 2021-22. Countywide, student enrollment had been declining since 2007, primarily due to the economic environment in the state of Michigan causing families to move out of state. Between 2015-2025, the population for ages 5-17 is projected to decrease by over 10% according to

the Southeast Michigan Council of Governments and will then be relatively flat for the subsequent five years. This will have a corresponding impact on projected school district enrollment. Enrollment does not impact the financial resources of Oakland Schools however, as our primary revenue source is property taxes, and the District does not receive a per pupil foundation allowance nor any per pupil funding.

The District's Board of Education members are elected by local school boards and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. The Board of Education is responsible for the selection and appointment of the superintendent, as well as setting policy, developing long-range educational goals, adopting and amending operating budgets, and evaluating school programs.

Oakland Schools operated and housed staff in seven locations in 2021-22, three of which are owned and four of which are leased. Our locations housing staff consist of the main Administration Building, Summit building (Production Print, Special Education), and White Oaks building (Medicaid, Special Programs) in Waterford, Michigan; and four technical campuses in each of the quadrants of the county: Northwest Campus in Clarkston, Michigan, Southwest Campus in Wixom, Michigan, Northeast Campus in Pontiac, Michigan and Southeast Campus in Royal Oak, Michigan. The District owns an additional facility that is currently being leased to third parties and is called the Career Connections facility. The four technical campuses provide a countywide career focused education learning system to approximately 2,400 students from all 28 constituent districts. The condition of all Oakland Schools' facilities is excellent. All owned facilities are routinely evaluated and renovated or updated to ensure they are structurally sound and are state of the art facilities. The District maintains a 5-year capital plan which is updated annually to prepare for necessary improvements and upgrades to facilities and equipment. The District pre-funds at least three years, and up to five years, of the capital plan requirements. This planning process ensures Oakland Schools maintains adequate funding and can meet our capital needs.

### **Economic Condition and Outlook**

Oakland Schools and the school districts we support are primarily located in Oakland County, which covers approximately 910 square miles. Despite recent years of economic turmoil with the Great Recession in 2009 and more recently with the COVID-19 pandemic ("the pandemic") that has plagued Southeast Michigan, along with the rest of the nation, Oakland County has remained one of the most prosperous counties in the country. More important, it has the necessary assets to remain a prosperous and welcoming county in the future. Oakland County remains one of the most prominent local economies in the nation, with some of the most promising longer-term prospects. The County's knowledge-based economic activity is among the most concentrated in the country and the percentage of the population holding an associate's degree or better well exceeds the national average, which are two good indicators of future economic prosperity.

The County is especially noteworthy for its share of residents employed in professional and managerial occupations, which bodes well for future growth opportunities in higher paid activities. Oakland County's assets provide opportunities to continue diversifying its economy into areas with longer-term growth potential. The County's strongest industries which are expected to return to 2019 employment levels by 2023 include utilities, management companies, finance and insurance, professional, scientific and technical services among others. These tend to be higher-wage industries. Economists predict job recovery will continue in Oakland County and by the end of 2023 will exceed 2020 1<sup>st</sup> quarter employment by 1.7%. The unemployment rate showed a significant increase to 14.9% as of June 30, 2020 due to the pandemic, but rebounded to 2.5% as of June 30, 2022, compared to a nationwide average of 3.6%. Oakland County's affluent, well-educated community has been, and will continue to be, its own best resource for maintaining a thriving economy. For more information about Oakland County's economic engine, please visit either [www.oakgov.com](http://www.oakgov.com) or [www.automationalley.com](http://www.automationalley.com).



## **School Finance**

Oakland Schools is allocated one-fourth mill (0.25 mill) for general operating purposes from the millage allocation authorized in each Michigan county, in accordance with the State of Michigan constitution. Under the terms of the Tax Limitation Amendment of 1978, this millage has been “rolled back” to reflect growth of property valuation above the inflation rate. For the fiscal year ended June 30, 2022, the District’s General Education Fund operating levy was .1902 mills. Due to another mileage rollback, the District will levy .1881 mills in fiscal year 2023.

The District is legally permitted to seek voter approval to fund special education and vocational education programs. The voters had authorized special education tax levies totaling one and three-fourths mills (1.75 mills) and a vocational education tax of one-half mill (0.50 mills), all of which have been “rolled back” under the terms of the Tax Limitation Amendment of 1978. On September 25, 2001, the voters authorized an additional tax levy for both special education (1.1704 mills) and vocational education (0.2279 mills). The District’s special education and vocational education total levies for the fiscal year ended June 30, 2022 were 2.4192 mills and .5918 mills, respectively, after application of millage rollback rules. These millage rates will be reduced to 2.3925 and .5852, respectively, in fiscal year 2023 due to additional rollbacks.

The taxable valuations for Oakland County properties during the Great Recession suffered a cumulative loss in value of 24.5%. Those four consecutive years of declining property tax values have an impact lasting into fiscal year 2022 and beyond until the tax base has fully recovered, resulting in a cumulative erosion of District revenue of \$438.6 million through fiscal year 2022.

Nearly 76% of this decline is Special Education property tax which flows through to school districts in Oakland County. The prior years’ decline in the District’s tax base is reflective of the state’s economic challenges and the nation’s ongoing commercial and residential real estate market retrenchment. Taxable values of Oakland County properties increased by 3.84% and 6.4% in tax years 2021 and 2022, respectively and estimates showed future increases of 5.0% annually for 2023, 4.5% for 2024 and 4.25% for 2025-2027. Due to Proposal A however, the District’s tax levy increase is limited to the rate of inflation and the full amount of taxable value increase is not expected to be realized. Oakland Schools continues to monitor the economic environment for indications of another recession and the impact that the pandemic may have on property tax revenue estimates.

Oakland Schools continues to monitor ongoing Michigan Tax Tribunal (MTT) judgments. There was a significant backlog of cases that arose during the recession that took several years to complete. Not all MTT judgments result in a reduction in taxable value for the plaintiff, although a good number of them do. These judgments often result in a refund of previously collected property taxes that the County must provide to the plaintiff(s), and the County passes these costs onto the respective municipalities and school districts, such as Oakland Schools. At the time of this publication, Oakland Schools is using the same information that Oakland County Government has developed for determining the liability exposure to MTT appeals. As a result, we have determined that a reserve of \$0.5 million is appropriate to address successful property tax appeals through the school fiscal year ending June 30, 2023.

## **Major Initiatives**

### ***Purpose***

Our statement of purpose as of June 30, 2022 and as adopted by our Board of Education is:

“EVERY STUDENT. EVERY DAY.”

Our beliefs, as adopted by our Board of Education are:

- It’s about service.
- Students form the lens through which our best educational decisions are made.

- All students can and will learn.
- Collaboration builds understanding.
- Education is a shared responsibility.
- Our success depends upon our employees.
- Change is opportunity.
- Lifelong learning is a key to lifelong success.
- Effective relationships are powerful.
- Differences expand our thinking.
- Visionary leadership creates a dynamic environment.
- We must develop leaders for tomorrow.
- Ethical behavior is everyone's responsibility.

To support our mission and beliefs, the Board of Education has formally adopted and maintains a continuous improvement plan for Oakland Schools. As of June 30, 2022, the goals of the continuous improvement plan are:

1. Equity
2. Well-Being
3. Excellence
4. Operations

Oakland Schools strives to promote equity and excellence in education throughout the District. We do this through quality service and leadership. We explore, experiment, and model ideas to improve education and enhance teaching skills through discovery and practice. We understand that our role as an Intermediate School District is to support student achievement in our constituent districts. We meet this responsibility through our professional and curricular development programs, development and implementation of regional best practices and operating efficiencies, and our monitoring and compliance activities.

Examples of current programs, initiatives, and support systems that serve our constituent school districts follow:

### ***Illuminate***

Oakland Schools supports our constituent districts by subsidizing the Illuminate DnA Assessment system in all 28 of our districts. This system allows districts to manage student assessment data at the district, school and classroom level. Oakland Schools has been subsidizing approximately 50% of the cost of this system, but we are also committing a number of staff members to work in districts to support local staff in implementation. All 28 districts and 3 PSA districts have reached full implementation and innovation in using DNA to meet both student academic and social-emotional needs. We are also building the capacity of classroom teachers through customized, in-district professional learning and regional professional learning, as well as Oakland Schools-developed online learning resources. In 2022 and 2021, Oakland Schools has increased support to pay for the full base cost of Illuminate DnA, saving Oakland county districts approximately \$700,000 and \$720,000, respectively.

### ***Literacy Essentials Oakland (LEO)***

The Literacy Essentials Oakland (LEO) Project is centered on ensuring early literacy success for children in Oakland County. This five year project was launched during the 2019-20 school year, and was redesigned in 2022 to focus on supporting and increasing the efficacy of district systems, leadership and coaching for literacy. The goal is to engage in more effective, intentional and system-aligned ways to support a school-wide culture of literacy. Districts will receive support from Oakland Schools at varying levels based on their specific needs.



## ***Social and Emotional Learning***

Oakland Schools has a number of programs and services underway to attend to the social and emotional development of young people. We have partnered with local mental health providers to take steps to ensure mental health services are available to students and are involved in multiple initiatives to ensure this happens in an approachable and sensitive manner. We also provide support, along with local community partners, for the Oakland County Here4U project. This project trains teams of diverse peer educators to develop a year-long campaign for their peers that aims to increase awareness of the signs and symptoms of depression and anxiety, diminish stigma around depression, anxiety, and help seeking behaviors, and connect peers with trusted adults and mental health supports in their community.

## ***Oakland Schools Mental Health Wraparound***

Oakland Schools Mental Health Wraparound provides intensive service coordination to students with mental health needs so they are able to gain support to remain and succeed in school. Mental Health Wraparound assures service coordination, and is used by every district in the County. A collaborative endeavor by Oakland Schools, Oakland County Health Network, and Oakland County Circuit Court, Mental Health Wraparound is effective more than 80% of the time at keeping high risk students successful in their school placements.

## ***Oakland County Suicide Taskforce***

At a leadership level, the Taskforce supports district and school protocol with regard to prevention, intervention and postvention suicide services. These include leadership in the SafeTALK and ASIST models, an international best practices model array to train educators and community members in strong prevention and intervention skill development. Follow-up services after a suicide attempt or a completed suicide in a school district are also in place. This involves intensive community support and alignment to the district suicide response plans.

## ***Oakland Schools Homeless Student Education Services***

Our Homeless Student Education Services Consultant works with each local district to train a homeless liaison to identify and serve homeless students across Oakland County to comply with the federal McKinney-Vento Law. This service assures that homeless students receive coordination to remove barriers to attend school despite being without permanent housing. Ongoing liaison meetings and a newly formed coalition with Wayne RESA helps to make certain staff are trained and ready to support the thousands of homeless students across the County. Oakland Schools' supports also include extensive professional development and dispute resolution to districts and coordination of ESSA direction.

## ***Oakland County Foster Care Student Services***

Oakland Schools provides leadership to local districts and to the community with regard to the coordination of students who are involved in the foster care system. Changing ESSA guidelines make it necessary to ensure districts remain in compliance with expectations to assure that these high risk students are aligned to supports and services at the district, county, and state level. Quarterly foster care district liaison meetings ensure up to date information flows to the local districts.

## ***Oakland Schools Educational Planning Services***

Students leaving the Oakland County Children's Village receive coordinating services from this unit to help assure their transition back into school is as seamless and positive as possible, while best positioning students for academic and social stability. Beginning from the time each student is placed in Children's Village, an individual plan with the school, the family and the student is created to assure students are attending the least restrictive, most supportive educational setting possible.

### ***Collaborative Program Development Initiative (CPDI)***

The purpose of the CPDI project is to enhance the academic achievement of Oakland ISD students by supporting collaborative instructional programs that can potentially serve students in all Oakland ISD constituent school districts. This program also provides “seed funding” for new non-instructional collaborative programs to promote consolidation of services. Recent examples of the use of CPDI funding are:

- Alternative educational programs including start-up of virtual learning programs
- Technology and other collaborations for non-instructional services
- Partial subsidy of the HR/Finance Consortium which will help reduce costs to our partnering local school districts while moving toward a county-wide software system.
- \$5 million, multi-year literacy program, Literacy Essentials Oakland

### ***Shared Services***

Oakland Schools works with several districts in Oakland County providing non-instructional services on a cost recovery basis. Collaborative efforts include the following:

- Oakland Schools provides various business office services ranging from full service to individual staff services (e.g. payroll, accounts payable, controller) for three districts through intergovernmental agreements that expire at various times through June 2026;
- Oakland Schools’ technology services department provides a full range of onsite and centrally managed technology services to sixteen districts in Oakland and Lapeer Counties;
- Oakland Schools’ technology services department entered into an agreement in 2021 with the Michigan Association of Intermediate School Administrators to provide service desk support for the MICIP project;
- Oakland Schools provides additional cost recovery services to districts on an as-needed basis.

### ***Early Childhood Programming***

The Early Childhood Unit leads county-wide, cross-sector collaborative system building to improve children’s school readiness. Children who enter kindergarten with gaps in developmental areas including early language and literacy, social interactions, emotional awareness and control, and numeracy are particularly vulnerable to struggling as learners. Early Childhood prioritizes preventing and closing young children’s opportunity and readiness gaps as early as possible, so that they will learn, achieve, and read proficiently by the end of third grade. To this end, the Early Childhood Unit has adopted the following priorities:

- Advance the high-quality implementation and continuous improvement of state funded Great Start Readiness Program (GSRP) preschools for 2,872 children in 195 classrooms. GSRP is provided in all 28 districts, 4 public school academies and 13 community-based organizations in Oakland County.
- Enhance child development and increase student achievement by improving the quality of classrooms serving children from birth to five years of age through educator professional learning and program consultation in the areas of standards, curriculum, assessment, and instruction.
- Improve the systemic alignment of resources, initiatives, and systems for children and families throughout the early childhood years to ensure four statewide Great Start child outcomes: 1) children are born healthy, 2) thriving and developmentally on track, 3) ready to succeed in school, and 4) reading proficiently by the end of third grade.
- Improve language and literacy environments at home and in the community by sharing information and resources with those who care for young children. Approximately 5,000 culturally and linguistically diverse books were distributed to families and 15 preschool classrooms received lending libraries that included over 150 books and durable bags for school-home lending.

- Provide support for children struggling with challenging behaviors through staff training, individualized consultation and support for parents and families.
- Coordinate Early On Oakland, the system of services for children birth to three with developmental delays and diagnosed health conditions. Early On is provided by all 28 LEAs and 2 community based organizations in Oakland County. Oakland Schools received 3,219 referrals and 2,489 children received early intervention services.
- Coach early childhood professionals in the implementation of the Essential Instructional Practices In Early Literacy so this knowledge can be applied into their daily teaching practices.
- Ensure young children are developmentally on track by providing access to the Ages and Stages Questionnaire for routine screening and monitoring. Of the 14,825 received, 2,592 children were referred for further assessment and may not have been identified otherwise.
- Develop and provide developmentally appropriate resources and instructional strategies for teachers to integrate into their lessons plans.
- Create and promote a continuum of parent and family engagement and education opportunities for families of children from prenatal to eight years of age, including those who need intensive services, through a family, school and community partnership.

### ***Special Education Services***

The Oakland Schools Department of Special Populations is dedicated to providing leadership, service and support that strengthen the capacity of schools, families and communities to support the success of students with Individualized Education Programs (IEPs).

Services include, but are not limited to:

- Central coordination of county-wide problem solving and placement of students with IEPs having complex needs
- Provision of assistive technology to county students with IEPs to assure access to instruction and materials
- Support of districts in skill development of staff providing instruction to students with IEPs
- Instructional and consultative services to district staff for students who are deaf/hard of hearing, visually impaired, physically impaired or have traumatic brain injury
- Support of districts to ensure compliance with the Individuals with Disabilities Education Act (IDEA) and Michigan Administrative Rules for Special Education (MARSE) rules and regulations
- Collaboration with various community partners to provide necessary student supports.

### ***Student Services***

Student Services provides consulting, coordinating and direct educational services and programs for K-12 students across Oakland County. The vision driving Oakland Schools' Student Services Department is that every student in Oakland County will graduate career ready. Oakland Schools offers many other regional initiatives that provide direct support to Oakland County educators, students, families and industry professionals. Oakland Schools operates four technical campuses directly serving approximately 2,600 students throughout the County. Partnering with industry and our local districts, the K-12 Career Readiness Unit leads Student Services in helping all students (K-12) in Oakland County become career ready. This makes their learning directly relevant to their future. Virtual Learning Academy Consortium (VLAC) is a high-quality, home-base virtual learning opportunity for students in Kindergarten through 12th grade. Our program is a public school option for parents and other caregivers who prefer a flexible, home-based environment, and who are willing to guide their child's learning.

Oakland Schools has built and continuously improves a district-wide learning system that guides students in:

- Making informed career readiness decisions
- Developing academic, technical, and workplace knowledge
- Skills building and preparation to compete effectively in the job market

Leaders from the community, business and industry, government, and education serve as key stakeholders in Student Services' efforts to design, develop and deploy career readiness services that align with the region's workforce needs. During the school year, significant progress was made in advancing Student Services' mission, most notably through:

- Regional alignment of career readiness activities, training, and partnerships
- Continuous improvement to the campus facilities and program offerings at all four Oakland Schools technical campuses
- Student acceptance into apprenticeships, 2-year colleges, 4-year colleges and full-time employment.

### ***Oakland Network for Education (ONE)***

ONE is a district-wide 311-mile fiber-optic network that benefits all Oakland ISD students and educators through its economy of scale and services. It is a comprehensive network designed to bring significantly enhanced educational opportunities to the students of Oakland Schools' constituent districts.

ONE provides services through advanced voice, video, and data network infrastructure in order to build a stronger learning community within the Oakland Schools boundaries (i.e., lower-cost local, zone, and long-distance telephone access through collaborative bids; high-speed Internet access to meet the growing needs of Oakland ISD educators; and connectivity to the community through a Web presence). ONE provides the following benefits to students: opportunities for all students to access the technological and academic skills necessary for the 21<sup>st</sup> century; college courses for high school students at their local high school; field experts to work with students; virtual field trips to leading cultural institutions; and video on demand for instruction.

### ***Capital Projects Fund - Construction and Renovation Projects***

Oakland Schools maintains a 5-year capital plan which is updated annually, identifying both short-term and long-term construction and renovation projects and the funding source for those projects. Capital projects funds are maintained for the administration building, CFE campus renovations and the Career Connections facility. Through careful planning and funding of these capital projects funds, the District can ensure updated, state-of-the-art facilities are maintained.

### ***Risk Related Activity Fund***

The Risk Related Activity Fund is categorized in governmental accounting as an Internal Service Fund and is authorized under GASB Statements Number 10 and 30. An internal services fund is a proprietary fund. Proprietary funds are used to account for state or local government's activities that are similar to activities that may be performed by commercial enterprises. The goal of this fund is to provide administration with a risk management tool. The Risk Related Activity Fund includes accounting for the following District expenses:

- I. Employee Compensated Absences
- II. Employment Benefits including:
  - Health Insurance
  - Dental Insurance

- Vision Insurance
- Life Insurance
- Short-term Disability Insurance
- Long-term Disability Insurance
- Workers' Compensation Insurance
- Unemployment

III. Other District Expenses/Programs including:

- Property & Casualty Insurance
- Fleet Insurance
- Errors & Omissions
- Cyber Liability
- Professional Liability
- Safety (loss prevention)
- Employee Wellnes

We believe the application and operation of this risk management tool is a significant benefit to our District.

### ***Production Print Enterprise Fund***

The Production Print Enterprise Fund is categorized in government accounting as an enterprise fund. An enterprise fund is a proprietary fund. Proprietary funds are used to account for state or local governments' activities that are similar to activities that may be performed by commercial enterprises. Enterprise funds are funds used by governmental units to account for services provided to the general public on a user charge basis. The primary operating goal for the Production Print Enterprise Fund is to operate on a break-even basis. Primary elements of the business operating plan for the fund is first to expand operating revenue such as those generated from expanding services to other districts and outside organizations and concurrently closely manage operating costs such as inventory and personnel.

## **Financial Information**

### ***Accounting Systems***

The District's fund-level financial statements and government-wide financial statements for our governmental and Agency Fund types have been prepared in conformance with generally accepted accounting principles and are in compliance with Government Accounting Standards Board Statement No. 34. Governmental fund-level statements are prepared on the modified accrual basis of accounting. The revenue is recognized when measurable and available to finance current operations. Expenditures are recognized when the liability is incurred, generally when the goods or services are received, except for interest on long-term debt, which is recorded when paid. With respect to the government-wide financial statements, the full accrual accounting basis is applied as defined under GASB Statement No. 34.

In developing and evaluating the District's financial information system, consideration is given to the adequacy of the internal accounting and administrative control structure and the costs thereof. Accounting and administrative controls comprise the plan of organization, policies, procedures, and records necessary for the safeguarding of assets, the reliability of financial records, and compliance with grant requirements. The expressed purpose is to provide reasonable assurance that:

- Transactions are in accordance with management's and grantors' general or specific authorization
- Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and other criteria (such as finance-related legal and contractual compliance requirements) and to maintain accountability for assets
- Access to assets is permitted only in accordance with Board of Education appropriations, financial policies, and management's authorization

- The recorded accountability for assets is compared with the existing assets at reasonable intervals, and appropriate action is taken with respect to any differences.

Accounting and administrative controls comprehend reasonable, but not absolute, assurance that the objectives expressed will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of an internal control structure should not exceed the benefits expected.

### ***Budgetary Controls***

The District maintains both accounting and budgetary controls. The objective of budgetary control is to ensure compliance with legal provisions as embodied in and adopted in the annual appropriation budget approved by the Board of Education. Governmental fund types are under formal budgetary control. Activities of the General and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Project Funds.

The Board of Education established the legal level of control as presented in the fund financial statements. The Board of Education is authorized to make amendments to the budget as it deems necessary. The District also maintains an encumbrance accounting system as a method of budgetary control. Amounts encumbered at year end are re-appropriated as part of the following year's budget. Detailed operating information on a per fund basis can be found in the management's discussion and analysis section of the ACFR.

### ***Fund Balance***

The District is in compliance with the provisions of GASB 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. The District's fund balance is categorized under these classifications based on the extent to which the District is bound to observe constraints imposed on the use of the resources in the governmental funds.

### ***Cost Allocation Methodologies***

During the normal course of conducting business, the District incurs costs that require a logical methodology to allocate between our three major operating funds: The General Education Fund (GEF), the Special Education Fund (SEF) and the Career Focused Education Fund (CFEF). The Michigan Department of Education's (MDE) "Accounting and Fiscal Reporting Requirements for Intermediate School District Use of Special Education Funds" rules identify allocation-eligible "function-based" costs as defined by the MDE Bulletin 1022 Accounting Manual.

For the SEF, the primary controller parameter is a 25% maximum allocation cap on each eligible function-based cost pool. The CFEF has no such limiting set of rules to date, but costs in this fund are treated in the same manner as the SEF with respect to the application of our "general allocation methodology" process.

Oakland Schools uses two basic cost allocation methodologies:

- General allocation method – allocates all qualifying function-based gross budget cost pools not allocated using an activity based cost method in the following manner: 50% to the GEF, 25% to the SEF and 25% to the CFEF.
- Activity based cost (ABC) method
  - ABC – FTE based – applied to the Financial Services, Human Resources, Office of Procurement & Contracting and the Enterprise Technical Services departments
  - ABC – Space Usage based – predicated on square footage and is applied to capital, maintenance and operating costs associated with the District's facilities
  - ABC – Transportation – based on student miles transported for all constituent districts and is used for allocation of Pupil Transportation costs



## ***Debt Administration***

Long-term obligations outstanding for the District as of June 30, 2022 consisted of \$41,070,000 in bonded debt, \$2,436,178 in premium on debt issued, \$(418,510) of deferred refunding charges and \$3,427,065 of accrued sick and vacation obligations. All of the District's bonded debt consists of general obligation limited tax instruments. The funding source for the debt service is the operating revenue of the District's General Education, Special Education, and Career Focused Education Funds.

## ***Retirement Plan***

All employees of the District are covered by a mandatory, cost-sharing, multiple-employer plan - the Michigan Public School Employees Retirement System (MPSERS). The MPSERS consists of several different benefit plan types depending upon the first date the employee was eligible to become a MPSERS member and the personal elections of the member. Employees participate in the Basic Plan, the Member Investment Plan, the Pension Plus Plan, the Pension Plus 2 Plan, or the Defined Contribution Plan. Members also have the option of choosing between the defined benefit health plan and a personal healthcare fund. These plans and employer and employee contribution rates are discussed further in the notes to the financial statements.

The plans provide their members various benefits, including regular retirement, early retirement, deferred retirement, non-duty disability pension, duty disability pension, and survivor pension.

Benefit and contribution provisions are fixed by state statute and may be amended only by action of the State Legislature.

The District is in compliance with the provisions of GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures for pensions and other postemployment benefits (OPEB), respectively. For defined benefit pensions, like the MPSERS plan, GASB 68 also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. These Statements also require certain note disclosures and contain supplemental information requirements about defined benefit pension and OPEB.

## **Other Information and Acknowledgments**

### ***Independent Audit***

Michigan law requires an annual audit of the District's basic financial statements. The District's Board of Education engaged Plante & Moran, PLLC for this purpose. The independent auditor's opinions have been included in this report.

The basic financial statements are the responsibility of the District. The responsibility of the independent auditors is to express opinions on the financial statements that collectively comprise the District's basic financial statements based upon their audit, which is conducted in accordance with generally accepted accounting standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that the audit be planned and performed in a manner to obtain reasonable assurance that the basic financial statements are free of material misstatement.

### ***Single Audit***

As a recipient of federal and state grants, the District is responsible for ensuring that an adequate internal and administrative control structure is in place and compliance with applicable laws and regulations is maintained. To ascertain the level of such compliance, the District has an audit performed in accordance

with Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### ***Certificate of Excellence in Financial Reporting***

The District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a comprehensive annual report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. The ASBO awarded a Certificate of Excellence in Financial Reporting to Oakland Schools for its Annual Comprehensive Financial Report (ACFR; previously titled Comprehensive Annual Financial Report) for the last eighteen consecutive school fiscal years: 2002-03 through 2020-21.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. Annual Comprehensive Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. The District believes our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting our report to ASBO.

### ***Aaa Bond Rating***

The financial community has acknowledged the District's solid financial operations and large, growing tax base in recent years. The District earned the highest bond rating achievable, Aaa, from Moody's Investors Service and received a rating of AA+ from Standard & Poor's Ratings Services. In the most recent rating report dated March 1, 2016, Moody's stated:

"We anticipate that the district will continue to maintain sound financial operations with solid fund balances in its primary operating funds - the General Fund, the Special Education Fund, the Vocational Education Fund, and the Debt Service Fund - given a demonstrated record of prudent management." Moody's goes on to say, "Oakland Schools' management continues to successfully maintain a satisfactory financial position. Oakland Schools works diligently to provide a variety of services and programs that focus on teacher support and professional development, early childhood development, special education, vocational training and technological advancement in schools."

Moody's reaffirmed the debt rating in May 2021. Oakland Schools' Aaa bond rating allows the District to borrow at the lowest possible interest rate, saving the District interest costs in the future.

### ***Acknowledgments***

The preparation of this ACFR was accomplished through the commitment and dedication of Oakland Schools' Department of Financial Services. Management wishes to thank each member of the team for his or her contribution to the completion of this report.

Respectfully submitted,



Dr. Pamela Scales  
Assistant Superintendent, Finance & Operations



Michelle Saunders  
Executive Director, Financial Services



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Oakland Schools**

**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.

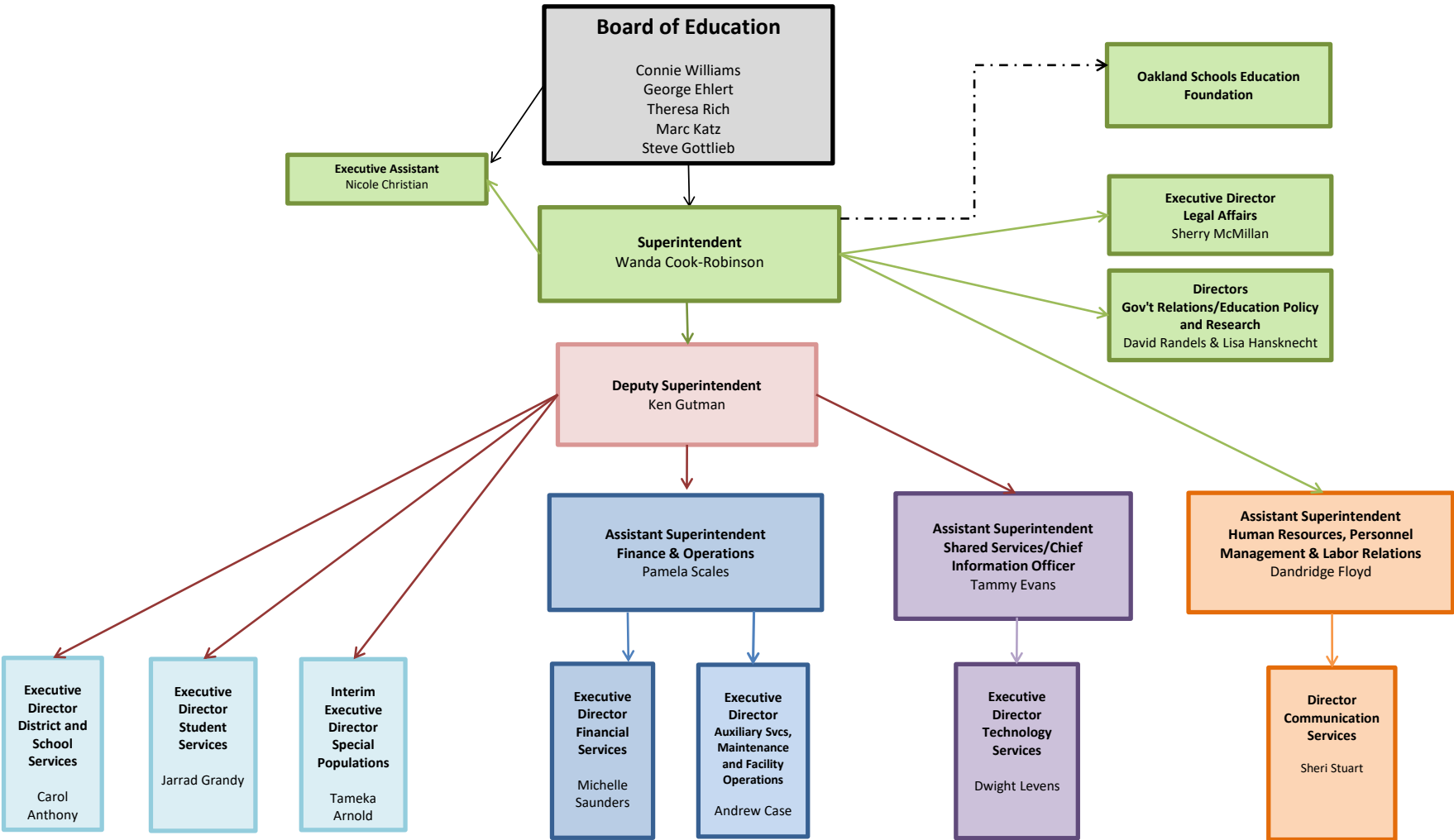


A handwritten signature in black ink, reading 'William A. Sutter'.

**William A. Sutter**  
**President**

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

**David J. Lewis**  
**Executive Director**



# **Oakland Schools**

## **District Officials**

### **Administration**

Dr. Wanda Cook-Robinson  
Superintendent

Kenneth Gutman  
Deputy Superintendent

Dr. Pamela Scales  
Assistant Superintendent, Finance and  
Operations

Tammy Evans  
Assistant Superintendent, Shared  
Services/CIO

Dandridge Floyd  
Assistant Superintendent, Human  
Resources, Personnel Management &  
Labor Relations

Andrew Case  
Executive Director, Auxiliary Services,  
Maintenance, Facilities & Operations

Carol Anthony  
Interim Executive Director, District and  
School Services

Jarrad Grandy  
Executive Director, Student Services

Lisa Hansknecht  
Executive Director of Government  
and Community Services

Dwight Levens  
Executive Director, Technology  
Services

Sherry McMillan  
Executive Director, Legal Affairs

David Randels  
Executive Director of Government  
Relations, Education Policy and  
Research

Michelle Saunders  
Executive Director, Financial  
Services

Tameka Arnold  
Interim Executive Director, Special  
Populations

Sheri Stuart  
Director of Communications

### **Board of Education**

George Ehlert  
President

Dr. Theresa Rich  
Vice President

Connie Williams  
Secretary

Marc Katz  
Treasurer

Steven Gottlieb  
Trustee

## **Independent Auditor's Report**

To the Board of Education  
Oakland Schools

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of Oakland Schools (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, the business-type activities, the major funds, and the aggregate remaining fund information of Oakland Schools as of June 30, 2022 and the respective changes in its financial position and its cash flows 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 Oakland Schools and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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



To the Board of Education  
Oakland Schools

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required 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.

To the Board of Education  
Oakland Schools

### ***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.

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 October 18, 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*

October 18, 2022

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

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Oakland Schools 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 Education Fund, the Special Education Fund, and the Vocational Education Fund - with all other funds presented in one column as nonmajor funds. Two of the remaining statements, the statements of fiduciary net position and changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of administrative groups. The other remaining statements are related to the School District's proprietary funds (internal services and enterprise). The Risk Related Activity Fund, an internal service fund, accounts for all of the costs associated with the School District's insurance programs and employee compensated absences provided to other funds of the School District on a cost-reimbursement basis. The Production Print Enterprise Fund, an enterprise fund, accounts for all of the School District's graphics and printing operational costs, including all district-direct and client-based service costs. This report is composed of the following elements:

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

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplemental Information**

Budgetary Comparison Schedules for Major Funds

Schedules of Proportionate Share of the Net Pension and OPEB Liabilities

Schedules of Pension and OPEB Contributions

Notes to the Required Supplemental Information

#### **Other Supplemental Information**

Budgetary Comparison Schedules for Nonmajor Special Revenue Funds

Combining Nonmajor Fund Financial Statements

Combining Nonmajor Special Revenue Fund Financial Statements

Schedule of Bonded Indebtedness

### **Statistical Section**

#### ***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.

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 the students and educators in our county, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education and services 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 and business-type activities for the School District. Governmental activities encompass most of the School District's services, including instruction, support services, community services, payments to subrecipients, and other various services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities. Business-type activities are financed through charges for services.

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

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

#### **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 they provide to other funds. The School District established two proprietary funds. The first is the internal service fund, which was established to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent accounting for all insurance benefits and compensated absences of the School District. The second is an enterprise fund called the Production Print Enterprise Fund, which reports activities for which there is a fee to external users for goods and services.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held in a fiduciary capacity for others. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available for the support of the School District's own programs. The accounting used for fiduciary funds is the full accrual basis of accounting.

***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		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
	(in millions)		(in millions)		(in millions)	
<b>Assets</b>						
Current and other assets	\$ 147.1	\$ 132.7	\$ 0.7	\$ 1.0	\$ 147.8	\$ 133.7
Capital assets	76.5	77.3	1.5	0.1	78.0	77.4
Total assets	223.6	210.0	2.2	1.1	225.8	211.1
<b>Deferred Outflows of Resources</b>	34.0	50.2	0.2	0.4	34.2	50.6
<b>Liabilities</b>						
Current liabilities	53.4	42.7	0.2	0.1	53.6	42.8
Noncurrent liabilities	49.8	48.8	1.4	-	51.2	48.8
Net pension liability	118.1	172.9	0.9	1.4	119.0	174.3
Net OPEB liability	7.6	26.9	-	0.2	7.6	27.1
Total liabilities	228.9	291.3	2.5	1.7	231.4	293.0
<b>Deferred Inflows of Resources</b>	78.2	29.6	0.6	0.2	78.8	29.8
<b>Net Position (Deficit)</b>						
Net investment in capital assets	30.6	33.1	0.1	0.1	30.7	33.2
Restricted	40.7	43.5	-	-	40.7	43.5
Unrestricted	(120.8)	(137.3)	(0.8)	(0.5)	(121.6)	(137.8)
Total net position (deficit)	<u>\$ (49.5)</u>	<u>\$ (60.7)</u>	<u>\$ (0.7)</u>	<u>\$ (0.4)</u>	<u>\$ (50.2)</u>	<u>\$ (61.1)</u>

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 governmental net position was \$(49.5) million at June 30, 2022. Net investment in capital assets totaling \$30.6 million compares the original cost, less depreciation and amortization of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. All of the debt represents general obligation bonds and, as such, is secured by and pledges the full faith and credit of the School District for payment of the debt service. Net investment in capital assets was impacted by the adoption of GASB 87, *Leases*, for the year ended June 30, 2022, as the School District has recorded lease assets net of accumulated amortization and lease liabilities in the statement of net position. Restricted net position of \$40.7 million is reported separately to show legal constraints from voter-approved ballot language covenants, commitments to capital projects, and debt service, as well as enabling legislation that limits the School District's ability to use that net position for day-to-day operations. The remaining amount of net position of \$(120.8) million was unrestricted. The analysis of the changes to follow is in reference to the primary government as a whole but is indicative of changes in governmental activities; business-type activities had very little fluctuation in fiscal year 2022.

**Management's Discussion and Analysis (Continued)**

The \$(120.8) million in unrestricted net position of governmental activities represents the accumulated results of all past years' General Education Fund operations, impacted by GASB Statement Nos. 68, 71, and 75, plus the operational results of the cooperative education special revenue funds, capital projects funds, and the Risk Related Activity Fund. The \$40.7 million of restricted net position represents the accumulated results of all past years' Special Education and Vocational Education funds operations, as well as debt service funds operations. The restricted and unrestricted net position balances enable the School District to meet working capital and cash flow requirements and provide for future uncertainties. The operating results of the General Education Fund and certain special revenue funds will have a significant impact on the change in unrestricted net position from year to year.

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

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		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
	(in millions)		(in millions)		(in millions)	
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 34.8	\$ 32.2	\$ 1.8	\$ 1.4	\$ 36.6	\$ 33.6
Operating grants	96.4	83.8	-	-	96.4	83.8
General revenue:						
Taxes	208.2	202.6	-	-	208.2	202.6
State aid not restricted to specific purposes	14.3	13.2	-	-	14.3	13.2
Other	(0.7)	0.1	-	-	(0.7)	0.1
<b>Total revenue</b>	<b>353.0</b>	<b>331.9</b>	<b>1.8</b>	<b>1.4</b>	<b>354.8</b>	<b>333.3</b>
<b>Expenses</b>						
Instruction	19.3	20.0	-	-	19.3	20.0
Support services	76.6	89.4	2.1	1.8	78.7	91.2
Community services	1.2	1.3	-	-	1.2	1.3
Interdistrict transfers and other	237.2	220.1	-	-	237.2	220.1
Debt service	2.0	2.0	-	-	2.0	2.0
Depreciation - Unallocated	5.5	4.8	-	-	5.5	4.8
<b>Total expenses</b>	<b>341.8</b>	<b>337.6</b>	<b>2.1</b>	<b>1.8</b>	<b>343.9</b>	<b>339.4</b>
<b>Change in Net Position</b>	<b>11.2</b>	<b>(5.7)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>10.9</b>	<b>(6.1)</b>
<b>Net Position (Deficit) - Beginning of year</b>	<b>(60.7)</b>	<b>(55.0)</b>	<b>(0.4)</b>	<b>-</b>	<b>(61.1)</b>	<b>(55.0)</b>
<b>Net Position (Deficit) - End of year</b>	<b>\$ (49.5)</b>	<b>\$ (60.7)</b>	<b>\$ (0.7)</b>	<b>\$ (0.4)</b>	<b>\$ (50.2)</b>	<b>\$ (61.1)</b>



As reported in the statement of activities, the cost of all of our governmental activities this year was \$341.8 million. Certain activities were partially funded from those who benefited from the programs (\$34.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$96.4 million). We paid the remaining public benefit portion of our governmental activities with \$208.2 million in taxes and \$14.3 million in unrestricted state aid and other grants. Other general revenue consists of a loss of \$0.7 million from unrealized losses on investments offset by other revenue. The analysis of the changes to follow is in reference to the governmental activities, as business-type activities had very little fluctuation in fiscal year 2022.

The School District experienced an increase in net position of \$11.2 million, which is directly related to the impact of GASB Statement Nos. 68 and 75, resulting in net pension and OPEB recoveries of \$10.6 million being recorded in the government-wide statements.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

#### ***The School District's Funds***

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. 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 \$87.7 million, which is an increase of \$3.9 million from last year. The primary reasons for the increase are discussed below in our analysis of major and nonmajor funds:

#### **General Education Fund**

In the General Education Fund, our principal operating fund, the fund balance increased by \$0.4 million to \$7.0 million. The following represents significant changes in the General Education Fund:

**Revenue** - Revenue increased by net \$7.3 million to a total of \$54.1 million primarily as a result of an increase in state revenue of \$7.7 million offset by a decrease in federal revenue of \$0.6 million. State revenue increased due to an increase in grant revenue recognized by the School District for the Great Start Readiness Program (GSRP). The decrease in federal revenue is due to one-time grant revenue recognized by the School District in fiscal year 2021.

**Expenditures** - Net expenditures increased by \$7.8 million to a total of \$52.1 million. Support services increased by \$1.9 million due to increased spending for grants, including Early Literacy Teacher Coaches grants, Section 31n Mental Health grants, and the GSRP. Additionally, the Oakland Youth Innovation Lab resulted in increased support services expenditures.

**Other Financing Sources (Uses)** - Net transfers out to other funds decreased by \$0.2 million to a net \$(1.7) million, as less operating transfers were made for collaborative projects and capital projects.

#### **Special Education Fund**

The Special Education Fund, which accounts for all revenue and expenditures related to the School District's operation of special education programs, including transfers to its constituent school districts for the operation of local special education programs, experienced a decrease in fund balance of \$1.7 million to \$14.9 million. The following represents significant changes in the Special Education Fund:

**Revenue** - Revenue increased by net \$9.9 million to a total of \$220.1 million primarily as a result of an increase in property tax and other local revenue of \$4.3 million, an increase in state revenue of \$0.9 million, and an increase in federal and other revenue of \$4.7 million. State revenue increased due to additional Early On grant funding received and additional state aid categorical funding. Federal revenue increased due to an increase in Individuals with Disabilities Education Act (IDEA) American Rescue Plan (ARP) grant funding.

*Expenditures* - Expenditures increased by \$10.8 million, or 5.1 percent, to a total of \$221.4 million. The majority of this increase, \$9.9 million, is for interdistrict transfers and other, which consist primarily of pass-through payments to constituent districts for special education millage collections and grants under the Individuals with Disabilities Education Act. There is also a minor increase in support services due to increased spending in both state and federal Early On grant programs.

*Other Financing Sources (Uses)* - Net other financing sources (uses) decreased by \$0.1 million to a total of \$(0.5) million and consist primarily of transfers for capital projects.

#### **Vocational Education Fund**

The Vocational Education Fund, which accounts for all revenue and expenditures related to the School District's operation of vocational education programs, including transfers to its constituent school districts for the operation of local vocational education programs, experienced a decrease in fund balance of \$1.1 million to \$7.1 million. The following represents significant changes in the Vocational Education Fund:

*Revenue* - Revenue increased by net \$2.1 million to a total of \$47.4 million as a result of an increase in property tax and other local revenue of \$1.1 million, an increase in state aid categorical funding of \$0.6 million, and an increase in federal revenue of \$0.3 million.

*Expenditures* - Expenditures increased by \$3.8 million to a total of \$40.7 million. Changes consisted of an increase of \$1.4 million in instruction expenditures, \$1.4 million in support services and capital expenditures, and \$0.9 million in interdistrict and other expenditures. Expenditures were down in fiscal year 2021 due to the partial-year closure of the Oakland Schools Technical Campuses as a result of the pandemic and were back to normal in fiscal year 2022.

*Other Financing Sources (Uses)* - Net other financing sources (uses) consist primarily of operating transfers to debt service and capital projects funds and were consistent from year to year.

#### **Nonmajor Funds**

The fund balance of our special revenue funds decreased by \$2.3 million from \$14.1 million last year to \$16.5 million this year primarily as a result of the growth in the Shared Services and Tuition Programs Cooperative Activities Fund and additional contributions made for collaborative projects in the ONE Cooperative Activities Fund.

Combined, the fund balance of our debt service funds increased by \$0.2 million from \$18.9 million to \$19.1 million. This is due to the normal payment of principal and interest on debt obligations, offset by operating transfers in from other funds to provide for future debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

The fund balance of our three capital projects funds combined increased by \$3.8 million from \$19.3 million to \$23.2 million. This is due to operating transfers in from other funds in excess of expenditures on current capital projects.

#### **Budgetary Highlights**

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

#### **General Education Fund**

There were significant revisions made to the 2021-2022 original budget for the General Education Fund. Revenue and expenditure budgets were increased by approximately \$17.7 million and \$16.1 million, respectively, due to revised funding allocations and expenditures associated with state categorical and federal grants. In addition, expenditure budgets were increased to accommodate operating transfers to other funds for cooperative programs and capital projects.

Actual total revenue and total expenditures for the General Education Fund were below the final amended budget by \$18.8 million and \$19.9 million, respectively. Significant variations from the budgets are primarily related to the timing of the spending of grant allocations. The School District budgets for the entire amount of grant awards when received; however, the grant period may extend beyond the School District's fiscal year. Therefore, at fiscal year end, there are unspent grant awards that are to be carried over into the next fiscal year and will represent a budget variance. Such items relate solely to timing, and grant funds will be expended by the expiration date of the associated grant.

#### ***Other Major Funds***

In the Special Education Fund, budgeted revenue and expenditures were increased by approximately \$14.0 million and \$19.3 million, respectively, for changes in special education funding from state, local, and federal sources, as well as increased distributions to local districts offset by budget reductions for instructional and support services primarily due to the pandemic.

Significant variations in the Special Education Fund budget compared to actual results relate to funding under federal grants and the timing of the spending of the grant allocations and interdistrict transfers and other. Such items relate to timing, and grant funds will be expended by the expiration date of the associated grant. The timing of expenditures being reimbursed to constituent districts also resulted in budget variances. Additionally, in the final budget amendment of the year, the School District appropriated an additional distribution of special education millage money to its constituent districts. This distribution was not made in 2021-2022, resulting in a budget variance; however, it will be completed in the subsequent fiscal year. Finally, budget increases also occurred in debt service due to the adoption of GASB 87, *Leases*.

Finally, in the Vocational Education Fund, budgeted revenue was increased by approximately \$2.4 million to address additional property tax revenue and state grant funding. Expenditure budgets were increased by \$2.8 million for increased operating transfers to the debt service and capital projects funds offset by reductions in instructional budgets due to the staff vacancies. Budget increases also occurred in debt service due to the adoption of GASB 87, *Leases*.

#### ***Capital Assets and Debt Administration***

##### **Capital Assets**

As of June 30, 2022, the School District had \$77.9 million invested in a broad range of capital assets, including land, buildings, furniture, equipment, and lease assets. This amount represents a net increase (including additions, disposals, and depreciation and amortization) of approximately \$0.3 million, or less than one percent, from last year.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,410,122	\$ 3,410,122	\$ -	\$ -	\$ 3,410,122	\$ 3,410,122
Buildings	27,088,030	27,088,030	-	-	27,088,030	27,088,030
Furniture and equipment	37,361,899	36,052,120	1,612,070	1,612,070	38,973,969	37,664,190
Vehicles and other vehicles	780,970	798,607	-	-	780,970	798,607
Building improvements	93,832,822	93,745,862	-	-	93,832,822	93,745,862
Lease assets - Building	3,166,140	-	1,489,744	-	4,655,884	-
Total capital assets	165,639,983	161,094,741	3,101,814	1,612,070	168,741,797	162,706,811
Less accumulated depreciation and amortization	89,182,043	83,745,491	1,609,158	1,454,799	90,791,201	85,200,290
Total capital assets - Net of accumulated depreciation and amortization	<u>\$ 76,457,940</u>	<u>\$ 77,349,250</u>	<u>\$ 1,492,656</u>	<u>\$ 157,271</u>	<u>\$ 77,950,596</u>	<u>\$ 77,506,521</u>

We present more detailed information about our capital assets in Note 7 to the financial statements.

#### **Debt**

At the end of this year, the School District had \$41.1 million in outstanding limited tax general obligation bonded debt. The State limits the amount of general obligation debt that intermediate school districts can issue to one-ninth of 1.0 percent of the state assessed value of all taxable property within the School District's boundaries unless the question of borrowing money or issuing bonds is submitted first to a vote of the school electors and approved by a majority of registered school electors. The School District's outstanding general obligation debt is below the statutorily imposed limit.

Other obligations include bond premiums, lease liabilities, accrued vacation pay, and sick leave. We present more detailed information about our long-term liabilities in Note 9 to the financial statements.

#### ***Economic Factors and Next Year's Budgets and Rates***

Our elected officials and administration consider many factors when setting the School District's June 30, 2022 budget. One of the most important factors affecting the budget is the economic condition of the State of Michigan. The fiscal year 2022 budget was adopted in June 2021, based on an estimate of property tax revenue, state aid, and grant funding. State law requires the School District to amend the budget if actual school district resources are not sufficient to fund original appropriations.

Since the School District's revenue is primarily dependent on property taxes and partially dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the projected increase of the School District's tax base and the State's ability to collect revenue to fund its appropriations to school districts. After experiencing property tax declines since fiscal year 2009, the School District finally saw tax revenue stabilize in fiscal year 2014 and increase slightly in fiscal years 2015 through 2018. Property tax revenue increased by 3.8 percent and 2.8 percent, or \$7.4 million and \$5.6 million, in 2021 and 2022, respectively. Based on projections from the Oakland County, Michigan equalization department, taking into consideration a Headlee rollback, we anticipate 2023 tax receipts to increase by 4.0 percent compared to 2022 collections.

The taxable valuations for Oakland County, Michigan (the "County") properties in the five years prior to fiscal year 2009 had increased by an average of 3 percent annually. For fiscal year 2009, there was no growth in taxable values but rather a minor reduction (0.0075 percent), which was a precursor to a substantial declining four-year trend.

These four consecutive years of declining property tax values had an impact lasting into fiscal year 2022 and beyond until the tax base fully recovers, resulting in a cumulative erosion of district revenue of approximately \$435.6 million through fiscal year 2022. Nearly 76 percent of this decline is special education property tax, which flows through to school districts in Oakland County. The prior years' decline in the School District's tax base is reflective of the State's economic challenges and the nation's ongoing commercial and residential real estate market retrenchment. Taxable values of Oakland County properties have stabilized and have begun to rebound, with 6.25 percent, 5.0 percent, and 4.5 percent growth projected for 2023, 2024, and 2025, respectively.

Related to the decline in taxable values are ongoing Michigan Tax Tribunal (MTT) judgments. There has been a backlog of cases that the State is attempting to process. Not all MTT judgments result in a reduction in taxable value for the plaintiff, although a good number of them do. These judgments often result in a refund of previously collected property taxes that the County must provide to a plaintiff, and the County passes these costs onto the respective municipalities and school districts, such as Oakland Schools. At the time of this publication, Oakland Schools is using the same information that the Oakland County, Michigan government has developed for determining the liability exposure to MTT appeals. As a result, we have determined that a reserve of \$0.5 million is appropriate to address successful property tax appeals through the School District's fiscal year ending June 30, 2023.

At times in the past, the State of Michigan has issued midyear executive orders prorating and reducing the State's funding commitment to the School District. This possibility continues to exist for fiscal year 2023, although proration is unlikely due to the positive May 2022 state revenue estimates. Estimates from the Michigan House and Senate Fiscal Agencies show revenue increases due to positive sales and use tax revenue estimates along with growth in individual income tax revenue. Available appropriations in the School Aid Fund are also increasing in 2023 due to surpluses from 2022. Communications surrounding financial projections are highly cautionary, as uncertainties continue to exist regarding inflation, supply chain disruptions, housing, financial valuations, and global political developments. Careful monitoring of legislative, gubernatorial, and Michigan Department of Education actions will be essential for the School District to understand and plan for all revenue, identify requirements to receive and utilize federal revenue, and craft methodologies to allocate costs to ensure reimbursement. The extent of possible funding proration by the State and how it affects Oakland Schools' budget have yet to be determined. Oakland Schools' unassigned fund balance in the General Education Fund of \$4.9 million and restricted fund balances in the Special Education Fund of \$14.9 million and Vocational Education Fund of \$7.1 million are sufficient to meet any unanticipated shortfalls the State may experience in the School Aid Fund in fiscal year 2023.

The basic structure of the Michigan Public School Employees' Retirement System, including cost support provided by the School Aid Fund, will continue in 2023. The overall contribution rate is expected to increase to 45 percent from 43 percent, with the net cost to the School District approximating 28 percent. While the net cost to the School District changes marginally, the overall contribution rate continues to increase year to year. The School Aid Fund implication is that more resources are redirected from the funding of operations to the support of the retirement system funding requirement.

The 2023 budget, as adopted in June 2022, contains an assumption regarding the impact for sequestration and the potential loss in federal revenue. At risk are federal grant revenue and the federal interest subsidy received on Qualified School Construction Bonds (QSCB). The federal interest subsidy on QSCB was reduced in fiscal year 2022 by 5.94 percent. Similar reductions were assumed in the creation of the fiscal year 2023 budget.

#### ***Contacting the School District's Management***

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the department of financial services at 2111 Pontiac Lake Road, Waterford, MI 48328 or by telephone at (248) 209-2122.

**June 30, 2022**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Notes 2 and 4)	\$ 94,593,368	\$ 478,702	\$ 95,072,070
Receivables:			
Property taxes receivable	287,831	-	287,831
Accrued interest receivable	85,174	-	85,174
Other receivables	365,409	73,003	438,412
Due from other governments	39,078,309	60,685	39,138,994
Inventories	-	112,740	112,740
Prepaid expenses and other assets	607,976	7,473	615,449
Restricted assets (Note 2)	12,129,233	-	12,129,233
Capital assets: (Note 7)			
Land	3,410,122	-	3,410,122
Depreciable and amortizable capital assets, less accumulated depreciation and amortization of \$90,791,201	73,047,818	1,492,656	74,540,474
Total assets	223,605,240	2,225,259	225,830,499
<b>Deferred Outflows of Resources</b>			
Deferred charges on bond refunding (Note 9)	418,510	-	418,510
Deferred pension costs (Note 11)	24,039,013	172,735	24,211,748
Deferred OPEB costs (Note 11)	9,496,858	72,831	9,569,689
Total deferred outflows of resources	33,954,381	245,566	34,199,947
<b>Liabilities</b>			
Accounts payable	2,583,865	52,908	2,636,773
Due to other governmental units	31,797,039	110,291	31,907,330
Accrued liabilities and other	6,591,773	36,635	6,628,408
Unearned revenue (Note 6)	12,416,747	-	12,416,747
Noncurrent liabilities:			
Due within one year:			
Provision for compensated absences (Note 9)	342,707	-	342,707
Bonds and leases payable (Note 9)	1,932,059	83,586	2,015,645
Due in more than one year:			
Provision for compensated absences - Net of current portion (Note 9)	3,084,358	-	3,084,358
Bonds and leases payable - Net of current portion (Note 9)	44,386,237	1,326,561	45,712,798
Net pension liability (Note 11)	118,146,557	889,993	119,036,550
Net OPEB liability (Note 11)	7,622,000	41,639	7,663,639
Total liabilities	228,903,342	2,541,613	231,444,955
<b>Deferred Inflows of Resources (Note 11)</b>			
Revenue in support of pension contributions made subsequent to the report date	7,849,596	62,838	7,912,434
Deferred pension cost reductions	40,983,710	344,999	41,328,709
Deferred OPEB cost reductions	29,317,617	238,512	29,556,129
Total deferred inflows of resources	78,150,923	646,349	78,797,272
<b>Net Position (Deficit)</b>			
Net investment in capital assets	30,558,154	82,509	30,640,663
Restricted:			
Special education	14,947,405	-	14,947,405
Vocational education	7,097,425	-	7,097,425
Debt service	18,722,537	-	18,722,537
Unrestricted	(120,820,165)	(799,646)	(121,619,811)
Total net position (deficit)	\$ (49,494,644)	\$ (717,137)	\$ (50,211,781)



Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Instruction:						
Special education	\$ 1,143,701	\$ -	\$ -	\$ (1,143,701)	\$ -	\$ (1,143,701)
Vocational education	14,442,715	393,794	2,580,717	(11,468,204)	-	(11,468,204)
Other instruction	3,648,812	5,644,050	46,284	2,041,522	-	2,041,522
Support services	76,642,741	28,803,603	19,199,884	(28,639,254)	-	(28,639,254)
Community services	1,223,402	-	1,336,668	113,266	-	113,266
Interdistrict transfers and other	237,240,863	-	73,224,552	(164,016,311)	-	(164,016,311)
Interest and other	2,001,805	-	-	(2,001,805)	-	(2,001,805)
Unallocated depreciation and amortization (excludes direct depreciation and amortization expenses of various programs) (Note 7)	5,479,942	-	-	(5,479,942)	-	(5,479,942)
Total governmental activities	341,823,981	34,841,447	96,388,105	(210,594,429)	-	(210,594,429)
Business-type activities - Includes depreciation and amortization expense of \$154,359	2,129,275	1,797,111	-	-	(332,164)	(332,164)
Total primary government	<b>\$ 343,953,256</b>	<b>\$ 36,638,558</b>	<b>\$ 96,388,105</b>	(210,594,429)	(332,164)	(210,926,593)
General revenue (expense):						
Taxes:						
Property taxes levied for general education purposes				12,368,924	-	12,368,924
Property taxes levied for special education purposes				157,322,734	-	157,322,734
Property taxes levied for vocational education purposes				38,485,399	-	38,485,399
State aid not restricted to specific purposes				14,353,714	-	14,353,714
Interest and investment (loss) earnings				(806,070)	674	(805,396)
Loss on disposal of capital assets				(518)	-	(518)
Other				71,548	-	71,548
Total general revenue				221,795,731	674	221,796,405
<b>Change in Net Position</b>				11,201,302	(331,490)	10,869,812
<b>Net Position (Deficit) - Beginning of year</b>				(60,695,946)	(385,647)	(61,081,593)
<b>Net Position (Deficit) - End of year</b>				<b>\$ (49,494,644)</b>	<b>\$ (717,137)</b>	<b>\$ (50,211,781)</b>

**Governmental Funds  
Balance Sheet**
**June 30, 2022**

	General Education Fund	Special Education Fund	Vocational Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Note 4)	\$ 14,199,497	\$ 15,847,160	\$ 10,971,100	\$ 47,474,806	\$ 88,492,563
Receivables:					
Property taxes receivable	17,101	217,520	53,210	-	287,831
Accrued interest receivable	8,298	13,626	14,589	48,661	85,174
Other receivables	70,621	3,768	3,500	287,520	365,409
Due from other governments	7,640,969	27,370,317	1,553,224	2,513,799	39,078,309
Prepaid expenditures	94,712	39,810	39,975	433,479	607,976
Restricted assets (Notes 2 and 4)	-	-	-	12,129,233	12,129,233
<b>Total assets</b>	<b>\$ 22,031,198</b>	<b>\$ 43,492,201</b>	<b>\$ 12,635,598</b>	<b>\$ 62,887,498</b>	<b>\$ 141,046,495</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,337,986	\$ 286,924	\$ 370,494	\$ 546,575	\$ 2,541,979
Due to other governmental units	1,286,180	26,341,628	1,992,763	2,176,468	31,797,039
Accrued payroll and other liabilities	989,578	1,310,351	2,972,285	808,666	6,080,880
Unearned revenue (Note 6)	11,171,970	436,395	181,578	626,804	12,416,747
<b>Total liabilities</b>	<b>14,785,714</b>	<b>28,375,298</b>	<b>5,517,120</b>	<b>4,158,513</b>	<b>52,836,645</b>
<b>Deferred Inflows of Resources -</b>					
Unavailable revenue (Note 6)	274,425	169,498	21,053	-	464,976
<b>Total liabilities and deferred inflows of resources</b>	<b>15,060,139</b>	<b>28,544,796</b>	<b>5,538,173</b>	<b>4,158,513</b>	<b>53,301,621</b>
<b>Fund Balances</b>					
Nonspendable - Prepaid expenditures	94,712	39,810	39,975	433,479	607,976
Restricted:					
Debt service	-	-	-	19,055,312	19,055,312
Special education	-	14,907,595	-	-	14,907,595
Vocational education	-	-	7,057,450	-	7,057,450
Committed:					
Capital projects	-	-	-	22,938,961	22,938,961
Special revenue funds	-	-	-	16,301,233	16,301,233
Assigned	2,000,000	-	-	-	2,000,000
Unassigned	4,876,347	-	-	-	4,876,347
<b>Total fund balances</b>	<b>6,971,059</b>	<b>14,947,405</b>	<b>7,097,425</b>	<b>58,728,985</b>	<b>87,744,874</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 22,031,198</b>	<b>\$ 43,492,201</b>	<b>\$ 12,635,598</b>	<b>\$ 62,887,498</b>	<b>\$ 141,046,495</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2022**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 87,744,874</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	165,639,983
Accumulated depreciation and amortization	<u>(89,182,043)</u>
Net capital assets and lease assets used in governmental activities	76,457,940
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	464,976
Deferred inflows and outflows related to bond refundings are not reported in the funds	418,510
Bonds payable including premium and leases payable are not due and payable in the current period and are not reported in the funds	(46,318,296)
Accrued interest is not due and payable in the current period and is not reported in the funds	(332,775)
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:	
Net pension liability and related deferred inflows and outflows	(135,091,254)
Net OPEB liability and related deferred inflows and outflows	(27,442,759)
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	(7,849,596)
Internal service funds are included as part of governmental activities	<u>2,453,736</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u><u>\$ (49,494,644)</u></u></b>

**Governmental Funds**

**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2022**

	General Education Fund	Special Education Fund	Vocational Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 15,566,596	\$ 157,479,065	\$ 39,002,706	\$ 29,495,738	\$ 241,544,105
State sources	36,108,081	8,899,115	6,197,910	1,559,056	52,764,162
Federal sources	2,082,217	53,471,575	2,079,470	1,491,714	59,124,976
Other	392,639	272,817	142,129	-	807,585
Total revenue	54,149,533	220,122,572	47,422,215	32,546,508	354,240,828
<b>Expenditures</b>					
Current:					
Instruction	45,693	585,410	16,107,381	4,242,920	20,981,404
Support services	27,854,633	21,470,505	20,594,650	14,123,578	84,043,366
Community services	1,290,423	30,559	-	-	1,320,982
Debt service:					
Principal	35,491	107,078	186,108	1,000,345	1,329,022
Interest and other	2,966	68,415	32,445	2,050,223	2,154,049
Capital outlay	391,970	478,835	117,380	2,311,479	3,299,664
Interdistrict transfers and other	22,451,721	198,635,924	3,701,393	12,451,825	237,240,863
Total expenditures	52,072,897	221,376,726	40,739,357	36,180,370	350,369,350
<b>Excess of Revenue Over (Under) Expenditures</b>	2,076,636	(1,254,154)	6,682,858	(3,633,862)	3,871,478
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 8)	359,571	-	-	11,336,600	11,696,171
Transfers out (Note 8)	(2,038,400)	(499,100)	(7,739,100)	(1,419,571)	(11,696,171)
Total other financing (uses) sources	(1,678,829)	(499,100)	(7,739,100)	9,917,029	-
<b>Net Change in Fund Balances</b>	397,807	(1,753,254)	(1,056,242)	6,283,167	3,871,478
<b>Fund Balances - Beginning of year</b>	6,573,252	16,700,659	8,153,667	52,445,818	83,873,396
<b>Fund Balances - End of year</b>	<b>\$ 6,971,059</b>	<b>\$ 14,947,405</b>	<b>\$ 7,097,425</b>	<b>\$ 58,728,985</b>	<b>\$ 87,744,874</b>

---

**Governmental Funds**

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

---

**Year Ended June 30, 2022**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 3,871,478</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	1,423,010
Depreciation and amortization expense	(5,479,942)
Net book value of assets disposed of	(518)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	106,677
Revenue in support of pension contributions made subsequent to the measurement date	(1,321,704)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	1,473,141
Interest expense is recognized in the government-wide statements as it accrues	8,125
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	10,596,191
Internal service funds are included as part of governmental activities	524,844
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 11,201,302</u></b>

**Proprietary Funds**  
**Statement of Net Position**

**June 30, 2022**

	<u>Production Print Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>Assets</b>		
Current assets:		
Cash (Note 4)	\$ 478,702	\$ 6,100,805
Receivables:		
Other receivables	73,003	-
Due from other governments	60,685	-
Inventories	112,740	-
Prepaid expenses and other assets	7,473	-
Total current assets	732,603	6,100,805
Noncurrent assets - Capital assets - Net of accumulated depreciation and amortization of \$1,609,158 (Note 7)	1,492,656	-
Total assets	2,225,259	6,100,805
<b>Deferred Outflows of Resources (Note 11)</b>		
Deferred pension costs	172,735	-
Deferred OPEB costs	72,831	-
Total deferred outflows of resources	245,566	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	52,908	41,886
Due to other governmental units	110,291	-
Accrued liabilities and other	36,635	178,118
Provision for compensated absences (Note 9)	-	342,707
Bonds and leases payable (Note 9)	83,586	-
Total current liabilities	283,420	562,711
Noncurrent liabilities:		
Provision for compensated absences - Net of current portion (Note 9)	-	3,084,358
Net pension liability (Note 11)	889,993	-
Net OPEB liability (Note 11)	41,639	-
Bonds and leases payable - Net of current portion (Note 9)	1,326,561	-
Total liabilities	2,541,613	3,647,069
<b>Deferred Inflows of Resources (Note 11)</b>		
Revenue in support of pension contributions made subsequent to the report date	62,838	-
Deferred pension cost reductions	344,999	-
Deferred OPEB cost reductions	238,512	-
Total deferred inflows of resources	646,349	-
<b>Net Position (Deficit)</b>		
Net investment in capital assets	82,509	-
Unrestricted	(799,646)	2,453,736
Total net position (deficit)	<u><u>\$ (717,137)</u></u>	<u><u>\$ 2,453,736</u></u>

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

**Year Ended June 30, 2022**

	<u>Production Print Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>Operating Revenue</b>		
Charges for services	\$ 1,718,212	\$ -
Charges to other funds	-	8,944,798
Other	<u>78,899</u>	<u>110,623</u>
Total operating revenue	1,797,111	9,055,421
<b>Operating Expenses</b>		
Claims, reinsurance, and administrative fees - Health, dental, vision, and other	-	8,534,257
Production print operations	1,974,916	-
Depreciation and amortization	<u>154,359</u>	<u>-</u>
Total operating expenses	<u>2,129,275</u>	<u>8,534,257</u>
<b>Operating (Loss) Income</b>	(332,164)	521,164
<b>Nonoperating Revenue</b> - Interest income	<u>674</u>	<u>3,680</u>
<b>Change in Net Position</b>	(331,490)	524,844
<b>Net Position (Deficit)</b> - Beginning of year	<u>(385,647)</u>	<u>1,928,892</u>
<b>Net Position (Deficit)</b> - End of year	<u><u>\$ (717,137)</u></u>	<u><u>\$ 2,453,736</u></u>



**Proprietary Funds  
Statement of Cash Flows**

**Year Ended June 30, 2022**

	<u>Production Print Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 1,643,140	\$ -
Receipts from other funds	-	8,945,796
Payments for production print operations	(1,883,543)	-
Payments to other funds	-	(9,189,398)
	<u>(240,403)</u>	<u>(243,602)</u>
Net cash used in operating activities	(240,403)	(243,602)
<b>Cash Flows Used in Financing Activities</b> - Payment on lease liability	(79,597)	-
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	674	3,680
	<u>(319,326)</u>	<u>(239,922)</u>
<b>Net Decrease in Cash</b>	(319,326)	(239,922)
<b>Cash</b> - Beginning of year	798,028	6,340,727
<b>Cash</b> - End of year	<u><u>\$ 478,702</u></u>	<u><u>\$ 6,100,805</u></u>
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>		
Operating (loss) income	\$ (332,164)	\$ 521,164
Adjustments to reconcile operating (loss) income to net cash from operating activities:		
Depreciation and amortization expense	154,359	-
Changes in assets and liabilities:		
Receivables	(75,072)	998
Inventories and prepaids	(21,321)	-
Accounts payable	1,229	(81,162)
Due to other governmental units	101,826	-
Net pension or OPEB liability	(629,622)	-
Deferrals related to pension or OPEB	550,723	-
Accrued and other liabilities	9,639	59,083
Accrued benefits	-	(743,685)
	<u>91,761</u>	<u>(764,766)</u>
Total adjustments	91,761	(764,766)
Net cash used in operating activities	<u><u>\$ (240,403)</u></u>	<u><u>\$ (243,602)</u></u>

## Oakland Schools

---

### Fiduciary Fund Statement of Fiduciary Net Position

---

**June 30, 2022**

Custodial Funds

**Assets** - Cash (Note 4)

\$ 112,629

**Liabilities** - Accounts payable

-

**Net Position** - Unrestricted

**\$ 112,629**

---

**Fiduciary Fund**  
**Statement of Changes in Fiduciary Net Position**

---

**Year Ended June 30, 2022**

	<u>Custodial Funds</u>
<b>Additions</b> - Dues and contributions	\$ 44,989
<b>Deductions</b> - Disbursements for activities	<u>16,485</u>
<b>Net Increase in Fiduciary Net Position</b>	28,504
<b>Net Position</b> - Beginning of year	<u>84,125</u>
<b>Net Position</b> - End of year	<u><u>\$ 112,629</u></u>

**June 30, 2022****Note 1 - Nature of Business**

Oakland Schools (the "School District") is an educational service agency in the state of Michigan that provides a broad spectrum of services and support to various school districts within Oakland County, Michigan (the "County"). The School District also provides direct special educational and vocational educational services at several sites throughout the County. The School District is responsible for compliance monitoring, professional development, grant management, a wide array of reporting functions, and many more support services for its constituent districts.

**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 County elected its first county commissioner of schools (the "Commissioner") in 1923. The Commissioner had oversight of 175 districts in the County. In 1941, the residents of the County, under the authority of Public Act (P.A.) 117 of 1935, elected the County's first county school board. On March 28, 1963, the county district became a public corporation under P.A. 190 of 1962, formally establishing the Oakland Intermediate School District (Oakland Schools). The School District is not included in any other governmental reporting entity since the School District's Board of Education members are elected by local school boards and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. This report includes all activities of the School District and all activities considered to be controlled by the Board of Education. In accordance with government accounting principles, no component units are required to be reported within these financial statements.

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present 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. Exceptions to this general rule occur when there are charges between business-type activities and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

**Note 2 - Significant Accounting Policies (Continued)**

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

***Fund Accounting***

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

**Governmental Funds**

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

- The General Education Fund is used to account for the general operations of the School District pertaining to support services and those operations not provided for in another fund.
- The Special Education Fund is used to account for all revenue and expenditures related to the School District's operation of special education programs, including transfers to its constituent districts for the operation of local special education programs. The primary revenue sources are local tax millages and state and federal special education grants.
- The Vocational Education Fund is used to account for all revenue and expenditures related to the School District's operation of vocational education programs, including transfers to its constituent districts for the operation of local vocational education center programs. The primary revenue sources are countywide tax millages, as well as state and federal vocational education grants.

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. Any operating deficit generated by these activities is the responsibility of the General Education Fund. The nonmajor special revenue funds maintained by the School District are as follows:

- The Shared Services and Tuition Programs Cooperative Activities Fund is used to provide noninstructional services to constituent districts on a cost-recovery basis. This fund also contains the activities of three tuition-based programs:
  - Virtual Learning Academy Consortium K-8 (VLAC K-8) and Virtual Learning Academy Consortium 9-12 (VLAC 9-12) - These programs are tuition-based virtual school programs for children in kindergarten through 8th grade and 9th through 12th grades, respectively.
  - Oakland Accelerated College Experience (Oakland ACE) - Oakland ACE is a tuition-based early college program for students in participating Oakland County districts.
- The Oakland Network for Education (ONE) Cooperative Activities Fund is used to provide services through advanced voice, video, and data network infrastructure in order to build a stronger learning community within the Oakland Schools boundaries. Its primary revenue source is fees earned by Oakland Schools through the fee-for-service program.

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

- The Medicaid Cooperative Activities Fund is used to account for all Medicaid billing operations. The Medicaid School Based Services program is cofunded by the state and federal governments and reimburses schools for some of the costs related to providing health care services to children of low-income families.
- The HR/Finance Consortium Cooperative Activities Fund is a collaborative effort between Oakland Schools and 21 local school districts for a new financial/human resources software business application. Participating districts pay a per student fee to Oakland Schools, which will in turn pay the vendor for conversion costs, software maintenance agreements, etc.
- The School Activities Fund is used to account for all student and other group activities managed by the School District. Revenue sources for the School Activities Fund include fundraising revenue and donations earned and received by student or other groups over which the School District exercises administrative control.

Capital projects funds are established for the Administration Building Capital Projects Fund, CFE Campus Renovations Capital Projects Fund, and the Career Connections Facility Capital Projects Fund. Each of these funds is utilized to record transactions associated with capital asset acquisition, renovation, or improvement. The funds used to accomplish the purpose of the respective fund arose from operating transfers from the General Education, Special Education, and Vocational Education funds in the current and previous years.

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

- The Qualified School Construction Bond (QSCB) Debt Service Fund is used to record transfers from the General Education, Special Education, ONE Cooperative Activities, and capital projects funds in order to defease the QSCB debt and provide annual transfers to a QSCB reserve fund established in fiscal year 2011.
- The 2016 Refunding Bonds Debt Service Fund is used to account for the advance refunding of the 2007 bonds and will contain transfers from the Vocational Education Fund to be used to pay debt principal and interest on outstanding bond obligations.

**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 Production Print Enterprise Fund is used to report activities for which there is a fee to external users for goods and services. The results of the Production Print Enterprise Fund are included in business-type activities in the statement of net position and statement of activities.

The School District's internal service fund accounts for all of the School District's insurance programs and employee compensated absences provided to other funds of the School District on a cost-reimbursement basis and provides a claims fluctuation reserve for future insurance liabilities. All revenue and expenses not meeting these definitions are reported as nonoperating revenue and expenses.

**Fiduciary Funds**

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

**Note 2 - Significant Accounting Policies (Continued)****Interfund Activity**

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

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

**Basis of Accounting**

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

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

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 investments include cash on hand, demand deposits, and highly liquid investments with a maturity of less than three months when acquired. Investments are stated at fair value, except for investments in external investment pools, which are valued at amortized cost or net asset value.

**Inventories and Prepaid Items**

Inventories consist primarily of instructional materials and are valued at cost, determined on the basis of average cost. Enterprise fund-type inventories are recorded as expenditures when sold. Inventories are recorded on the consumption method.



June 30, 2022

**Note 2 - Significant Accounting Policies (Continued)**

Payments made for services that will benefit periods beyond June 30, 2022 are recorded as prepaid expenditures. Prepaid expenditures recorded in the governmental fund types do not reflect current appropriable resources, and, thus, an equivalent portion of fund balance is considered nonspendable. Prepaid expenditures are recorded on the consumption method.

**Restricted Assets**

The cash and investments in the Special Education, Vocational Education, and debt service funds are restricted for the specific purposes to which each of those funds relate. Restricted assets on the statement of net position and the governmental funds balance sheet represent the cash associated with the Qualified School Construction Bonds and can only be used for the purpose for which the bonds were issued and to service the associated debt.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type 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. Additionally, the School District capitalizes building improvements of \$50,000 or more. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

	Depreciable/ Amortizable Life - Years
Buildings	50
Building improvements	20
Equipment	5-10
Furniture and fixtures	10
Vehicles other than buses	7
Lease assets - Building	2-13
Lease assets - Vehicle	5

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the 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.

**Leases**

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

**Note 2 - Significant Accounting Policies (Continued)**

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

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

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

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

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

**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 charges on refundings and deferred pension and OPEB plan 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. The other deferred inflows reported related to unavailable revenue, which arises only under the modified accrual basis of accounting and is, therefore, reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 amortization 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.

**June 30, 2022****Note 2 - Significant Accounting Policies (Continued)****Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent 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.

The fund balance policy prescribes the minimum fund balance as 5-10 percent of expected operating expenditures in the General Education Fund and Vocational Education Fund and 5-10 percent of expected operating expenditures less payments to local school districts in the Special Education Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

**Note 2 - Significant Accounting Policies (Continued)****Property Tax Revenue**

Real and personal properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year for the portion of the taxes that is due on September 14 and on December 1 for the remainder of the property taxes that is due on February 14. The final collection date is February 28, after which they are added to the county tax rolls. The available period for property tax revenue recognition in the governmental fund financial statements is limited to 60 days.

The delinquent real property taxes of the School District are purchased by the County of Oakland, Michigan. The County of Oakland, Michigan intends to sell tax notes, the proceeds of which will be used to pay the School District for these property taxes. These taxes have been recorded as revenue for the current year.

**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 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)**

Unused vacation time accumulates up to a maximum level until termination of employment. Upon termination of employment, the School District pays out the employee's accumulated vacation days at his or her current per diem. Employees accumulate sick leave at a rate of 13 days per year. It is the policy of Oakland Schools that, upon resignation or retirement with 90 days' notice, an employee shall be paid separation at \$70.00 per day for all sick days accumulated up to 100 days and half of his or her unused accumulated sick leave at the rate of \$35.00 per day for days accumulated over 100 days. Without 90 days' notice, an employee is paid half of his or her unused accumulated sick leave at the rate of \$35.00 per day.

The liability for compensated absences reported in the proprietary and government-wide statements consists of unpaid, accumulated vacation, and sick leave balances.

June 30, 2022

**Note 2 - Significant Accounting Policies (Continued)****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 customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**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.

**Adoption of New Accounting Pronouncement**

During the current year, the School District adopted GASB Statement No. 87, *Leases*. As a result, the financial statements now include a liability for the present value of payments expected to be made and right-to-use assets.

Lease activity is further described in Note 10.

**Upcoming Accounting Pronouncements**

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

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

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including October 18, 2022, which is the date the financial statements were available to be issued.

**Note 3 - Stewardship, Compliance, and Accountability*****Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Education Fund and all special revenue funds except that operating transfers have been included in the revenue and expenditures categories rather than as other financing sources (uses), and capital outlay expenditures are included in the functional categories to which they relate in accordance with the adopted budget of the School District. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and 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. There are no encumbrances outstanding at year end.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant expenditure budget variances.

***Fund Deficit***

Under Michigan law, school districts are required to maintain positive fund balance in each fund. The School District has an accumulated net position deficit in the Print Production Enterprise Fund. The deficit in the Print Production Enterprise Fund is due to the inclusion of the Print Production Enterprise Fund's proportionate share of the net pension and net OPEB liabilities and will be eliminated through future required contributions to the Michigan Public School Employees' Retirement System.

**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 three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a one-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

The investment policy adopted by the board additionally requires the investment officer to obtain bids from at least two brokers or financial institutions on all purchases of investment instruments on the secondary market.

June 30, 2022

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

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

***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 for custodial credit risk be used for the School District's deposits. At year end, the School District had bank deposits totaling \$52,885,286 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy 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. At June 30, 2022, the School District does not have investments with custodial credit risk, as all investments were held directly by the School District.

***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 adopted by the board 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 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.

At year end, the School District had the following investments:

Investment	Value	Average Maturity (Years)
<b>Primary Government</b>		
MILAF Term Series	\$ 32,313,042	0.04-0.28
U.S. government agency securities	4,339,480	0.81-1.60
Municipal bond	110,955	0.25
Resolution Funding Corporation STRIPS	5,280,627	4.79
U.S. Treasury STRIPS	5,394,491	1.63-4.63
U.S. Treasury notes	632,663	4.84
Total	<u>\$ 48,071,258</u>	



June 30, 2022

**Note 4 - Deposits and Investments (Continued)*****Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. At June 30, 2022, the School District had no investments in commercial paper, held by an agent in the School District's name. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Value	Rating	Rating Organization
<b>Primary Government</b>			
U.S. Treasury strips	\$ 5,394,491	AA+	Standard & Poor's
U.S. government agency securities	4,339,480	AA+	Standard & Poor's
U.S. Treasury notes	632,663	AA+	Standard & Poor's
Resolution Funding Corporation STRIPS	5,280,627	AA+	Standard & Poor's
Municipal Bond	110,955	A+	Standard & Poor's
MILAF - Cash management and MAX Classes	6,696,558	AAA <sub>m</sub>	Standard & Poor's
MILAF - Term Series	32,313,042	AAA <sub>f</sub>	Fitch
Total	<u>\$ 54,767,816</u>		

***Concentration of Credit Risk***

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The investments in Resolution Funding Corporation STRIPS represent investments approximately equal to 10.5 percent of investments.

***Foreign Currency Risk***

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

**Note 5 - Fair Value Measurements**

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

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

June 30, 2022

**Note 5 - Fair Value Measurements (Continued)**

The School District has the following fair value measurements as of June 30, 2022:

	Significant Other Observable Inputs (Level 2)
Available-for-sale debt securities:	
U.S. Treasury strips	\$ 5,394,491
U.S. governmental agency securities	4,339,480
U.S. Treasury notes	632,663
Resolution Funding Corporation STRIPS	5,280,627
Municipal bonds	110,955
Total available-for-sale debt securities	<u>\$ 15,758,216</u>

***Investments in Entities that Calculate Net Asset Value per Share***

The School District holds shares in the Michigan Liquid Asset Fund Term Series whereby 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 net asset value of the School District's investment in the MILAF Term Series was \$32,313,042 and matures at various times between July and October 2022. 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 MILAF Term Series includes investments that the School District does not control. The investment pool invests primarily 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 6 - 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 School District had approximately \$465,000 of unavailable revenue, primarily related to amounts due from other governmental units not received timely, and approximately \$12,417,000 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.

June 30, 2022

**Note 7 - Capital Assets**

Capital asset activity of the School District's governmental and business-type activities was as follows:

**Governmental Activities**

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated or amortized - Land	\$ 3,410,122	\$ -	\$ -	\$ 3,410,122
Capital assets being depreciated or amortized:				
Buildings	27,088,030	-	-	27,088,030
Furniture and equipment	36,052,120	1,336,050	(26,271)	37,361,899
Vehicles other than buses	798,607	-	(17,637)	780,970
Building improvements	93,745,862	86,960	-	93,832,822
Lease assets - Building	2,172,100	-	-	2,172,100
Lease assets - Vehicle	994,040	-	-	994,040
Subtotal	160,850,759	1,423,010	(43,908)	162,229,861
Accumulated depreciation and amortization:				
Buildings	10,559,295	519,452	-	11,078,747
Furniture and equipment	29,036,857	1,348,886	(25,753)	30,359,990
Vehicles other than buses	702,553	41,695	(17,637)	726,611
Building improvements	43,446,786	3,153,955	-	46,600,741
Accumulated amortization - Lease assets - Building	-	217,146	-	217,146
Accumulated amortization - Lease assets - Vehicle	-	198,808	-	198,808
Subtotal	83,745,491	5,479,942	(43,390)	89,182,043
Net capital assets being depreciated and amortized	77,105,268	(4,056,932)	(518)	73,047,818
Net governmental activities capital assets	<u>\$ 80,515,390</u>	<u>\$ (4,056,932)</u>	<u>\$ (518)</u>	<u>\$ 76,457,940</u>

**Business-type Activities**

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets being depreciated or amortized:				
Furniture and equipment	\$ 1,612,070	\$ -	\$ -	\$ 1,612,070
Lease assets - Building	1,489,744	-	-	1,489,744
Subtotal	3,101,814	-	-	3,101,814
Accumulated depreciation and amortization:				
Furniture and equipment	1,454,799	40,493	-	1,495,292
Accumulated amortization - Lease assets - Building	-	113,866	-	113,866
Net business-type activities capital assets	<u>\$ 1,647,015</u>	<u>\$ (154,359)</u>	<u>\$ -</u>	<u>\$ 1,492,656</u>

Depreciation and amortization expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is impractical.

**Note 8 - Interfund Transfers**

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

The General Education Fund transferred \$1,013,400 to the ONE Cooperative Activities Fund to provide resources for projects.

The General Education Fund transferred \$25,000 to the HR/Finance Consortium Cooperative Activities Fund to provide resources for projects.

The General Education Fund transferred \$1,000,000 to the capital projects funds to provide resources for capital projects.

The Special Education Fund transferred \$480,000 to the capital projects funds to provide resources for capital projects.

The Special Education Fund transferred \$6,600 to the ONE Cooperative Activities Fund to provide resources for projects.

The Special Education Fund transferred \$12,500 to the HR/Finance Consortium Cooperative Activities Fund to provide resources for projects.

The Vocational Education Fund transferred \$4,370,000 to the capital projects funds to provide resources for capital projects.

The Vocational Education Fund transferred \$3,350,000 to the debt service funds to provide resources for debt service.

The Vocational Education Fund transferred \$6,600 to the ONE Cooperative Activities Fund to provide resources for projects.

The Vocation Education Fund transferred \$12,500 to the HR/Finance Consortium Cooperative Activities Fund to provide resources for projects.

The QSCB Debt Service Fund transferred \$810,000 to the QSCB Reserve Debt Service Fund to provide for annual set-aside requirements and debt service.

The Shared Services and Tuition Programs Cooperative Activities Fund transferred \$256,171 to the General Education Fund for indirect costs earned on shared services.

The HR/Finance Consortium Cooperative Activities Fund transferred \$103,400 to the General Education Fund for technology hosting services.

The HR/Finance Consortium Cooperative Activities Fund transferred \$250,000 to the ONE Cooperative Activities Fund to return resources provided for the startup of a new program.

June 30, 2022

**Note 9 - Long-term Debt**

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

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation bonds payable	\$ 42,045,000	\$ -	\$ (975,000)	\$ 41,070,000	\$ 1,395,000
Unamortized bond premiums	2,610,191	-	(174,013)	2,436,178	174,013
Total bonds payable	44,655,191	-	(1,149,013)	43,506,178	1,569,013
Leases	3,166,140	-	(354,022)	2,812,118	363,046
Compensated absences	4,089,750	-	(662,685)	3,427,065	342,707
Total governmental activities long-term debt	<u>\$ 51,911,081</u>	<u>\$ -</u>	<u>\$ (2,165,720)</u>	<u>\$ 49,745,361</u>	<u>\$ 2,274,766</u>

**Business-type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Leases	\$ 1,489,744	\$ -	\$ (79,597)	\$ 1,410,147	\$ 83,586

The School District had deferred outflows of \$418,510 related to deferred charges on bond refundings at June 30, 2022. Amortization of deferred charges on bond refundings totaled \$29,894 during the year.

**General Obligation Bonds and Contracts**

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

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$30,695,000 general obligation bonds (2016)	\$1,395,000 - \$2,345,000	3% - 5%	2036	\$ 26,270,000
\$14,800,000 general obligation bonds (2010)	\$14,800,000	6.25%*	2027	14,800,000
Total governmental activities				<u>\$ 41,070,000</u>

\*The interest payments made each year by the School District, through maturity, will be subsidized by the federal government (as shown below in the debt service requirements table).

**Other Long-term Liabilities**

Other long-term obligations consist of compensated absences of unpaid, accumulated vacation, and sick leave balances. These amounts are paid for by the internal service fund and are funded by charges to the respective fund to which the eligible employee's compensation is charged.

See Note 10 for further information on lease liabilities.

June 30, 2022

**Note 9 - Long-term Debt (Continued)*****Pension and OPEB Liabilities***

See Note 11 for further information regarding these liabilities. The net pension liability decreased by \$55,198,588 from \$174,235,138 as of June 30, 2021 to \$119,036,550 as of June 30, 2022. The net OPEB liability decreased by \$19,441,334 from \$27,104,973 as of June 30, 2021 to \$7,663,639 as of June 30, 2022.

***Debt Service Requirements to Maturity***

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

Years Ending June 30	Governmental Activities			
	Principal	Interest	Maximum Interest Subsidy	Total - Net
2023	\$ 1,395,000	\$ 1,996,650	\$ (800,680)	\$ 2,590,970
2024	1,460,000	1,926,900	(800,680)	2,586,220
2025	1,535,000	1,853,900	(800,680)	2,588,220
2026	1,610,000	1,777,150	(800,680)	2,586,470
2027	16,490,000	1,696,650	(800,680)	17,385,970
2028-2032	9,670,000	2,735,600	-	12,405,600
2033-2036	8,910,000	1,005,050	-	9,915,050
Total	<u>\$ 41,070,000</u>	<u>\$ 12,991,900</u>	<u>\$ (4,003,400)</u>	<u>\$ 50,058,500</u>

**Note 10 - Leases**

The School District leases certain facilities and vehicles from various third parties. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability.

Lease asset activity of the School District is included in Note 7.

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

Years Ending	Principal	Interest	Total
2023	\$ 446,632	\$ 140,577	\$ 587,209
2024	433,635	125,277	558,912
2025	451,739	109,769	561,508
2026	467,806	93,702	561,508
2027	263,929	80,579	344,508
2028-2032	1,467,312	255,228	1,722,540
2033-2037	691,212	26,514	717,726
Total	<u>\$ 4,222,265</u>	<u>\$ 831,646</u>	<u>\$ 5,053,911</u>

**Note 11 - 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.

**June 30, 2022****Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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.

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

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

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

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

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

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

***Contributions***

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

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



June 30, 2022

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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) accounts.

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

The ranges of rates are as follows:

	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 \$17,127,093, which includes 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 \$7,912,434 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 \$3,883,900, which includes 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 \$119,036,550 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 0.50 and 0.51 percent, respectively, representing a change of (0.87) percent.

June 30, 2022

**Note 11 - Michigan Public School Employees' Retirement System (Continued)*****Net OPEB Liability***

At June 30, 2022, the School District reported a liability of \$7,663,639 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 0.50 and 0.51 percent, respectively, representing a change of (0.76) percent.

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

For 2022, the School District recognized pension expense of \$13,671,543, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,843,927	\$ (700,984)
Changes in assumptions	7,503,639	-
Net difference between projected and actual earnings on pension plan investments	-	(38,269,868)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	270,730	(2,357,857)
The School District's contributions to the plan subsequent to the measurement date	14,593,452	-
Total	<u>\$ 24,211,748</u>	<u>\$ (41,328,709)</u>

The \$7,912,434 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2023	\$ (3,917,500)
2024	(7,497,925)
2025	(9,816,877)
2026	(10,478,111)
Total	<u>\$ (31,710,413)</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 \$4,285,309.

June 30, 2022

**Note 11 - 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	\$ -	\$ (21,875,311)
Changes in assumptions	6,406,422	(958,640)
Net difference between projected and actual earnings on OPEB plan investments	-	(5,776,222)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	456,533	(945,956)
Employer contributions to the plan subsequent to the measurement date	2,706,734	-
Total	<u>\$ 9,569,689</u>	<u>\$ (29,556,129)</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	\$ (5,777,708)
2024	(5,390,257)
2025	(5,065,065)
2026	(4,643,004)
2027	(1,606,383)
Thereafter	(210,757)
Total	<u>\$ (22,693,174)</u>

**Actuarial Assumptions**

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

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

June 30, 2022

**Note 11 - 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 11 - 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	\$ 170,189,984	\$ 119,036,550	\$ 76,626,999

***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	\$ 14,240,424	\$ 7,663,639	\$ 2,082,297

***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	Current Rate	1 Percentage Point Increase
Net OPEB liability of the School District	\$ 1,865,269	\$ 7,663,639	\$ 14,187,503

***Pension Plan and OPEB Plan Fiduciary Net Position***

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

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2022, the School District reported a payable of \$2,403,148 and \$390,503 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

**Note 12 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property loss, employee medical benefits, workers' compensation, and errors and omissions; the School District is partially insured for the unemployment and dental and vision benefits provided to employees. 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 12 - Risk Management (Continued)**

*Vision and Dental* - The self-insured vision and dental plans covered substantially all employees and their dependents. Claims are funded by the School District and paid by the plan administrator. The School District paid all administrative costs of the plan. As of January 1, 2022, the District switched to premium based plans for vision and dental. Total costs for such benefits were approximately \$954,600 for the year ended June 30, 2022.

*Unemployment* - The School District is self-insured for unemployment expenses. Claims are funded by the School District and paid by the plan administrator. The School District received net credits of approximately \$3,500 in unemployment expense for fiscal year 2022.

*Workers' Compensation* - The School District provides a workers' compensation plan that covers all employees. The premiums are paid for by the School District. During 2022, the premiums amounted to approximately \$30,000.

*Medical* - The School District provides medical insurance with certain copay features to substantially all employees. Some plans require that the employee pay a portion of the premium. During 2022, the premiums paid by the School District amounted to approximately \$6,432,600.

*Property and General Liability* - The School District is exposed to various risks of loss related to property loss and employee injuries. The School District has purchased insurance to cover losses to its buildings and contents in the amount of approximately \$179 million. The School District has a fleet of 14 vans, 8 trucks, and 8 cargo trailers, which are included in the School District's auto liability coverage. The School District has commercial general and excess liability insurance coverage in the amount of \$11 million and cyber liability coverage in the amount of \$3 million.

There has not been a significant reduction in insurance coverage in the current year, and settlements have not exceeded coverage for each of the past three years for the risk management liabilities.

*Provision for Uninsured Losses and Liabilities* - The School District has established a reserve in the internal service fund for future uninsured losses and liabilities that may occur over time.

The School District estimates the liability for unemployment and vision and dental 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. Changes in the estimated liability for the past two fiscal years were as follows:

	2022	2021
Estimated liability - Beginning of year	\$ 81,000	\$ 64,000
Estimated claims incurred, including changes in estimates	(81,000)	988,900
Claim payments	-	(971,900)
Estimated liability - End of year	\$ -	\$ 81,000

**Note 13 - Contingencies**

All funded projects established by the School District under federal, state, and local programs of education are subject to audit by the funding agency. No provision has been established in the financial statements for disallowed costs, if any, that might occur as a result of an audit by a funding agency. Any disallowed costs would become a liability of the School District; however, any such liability, in the opinion of management, is expected to be immaterial.

The School District, through its involvement in the Community Telecommunications Network (CTN), has agreed to sell excess capacity related to certain cellular phone towers. The agreement lasts for an extended period, and collections will be dependent upon collections by CTN from the sublessee. During the year ended June 30, 2022, the School District received approximately \$410,000, which is reported in the General Education Fund.

**June 30, 2022****Note 14 - Tax Abatements**

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), brownfield redevelopment agreements, personal property tax exemptions under PA 328 of 1998, and payment in lieu of taxes (PILOT) agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; the personal property tax exemption allows specific businesses in distressed communities to file for exemption from paying tax on personal property; and PILOTs compensate local governments for some or all of the real estate tax revenue that is lost due to the waiver of that revenue.

For the fiscal year ended June 30, 2022, the School District's property tax revenue was reduced by approximately \$2,003,000 under these programs. The School District does not receive reimbursement for these amounts.

There are no abatements made by the School District.

---

## Required Supplemental Information

---



Required Supplemental Information  
Budgetary Comparison Schedule - General Education Fund

**Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Under) Over Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 15,747,200	\$ 16,350,600	\$ 15,566,596	\$ (784,004)
State sources	35,027,800	48,139,900	36,108,081	(12,031,819)
Federal sources	4,156,300	8,169,800	2,082,217	(6,087,583)
Transfers and other revenue	709,800	654,200	752,210	98,010
Total revenue	55,641,100	73,314,500	54,509,104	(18,805,396)
<b>Expenditures</b>				
Current:				
Instruction	1,172,200	987,500	45,693	(941,807)
Support services:				
Pupil	1,535,500	4,430,800	1,525,080	(2,905,720)
Instructional staff	16,918,600	18,554,600	13,599,181	(4,955,419)
General administration	1,889,700	1,712,200	1,578,903	(133,297)
School administration	6,400	11,000	6,726	(4,274)
Business	1,032,500	1,434,900	1,373,535	(61,365)
Operations and maintenance	977,600	719,500	684,008	(35,492)
Pupil transportation services	2,099,100	1,809,000	1,308,064	(500,936)
Central	9,432,700	8,074,900	7,498,837	(576,063)
Other	964,600	771,800	672,269	(99,531)
Community services	1,670,100	2,206,500	1,290,423	(916,077)
Debt service	-	39,200	38,457	(743)
Interdistrict transfers and other	20,162,500	33,216,500	24,490,121	(8,726,379)
Total expenditures	57,861,500	73,968,400	54,111,297	(19,857,103)
<b>Net Change in Fund Balance</b>	(2,220,400)	(653,900)	397,807	1,051,707
<b>Fund Balance - Beginning of year</b>	6,573,252	6,573,252	6,573,252	-
<b>Fund Balance - End of year</b>	<u><u>\$ 4,352,852</u></u>	<u><u>\$ 5,919,352</u></u>	<u><u>\$ 6,971,059</u></u>	<u><u>\$ 1,051,707</u></u>

## Oakland Schools

### Required Supplemental Information Budgetary Comparison Schedules - Major Special Revenue Funds Special Education Fund

**Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Under) Over <u>Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 157,088,700	\$ 157,508,800	\$ 157,479,065	\$ (29,735)
State sources	7,646,900	9,508,000	8,899,115	(608,885)
Federal sources	55,051,000	66,788,500	53,471,575	(13,316,925)
Transfers and other revenue	230,000	211,600	272,817	61,217
Total revenue	220,016,600	234,016,900	220,122,572	(13,894,328)
<b>Expenditures</b>				
Current:				
Instruction	2,410,000	606,000	585,410	(20,590)
Support services:				
Pupil	12,265,200	13,587,300	11,888,347	(1,698,953)
Instructional staff	4,020,600	3,745,400	3,034,408	(710,992)
General administration	898,600	759,400	734,034	(25,366)
Business	1,280,700	1,033,500	811,118	(222,382)
Operations and maintenance	551,900	388,200	379,498	(8,702)
Pupil transportation services	115,100	64,300	80,409	16,109
Central	5,305,400	5,433,400	4,807,515	(625,885)
Other	366,100	217,600	214,011	(3,589)
Community services	70,100	1,799,100	30,559	(1,768,541)
Debt service	-	177,100	175,493	(1,607)
Interdistrict transfers and other	192,724,200	211,537,400	199,135,024	(12,402,376)
Total expenditures	220,007,900	239,348,700	221,875,826	(17,472,874)
<b>Net Change in Fund Balance</b>	8,700	(5,331,800)	(1,753,254)	3,578,546
<b>Fund Balance - Beginning of year</b>	16,700,659	16,700,659	16,700,659	-
<b>Fund Balance - End of year</b>	<u><u>\$ 16,709,359</u></u>	<u><u>\$ 11,368,859</u></u>	<u><u>\$ 14,947,405</u></u>	<u><u>\$ 3,578,546</u></u>

## Oakland Schools

### Required Supplemental Information Budgetary Comparison Schedules - Major Special Revenue Funds Vocational Education Fund

**Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Under) Over <u>Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 38,754,100	\$ 39,372,900	\$ 39,002,706	\$ (370,194)
State sources	5,127,500	6,168,600	6,197,910	29,310
Federal sources	1,694,800	2,391,100	2,079,470	(311,630)
Transfers and other revenue	126,900	146,100	142,129	(3,971)
Total revenue	45,703,300	48,078,700	47,422,215	(656,485)
<b>Expenditures</b>				
Current:				
Instruction	18,323,700	16,758,500	16,137,607	(620,893)
Support services:				
Pupil	2,590,000	3,877,600	3,523,023	(354,577)
Instructional staff	3,757,800	3,100,100	2,953,009	(147,091)
General administration	939,400	1,097,200	1,038,302	(58,898)
School administration	2,482,200	2,362,400	2,264,330	(98,070)
Business	1,530,200	1,415,700	1,335,280	(80,420)
Operations and maintenance	3,943,300	3,836,600	3,930,745	94,145
Pupil transportation services	135,100	102,400	81,914	(20,486)
Central	5,823,800	5,449,500	5,397,080	(52,420)
Other	207,600	162,400	158,121	(4,279)
Debt service	-	228,300	218,553	(9,747)
Interdistrict transfers and other	7,415,100	11,533,500	11,440,493	(93,007)
Total expenditures	47,148,200	49,924,200	48,478,457	(1,445,743)
<b>Net Change in Fund Balance</b>	(1,444,900)	(1,845,500)	(1,056,242)	789,258
<b>Fund Balance - Beginning of year</b>	8,153,667	8,153,667	8,153,667	-
<b>Fund Balance - End of year</b>	<u><u>\$ 6,708,767</u></u>	<u><u>\$ 6,308,167</u></u>	<u><u>\$ 7,097,425</u></u>	<u><u>\$ 789,258</u></u>

## Oakland Schools

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

	<b>Last Eight Plan Years</b>							
	<b>Plan Years Ended September 30</b>							
	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.50279 %	0.50722 %	0.51448 %	0.51505 %	0.50550 %	0.47845 %	0.46070 %	0.43183 %
School District's proportionate share of the net pension liability	\$119,036,550	\$174,235,138	\$170,378,362	\$154,832,673	\$130,996,169	\$119,368,632	\$112,525,808	\$ 95,110,375
School District's covered payroll	\$ 45,322,447	\$ 44,854,132	\$ 44,790,381	\$ 44,265,616	\$ 43,162,651	\$ 41,134,535	\$ 38,484,732	\$ 36,808,094
School District's proportionate share of the net pension liability as a percentage of its covered payroll	262.64 %	388.45 %	380.39 %	349.78 %	303.49 %	290.19 %	292.39 %	258.40 %
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 %	66.20 %

## Oakland Schools

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

	<b>Last Eight Fiscal Years</b>							
	<b>Years Ended June 30</b>							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 16,780,227	\$ 15,368,937	\$ 14,125,270	\$ 13,720,880	\$ 13,262,230	\$ 12,085,927	\$ 11,005,194	\$ 8,210,005
Contributions in relation to the statutorily required contribution	16,780,227	15,368,937	14,125,270	13,720,880	13,262,230	12,085,927	11,005,194	8,210,005
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	\$ 44,800,859	\$ 45,223,459	\$ 45,030,328	\$ 44,385,939	\$ 44,060,613	\$ 44,388,538	\$ 40,183,160	\$ 38,428,512
<b>Contributions as a Percentage of Covered Payroll</b>	37.46 %	33.98 %	31.37 %	30.91 %	30.10 %	27.23 %	27.39 %	21.36 %

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	0.50208 %	0.50595 %	0.51234 %	0.51992 %	0.50477 %
School District's proportionate share of the net OPEB liability	\$ 7,663,639	\$ 27,104,973	\$ 36,774,468	\$ 41,328,273	\$ 44,699,757
School District's covered payroll	\$ 45,322,447	\$ 44,854,132	\$ 44,790,381	\$ 44,265,616	\$ 43,162,651
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.91 %	60.43 %	82.10 %	93.36 %	103.56 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

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

	Last Five Fiscal Years Years Ended June 30				
	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 3,647,059	\$ 3,759,878	\$ 3,614,134	\$ 3,485,051	\$ 3,182,377
Contributions in relation to the statutorily required contribution	3,647,059	3,759,878	3,614,134	3,485,051	3,182,377
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 44,800,859</b>	<b>\$ 45,223,459</b>	<b>\$ 45,030,328</b>	<b>\$ 44,385,939</b>	<b>\$ 44,060,613</b>
<b>Contributions as a Percentage of Covered Payroll</b>	8.14 %	8.31 %	8.03 %	7.85 %	7.22 %

**June 30, 2022*****Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Education Fund and all special revenue funds except that operating transfers have been included in the revenue and expenditures categories rather than as other financing sources (uses), and capital outlay expenditures are included in the functional categories to which they relate in accordance with the adopted budget of the School District. Capital outlay is presented separately on the statement of revenue, expenditures, and changes in fund balances. All annual appropriations lapse at fiscal year end. 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.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level (i.e., the level at which expenditures may not legally exceed appropriations).

***Pension Information***

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

**Benefit Changes**

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

**Changes in Assumptions**

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

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

***OPEB Information***

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

**Benefit Changes**

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

**Changes in Assumptions**

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

2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 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 the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

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

---

## Other Supplemental Information

---

## Oakland Schools

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds Shared Services and Tuition Programs Cooperative Activities Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 14,473,300	\$ 15,924,700	\$ 16,494,520	\$ 569,820
State sources	1,042,400	1,368,400	1,405,368	36,968
Transfers in and other revenue	650,500	509,700	-	(509,700)
Total revenue	16,166,200	17,802,800	17,899,888	97,088
<b>Expenditures</b>				
Current:				
Instruction	3,551,400	4,781,400	4,477,266	(304,134)
Support services:				
Pupil	46,900	50,200	50,444	244
General administration	449,900	381,200	341,708	(39,492)
School administration	533,400	565,600	501,482	(64,118)
Business	1,266,700	898,600	764,188	(134,412)
Operations and maintenance	19,000	20,800	24,800	4,000
Central	9,940,200	10,283,000	10,181,927	(101,073)
Interdistrict transfers and other	316,200	342,500	332,525	(9,975)
Total expenditures	16,123,700	17,323,300	16,674,340	(648,960)
<b>Net Change in Fund Balance</b>	42,500	479,500	1,225,548	746,048
<b>Fund Balance - Beginning of year</b>	4,605,649	4,605,649	4,605,649	-
<b>Fund Balance - End of year</b>	<u>\$ 4,648,149</u>	<u>\$ 5,085,149</u>	<u>\$ 5,831,197</u>	<u>\$ 746,048</u>

## Oakland Schools

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) ONE Cooperative Activities Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 621,700	\$ 608,100	\$ 613,012	\$ 4,912
Transfers and other revenue	675,300	1,276,600	1,276,600	-
Total revenue	1,297,000	1,884,700	1,889,612	4,912
<b>Expenditures</b>				
Current - Support services:				
Instructional staff	267,000	318,700	142,004	(176,696)
General administration	5,000	5,000	-	(5,000)
Central	300,000	323,000	429,481	106,481
Total expenditures	572,000	646,700	571,485	(75,215)
<b>Net Change in Fund Balance</b>	725,000	1,238,000	1,318,127	80,127
<b>Fund Balance - Beginning of year</b>	8,751,409	8,751,409	8,751,409	-
<b>Fund Balance - End of year</b>	<u><u>\$ 9,476,409</u></u>	<u><u>\$ 9,989,409</u></u>	<u><u>\$ 10,069,536</u></u>	<u><u>\$ 80,127</u></u>

## Oakland Schools

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) Medicaid Cooperative Activities Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 10,542,500	\$ 12,174,000	\$ 12,191,627	\$ 17,627
State sources	49,300	58,600	60,494	1,894
Federal sources	541,500	561,800	738,035	176,235
Total revenue	11,133,300	12,794,400	12,990,156	195,756
<b>Expenditures</b>				
Current - Support services:				
Operations and maintenance	35,400	8,600	6,807	(1,793)
Central	643,000	639,200	615,081	(24,119)
Debt service	-	27,700	26,669	(1,031)
Interdistrict transfers and other	10,454,900	12,122,000	12,344,726	222,726
Total expenditures	11,133,300	12,797,500	12,993,283	195,783
<b>Net Change in Fund Balance</b>	-	(3,100)	(3,127)	(27)
<b>Fund Balance - Beginning of year</b>	3,127	3,127	3,127	-
<b>Fund Balance - End of year</b>	<u>\$ 3,127</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ (27)</u>

## Oakland Schools

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) HR/Finance Consortium Cooperative Activities Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 1,097,900	\$ 1,077,200	\$ 1,077,273	\$ 73
State sources	76,400	90,300	93,194	2,894
Transfers and other revenue	50,000	50,000	-	(50,000)
Total revenue	1,224,300	1,217,500	1,170,467	(47,033)
<b>Expenditures</b>				
Support services - Central	1,042,600	1,082,700	1,002,684	(80,016)
Interdistrict transfers and other	353,400	353,400	30,745	(322,655)
Total expenditures	1,396,000	1,436,100	1,033,429	(402,671)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	50,000	50,000
Transfers out	-	-	(353,400)	(353,400)
Total other financing uses	-	-	(303,400)	(303,400)
<b>Net Change in Fund Balance</b>	(171,700)	(218,600)	(166,362)	52,238
<b>Fund Balance - Beginning of year</b>	518,116	518,116	518,116	-
<b>Fund Balance - End of year</b>	<u><u>\$ 346,416</u></u>	<u><u>\$ 299,516</u></u>	<u><u>\$ 351,754</u></u>	<u><u>\$ 52,238</u></u>

## Oakland Schools

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) School Activities Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Under Final Budget
<b>Revenue</b> - Local sources	\$ 180,000	\$ 180,000	\$ 71,548	\$ (108,452)
<b>Expenditures</b> - Support services - Other	180,000	180,000	111,962	(68,038)
<b>Net Change in Fund Balance</b>	-	-	(40,414)	(40,414)
<b>Fund Balance</b> - Beginning of year	303,432	303,432	303,432	-
<b>Fund Balance</b> - End of year	<u>\$ 303,432</u>	<u>\$ 303,432</u>	<u>\$ 263,018</u>	<u>\$ (40,414)</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2022**

	Special Revenue Funds	2016 Refunding Bonds Debt Service Fund	Qualified School Construction Bond Debt Service Fund	Qualified School Construction Bond Reserve Debt Service Fund	Administration Building Capital Projects Fund	CFE Campus Renovations Capital Projects Fund	Career Connections Facility Capital Projects Fund	Total
<b>Assets</b>								
Cash and investments	\$ 17,337,947	\$ 6,902,022	\$ -	\$ -	\$ 11,426,282	\$ 11,280,637	\$ 527,918	\$ 47,474,806
Receivables:								
Accrued interest receivable	8,009	24,057	-	-	9,390	7,205	-	48,661
Other receivables	287,520	-	-	-	-	-	-	287,520
Due from other governments	2,513,799	-	-	-	-	-	-	2,513,799
Prepaid expenditures	214,272	-	-	-	139,495	79,712	-	433,479
Restricted assets	-	-	1,989,924	10,139,309	-	-	-	12,129,233
<b>Total assets</b>	<b>\$ 20,361,547</b>	<b>\$ 6,926,079</b>	<b>\$ 1,989,924</b>	<b>\$ 10,139,309</b>	<b>\$ 11,575,167</b>	<b>\$ 11,367,554</b>	<b>\$ 527,918</b>	<b>\$ 62,887,498</b>
<b>Liabilities</b>								
Accounts payable	\$ 234,104	\$ -	\$ -	\$ -	\$ 91,115	\$ 221,356	\$ -	\$ 546,575
Due to other governmental units	2,176,468	-	-	-	-	-	-	2,176,468
Accrued payroll and other liabilities	808,666	-	-	-	-	-	-	808,666
Unearned revenue	626,804	-	-	-	-	-	-	626,804
<b>Total liabilities</b>	<b>3,846,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,115</b>	<b>221,356</b>	<b>-</b>	<b>4,158,513</b>
<b>Fund Balances</b>								
Nonspendable - Prepaid expenditures	214,272	-	-	-	139,495	79,712	-	433,479
Restricted - Debt service	-	6,926,079	1,989,924	10,139,309	-	-	-	19,055,312
Committed:								
Capital projects	-	-	-	-	11,344,557	11,066,486	527,918	22,938,961
Special revenue funds	16,301,233	-	-	-	-	-	-	16,301,233
<b>Total fund balances</b>	<b>16,515,505</b>	<b>6,926,079</b>	<b>1,989,924</b>	<b>10,139,309</b>	<b>11,484,052</b>	<b>11,146,198</b>	<b>527,918</b>	<b>58,728,985</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,361,547</b>	<b>\$ 6,926,079</b>	<b>\$ 1,989,924</b>	<b>\$ 10,139,309</b>	<b>\$ 11,575,167</b>	<b>\$ 11,367,554</b>	<b>\$ 527,918</b>	<b>\$ 62,887,498</b>



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

**Year Ended June 30, 2022**

	Special Revenue Funds	2016 Refunding Bonds Debt Service Fund	Qualified School Construction Bond Debt Service Fund	Qualified School Construction Bond Reserve Debt Service Fund	Administration Building Capital Projects Fund	CFE Campus Renovations Capital Projects Fund	Career Connections Facility Capital Projects Fund	Total
<b>Revenue</b>								
Local sources	\$ 30,447,980	\$ (98,721)	\$ (43,218)	\$ (832,429)	\$ 12,168	\$ 9,568	\$ 390	\$ 29,495,738
State sources	1,559,056	-	-	-	-	-	-	1,559,056
Federal sources	738,035	-	-	753,679	-	-	-	1,491,714
Total revenue	32,745,071	(98,721)	(43,218)	(78,750)	12,168	9,568	390	32,546,508
<b>Expenditures</b>								
Current:								
Instruction	4,242,920	-	-	-	-	-	-	4,242,920
Support services	14,100,829	-	-	-	-	14,632	8,117	14,123,578
Debt service:								
Principal	25,345	975,000	-	-	-	-	-	1,000,345
Interest and other	1,324	1,120,900	499	927,500	-	-	-	2,050,223
Capital outlay	306,085	-	-	-	577,530	1,427,864	-	2,311,479
Interdistrict transfers and other	12,451,825	-	-	-	-	-	-	12,451,825
Total expenditures	31,128,328	2,095,900	499	927,500	577,530	1,442,496	8,117	36,180,370
<b>Excess of Revenue Over (Under) Expenditures</b>	1,616,743	(2,194,621)	(43,717)	(1,006,250)	(565,362)	(1,432,928)	(7,727)	(3,633,862)
<b>Other Financing Sources (Uses)</b>								
Transfers in	1,326,600	3,350,000	-	810,000	2,000,000	3,850,000	-	11,336,600
Transfers out	(609,571)	-	(810,000)	-	-	-	-	(1,419,571)
Total other financing sources (uses)	717,029	3,350,000	(810,000)	810,000	2,000,000	3,850,000	-	9,917,029
<b>Net Change in Fund Balances</b>	2,333,772	1,155,379	(853,717)	(196,250)	1,434,638	2,417,072	(7,727)	6,283,167
<b>Fund Balances - Beginning of year</b>	14,181,733	5,770,700	2,843,641	10,335,559	10,049,414	8,729,126	535,645	52,445,818
<b>Fund Balances - End of year</b>	<u>\$ 16,515,505</u>	<u>\$ 6,926,079</u>	<u>\$ 1,989,924</u>	<u>\$ 10,139,309</u>	<u>\$ 11,484,052</u>	<u>\$ 11,146,198</u>	<u>\$ 527,918</u>	<u>\$ 58,728,985</u>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Special Revenue Funds

**June 30, 2022**

	Shared Services and Tuition Programs Cooperative Activities Fund	ONE Cooperative Activities Fund	Medicaid Cooperative Activities Fund	HR/Finance Consortium Cooperative Activities Fund	School Activities Fund	Total
<b>Assets</b>						
Cash and investments	\$ 4,272,647	\$ 9,837,603	\$ 2,584,993	\$ 379,686	\$ 263,018	\$ 17,337,947
Receivables:						
Accrued interest receivable	-	8,009	-	-	-	8,009
Other receivables	220,963	66,557	-	-	-	287,520
Due from other governments	2,453,899	30,688	11,353	17,859	-	2,513,799
Prepaid expenditures	81,641	129,268	3,363	-	-	214,272
<b>Total assets</b>	<b>\$ 7,029,150</b>	<b>\$ 10,072,125</b>	<b>\$ 2,599,709</b>	<b>\$ 397,545</b>	<b>\$ 263,018</b>	<b>\$ 20,361,547</b>
<b>Liabilities</b>						
Accounts payable	\$ 228,896	\$ 281	\$ 4,072	\$ 855	\$ -	\$ 234,104
Due to other governmental units	12,763	1,617	2,162,088	-	-	2,176,468
Accrued payroll and other liabilities	734,294	691	28,745	44,936	-	808,666
Unearned revenue	222,000	-	404,804	-	-	626,804
<b>Total liabilities</b>	<b>1,197,953</b>	<b>2,589</b>	<b>2,599,709</b>	<b>45,791</b>	<b>-</b>	<b>3,846,042</b>
<b>Fund Balances</b>						
Nonspendable - Prepaid expenditures	81,641	129,268	3,363	-	-	214,272
Committed - Special revenue funds	5,749,556	9,940,268	(3,363)	351,754	263,018	16,301,233
<b>Total fund balances</b>	<b>5,831,197</b>	<b>10,069,536</b>	<b>-</b>	<b>351,754</b>	<b>263,018</b>	<b>16,515,505</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,029,150</b>	<b>\$ 10,072,125</b>	<b>\$ 2,599,709</b>	<b>\$ 397,545</b>	<b>\$ 263,018</b>	<b>\$ 20,361,547</b>

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

**Year Ended June 30, 2022**

	Shared Services and Tuition Programs Cooperative Activities Fund	ONE Cooperative Activities Fund	Medicaid Cooperative Activities Fund	HR/Finance Consortium Cooperative Activities Fund	School Activities Fund	Total
<b>Revenue</b>						
Local sources	\$ 16,494,520	\$ 613,012	\$ 12,191,627	\$ 1,077,273	\$ 71,548	\$ 30,447,980
State sources	1,405,368	-	60,494	93,194	-	1,559,056
Federal sources	-	-	738,035	-	-	738,035
Total revenue	17,899,888	613,012	12,990,156	1,170,467	71,548	32,745,071
<b>Expenditures</b>						
Current:						
Instruction	4,242,920	-	-	-	-	4,242,920
Support services	11,802,414	571,485	612,284	1,002,684	111,962	14,100,829
Debt service:						
Principal	-	-	25,345	-	-	25,345
Interest and other	-	-	1,324	-	-	1,324
Capital outlay	296,481	-	9,604	-	-	306,085
Interdistrict transfers and other	76,354	-	12,344,726	30,745	-	12,451,825
Total expenditures	16,418,169	571,485	12,993,283	1,033,429	111,962	31,128,328
<b>Excess of Revenue Over (Under) Expenditures</b>	1,481,719	41,527	(3,127)	137,038	(40,414)	1,616,743
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	1,276,600	-	50,000	-	1,326,600
Transfers out	(256,171)	-	-	(353,400)	-	(609,571)
Total other financing (uses) sources	(256,171)	1,276,600	-	(303,400)	-	717,029
<b>Net Change in Fund Balances</b>	1,225,548	1,318,127	(3,127)	(166,362)	(40,414)	2,333,772
<b>Fund Balances - Beginning of year</b>	4,605,649	8,751,409	3,127	518,116	303,432	14,181,733
<b>Fund Balances - End of year</b>	<u><u>\$ 5,831,197</u></u>	<u><u>\$ 10,069,536</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 351,754</u></u>	<u><u>\$ 263,018</u></u>	<u><u>\$ 16,515,505</u></u>

**Other Supplemental Information  
Schedule of Bonded Indebtedness**

**June 30, 2022**

Years Ending June 30	2009-2010 General Bonds Principal	2016 Refunding Bonds Principal	Total
2023	\$ -	\$ 1,395,000	\$ 1,395,000
2024	-	1,460,000	1,460,000
2025	-	1,535,000	1,535,000
2026	-	1,610,000	1,610,000
2027	14,800,000	1,690,000	16,490,000
2028	-	1,775,000	1,775,000
2029	-	1,865,000	1,865,000
2030	-	1,950,000	1,950,000
2031	-	2,010,000	2,010,000
2032	-	2,070,000	2,070,000
2033	-	2,135,000	2,135,000
2034	-	2,200,000	2,200,000
2035	-	2,230,000	2,230,000
2036	-	2,345,000	2,345,000
Total remaining payments	<b><u>\$ 14,800,000</u></b>	<b><u>\$ 26,270,000</u></b>	<b><u>\$ 41,070,000</u></b>
Interest rate (percent)	6.25	3.00 - 5.00	
Original issue	<b><u>\$ 14,800,000</u></b>	<b><u>\$ 30,695,000</u></b>	

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

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

---

## Statistical Section (Unaudited)

---

## **Introduction to Statistical Section**

---

This part of the School District's Annual Comprehensive 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 School District's overall financial health.

### **Financial Trends**

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**

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

### **Debt Capacity**

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

## Net Position by Component (Unaudited)

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 47,613,004	\$ 45,105,058	\$ 42,310,533	\$ 45,887,902	\$ 41,636,657	\$ 36,773,245	\$ 35,003,470	\$ 34,010,149	\$ 33,142,463	\$ 30,558,154
Restricted	39,549,518	41,892,717	39,475,802	19,243,353	16,898,371	41,041,957	39,321,973	41,645,288	43,463,326	40,767,367
Unrestricted	<u>19,902,415</u>	<u>(76,486,579)</u>	<u>(74,701,841)</u>	<u>(61,333,731)</u>	<u>(54,561,605)</u>	<u>(119,596,597)</u>	<u>(123,177,742)</u>	<u>(132,010,797)</u>	<u>(137,301,735)</u>	<u>(120,820,165)</u>
Total governmental activities	<u>107,064,937</u>	<u>10,511,196</u>	<u>7,084,494</u>	<u>3,797,524</u>	<u>3,973,423</u>	<u>(41,781,395)</u>	<u>(48,852,299)</u>	<u>(56,355,360)</u>	<u>(60,695,946)</u>	<u>(49,494,644)</u>
Business-type activities:										
Net investment in capital assets	572,803	451,572	490,149	323,990	220,075	142,395	205,307	197,810	157,271	82,509
Unrestricted	<u>400,564</u>	<u>647,658</u>	<u>564,718</u>	<u>727,120</u>	<u>959,031</u>	<u>1,204,573</u>	<u>1,240,092</u>	<u>1,142,307</u>	<u>(542,918)</u>	<u>(799,646)</u>
Total business-type activities	<u>973,367</u>	<u>1,099,230</u>	<u>1,054,867</u>	<u>1,051,110</u>	<u>1,179,106</u>	<u>1,346,968</u>	<u>1,445,399</u>	<u>1,340,117</u>	<u>(385,647)</u>	<u>(717,137)</u>
Primary government:										
Net investment in capital assets	48,185,807	45,556,630	42,800,682	46,211,892	41,856,732	36,915,640	35,208,777	34,207,959	33,299,734	30,640,663
Restricted	39,549,518	41,892,717	39,475,802	19,243,353	16,898,371	41,041,957	39,321,973	41,645,288	43,463,326	40,767,367
Unrestricted	<u>20,302,979</u>	<u>(75,838,921)</u>	<u>(74,137,123)</u>	<u>(60,606,611)</u>	<u>(53,602,574)</u>	<u>(118,392,024)</u>	<u>(121,937,650)</u>	<u>(130,868,490)</u>	<u>(137,844,653)</u>	<u>(121,619,811)</u>
Total primary government net position	<u>\$ 108,038,304</u>	<u>\$ 11,610,426</u>	<u>\$ 8,139,361</u>	<u>\$ 4,848,634</u>	<u>\$ 5,152,529</u>	<u>\$ (40,434,427)</u>	<u>\$ (47,406,900)</u>	<u>\$ (55,015,243)</u>	<u>\$ (61,081,593)</u>	<u>\$ (50,211,781)</u>

Note: On July 1, 2014, the School District implemented the provisions of GASB Nos. 68 and 71, which resulted in the District recording a net pension liability of \$(101,124,529) and a deferred outflow for pension liabilities of \$4,892,673 as of that date. Unrestricted Net Position has been restated to reflect this change in accounting principle in 2014.

Note: On July 1, 2017, the School District implemented the provisions of GASB No. 75, which resulted in the School District recording a net OPEB liability of \$(47,148,341) and a deferred outflow for OPEB contributions of \$3,363,068 made subsequent to the measurement date, and a deferred inflow for revenue received in support of OPEB contributions of \$(1,394,867) that was received subsequent to the measurement date. Unrestricted Net Position has been restated to reflect this change in accounting principle in 2017.

Source: Prior years' Annual Comprehensive Financial Reports

## Changes in Governmental Net Position (Unaudited)

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
Instruction	\$ 21,091,522	\$ 20,465,495	\$ 21,298,926	\$ 22,006,499	\$ 21,575,693	\$ 22,911,869	\$ 23,463,114	\$ 24,085,554	\$ 19,974,781	\$ 19,235,228
Support services, community services, interdistrict transfers and other	232,099,280	239,626,487	255,011,090	260,177,286	268,922,341	276,685,016	293,043,802	301,767,148	310,803,372	315,107,006
Interest on long-term debt	3,124,673	2,957,477	2,931,214	2,233,465	2,275,495	2,070,614	2,031,281	1,988,906	1,948,322	2,001,805
Depreciation and amortization (unallocated)	5,397,465	5,482,627	5,441,001	5,375,569	4,929,373	4,905,673	4,679,704	4,781,269	4,843,389	5,479,942
Total governmental activities	261,712,940	268,532,086	284,682,231	289,792,819	297,702,902	306,573,172	323,217,901	332,622,877	337,569,864	341,823,981
Business-type activities:										
Support services	-	-	-	-	1,886,186	1,680,673	1,678,417	1,744,793	1,764,532	1,974,916
Depreciation and amortization (unallocated)	-	-	-	-	109,463	106,709	64,088	68,902	40,539	154,359
Total business-type activities	-	-	-	-	1,995,649	1,787,382	1,742,505	1,813,695	1,805,071	2,129,275
Total primary government expenses	261,712,940	268,532,086	284,682,231	289,792,819	299,698,551	308,360,554	324,960,406	334,436,572	339,374,935	343,953,256
<b>Program Revenue</b>										
Governmental activities:										
Charges for services:										
Instruction	4,628,251	4,657,048	4,774,800	4,701,407	4,657,556	5,237,236	5,486,325	5,235,313	5,440,729	6,037,844
Support services	18,886,816	21,019,191	22,224,460	22,859,101	24,665,315	25,333,917	26,363,113	28,559,488	26,796,732	28,803,603
Total charges for services	23,515,067	25,676,239	26,999,260	27,560,508	29,322,871	30,571,153	31,849,438	33,794,801	32,237,461	34,841,447
Operating grants and contributions:										
Instruction	1,173,465	837,577	857,686	1,656,153	2,687,861	2,363,479	2,343,883	2,439,646	2,689,386	2,627,001
Support services	13,479,296	15,607,122	15,951,153	15,978,317	17,837,757	17,377,474	15,486,543	14,741,421	18,062,766	20,536,552
Interdistrict payments and other	49,397,310	55,787,591	62,132,296	61,378,053	62,942,963	61,872,742	63,309,880	62,318,419	63,015,819	73,224,552
Total operating grants and contributions	64,050,071	72,232,290	78,941,135	79,012,523	83,468,581	81,613,695	81,140,306	79,499,486	83,767,971	96,388,105
Total governmental activities program revenue	87,565,138	97,908,529	105,940,395	106,573,031	112,791,452	112,184,848	112,989,744	113,294,287	116,005,432	131,229,552
Business-type activities:										
Charges for services: Support services	-	-	-	-	2,118,822	1,939,877	1,817,157	1,693,119	1,416,278	1,797,111
Total primary government program revenue	87,565,138	97,908,529	105,940,395	106,573,031	114,910,274	114,124,725	114,806,901	114,987,406	117,421,710	133,026,663
<b>Net (Expenses) Revenue:</b>										
Governmental activities	(174,147,802)	(170,623,557)	(178,741,836)	(183,219,788)	(184,911,450)	(194,388,324)	(210,228,157)	(219,328,590)	(221,564,432)	(210,594,429)
Business-type activities	-	-	-	-	123,173	152,495	74,652	(120,576)	(388,793)	(332,164)
Total primary government net (expenses)	\$ (174,147,802)	\$ (170,623,557)	\$ (178,741,836)	\$ (183,219,788)	\$ (184,788,277)	\$ (194,235,829)	\$ (210,153,505)	\$ (219,449,166)	\$ (221,953,225)	\$ (210,926,593)



**Oakland Schools**

**Changes in Governmental Net Position (Unaudited) (Continued)**

**Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (Expenses) Revenue:</b>										
Governmental activities	\$ (174,147,802)	\$ (170,623,557)	\$ (178,741,836)	\$ (183,219,788)	\$ (184,911,450)	\$ (194,388,324)	\$ (210,228,157)	\$ (219,328,590)	\$ (221,564,432)	\$ (210,594,429)
Business-type activities	-	-	-	-	123,173	152,495	74,652	(120,576)	(388,793)	(332,164)
Total primary government net (expenses)	(174,147,802)	(170,623,557)	(178,741,836)	(183,219,788)	(184,788,277)	(194,235,829)	(210,153,505)	(219,449,166)	(221,953,225)	(210,926,593)
<b>General Revenue</b>										
Governmental activities:										
Property taxes	163,870,419	164,539,717	167,867,989	173,763,748	175,566,760	180,204,423	187,339,089	195,203,636	202,585,827	208,177,057
Federal and state aid not restricted to specific purposes	4,354,486	5,516,299	7,189,210	5,211,440	10,434,989	12,410,402	12,135,214	13,129,765	13,239,692	14,353,714
Investment earnings (loss)	199,629	283,907	125,960	953,873	491,390	1,261,664	3,682,950	3,189,652	50,873	(806,070)
Other	87,611	87,612	87,612	-	144,119	(62,843)	-	156,099	10,186	71,548
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(518)
Loss on the impairment of capital assets	-	-	-	-	(1,549,909)	-	-	(118,948)	-	-
Total governmental activities general revenue	168,512,145	170,427,535	175,270,771	179,929,061	185,087,349	193,813,646	203,157,253	211,560,204	215,886,578	221,795,731
Business-type activities:										
Investment earnings	-	-	-	-	4,823	13,367	23,779	15,294	297	674
Other	-	-	-	-	-	2,000	-	-	-	-
Loss on the impairment of capital assets	-	-	-	-	-	-	-	-	-	-
Total primary government general revenue	168,512,145	170,427,535	175,270,771	179,929,061	185,092,172	193,829,013	203,181,032	211,575,498	215,886,875	221,796,405
<b>Change in Net Position</b>										
Governmental activities	\$ (5,635,657)	\$ (196,022)	\$ (3,471,065)	\$ (3,290,727)	\$ 175,899	\$ (574,678)	\$ (7,070,904)	\$ (7,768,386)	\$ (5,677,854)	\$ 11,201,302
Business-type activities	-	-	-	-	127,996	165,862	98,431	(105,282)	(388,496)	(331,490)
Total primary government change in net position	\$ (5,635,657)	\$ (196,022)	\$ (3,471,065)	\$ (3,290,727)	\$ 303,895	\$ (408,816)	\$ (6,972,473)	\$ (7,873,668)	\$ (6,066,350)	\$ 10,869,812

Source: Prior years' Annual Comprehensive Financial Reports

Note: On July 1, 2014, the District implemented the provisions of GASB Nos. 68 and 71, which resulted in the District recording a net pension liability of \$(101,124,529) and a deferred outflow for pension liabilities of \$4,892,673 as of that date. The impact on net position is an additional reduction to net position of \$96,231,856.

Note: On July 1, 2017, the School District implemented the provisions of GASB No. 75, which resulted in the School District recording a net OPEB liability of \$(47,148,341) and a deferred outflow for OPEB contributions of \$3,363,068 made subsequent to the measurement date, and a deferred inflow for revenue received in support of OPEB contributions of \$(1,394,867) that was received subsequent to the measurement date. Unrestricted Net Position has been restated to reflect this change in accounting principle in 2017.

Note: The District began reporting business-type activities separate from governmental activities in the year ended June 30, 2017. Prior to that, business-type activities were combined with governmental activities.

**Oakland Schools**
**Fund Balances - Governmental Funds (Unaudited)**
**Last Ten Fiscal Years**

	June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Education Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	51,671	62,682	48,658	82,590	28,623	29,311	28,508	74,784	16,496	94,712
Assigned	-	-	-	-	-	-	1,500,000	1,700,000	1,700,000	2,000,000
Unassigned	<u>1,445,111</u>	<u>4,006,109</u>	<u>5,354,979</u>	<u>4,495,201</u>	<u>4,771,686</u>	<u>4,101,978</u>	<u>3,452,252</u>	<u>3,989,241</u>	<u>4,856,756</u>	<u>4,876,347</u>
Total General Education Fund	<b><u>\$ 1,496,782</u></b>	<b><u>\$ 4,068,791</u></b>	<b><u>\$ 5,403,637</u></b>	<b><u>\$ 4,577,791</u></b>	<b><u>\$ 4,800,309</u></b>	<b><u>\$ 4,131,289</u></b>	<b><u>\$ 4,980,760</u></b>	<b><u>\$ 5,764,025</u></b>	<b><u>\$ 6,573,252</u></b>	<b><u>\$ 6,971,059</u></b>
All other governmental funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved - Reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	165,402	173,015	132,291	239,828	174,203	116,522	87,109	71,873	565,492	513,264
Restricted	39,877,739	42,214,133	39,823,734	35,726,366	38,036,824	41,364,279	39,641,091	41,947,392	43,766,582	41,020,357
Committed	<u>17,619,256</u>	<u>14,605,079</u>	<u>13,997,041</u>	<u>14,838,844</u>	<u>19,082,413</u>	<u>24,246,341</u>	<u>28,216,731</u>	<u>31,907,934</u>	<u>32,968,070</u>	<u>39,240,194</u>
Total all other governmental funds	<b><u>\$ 57,662,397</u></b>	<b><u>\$ 56,992,227</u></b>	<b><u>\$ 53,953,066</u></b>	<b><u>\$ 50,805,038</u></b>	<b><u>\$ 57,293,440</u></b>	<b><u>\$ 65,727,142</u></b>	<b><u>\$ 67,944,931</u></b>	<b><u>\$ 73,927,199</u></b>	<b><u>\$ 77,300,144</u></b>	<b><u>\$ 80,773,815</u></b>

Source: Prior years' Annual Comprehensive Financial Reports

**Oakland Schools**
**Changes in Fund Balances - Governmental Funds (Unaudited)**
**Last Ten Fiscal Years**

	Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020 (b)	2021	2022
<b>Revenue</b>										
Local	\$ 174,043,212	\$ 174,984,342	\$ 183,816,559	\$ 200,198,492	\$ 204,798,472	\$ 211,570,968	\$ 222,515,712	\$ 232,034,174	\$ 234,611,672	\$ 241,544,105
State	24,589,911	34,128,734	40,742,535	36,726,944	40,620,573	41,630,028	41,984,010	42,333,355	43,190,630	52,764,162
Federal	52,664,674	51,169,271	53,034,215	50,173,029	53,671,926	51,679,276	51,407,151	49,462,106	54,360,437	59,124,976
Other revenue	3,139,014	5,578,013	1,095,341	899,877	1,016,235	1,119,129	830,931	793,370	733,793	807,585
<b>Total revenue</b>	<b>254,436,811</b>	<b>265,860,360</b>	<b>278,688,650</b>	<b>287,998,342</b>	<b>300,107,206</b>	<b>305,999,401</b>	<b>316,737,804</b>	<b>324,623,005</b>	<b>332,896,532</b>	<b>354,240,828</b>
<b>Expenditures</b>										
Current:										
Instruction	21,091,522	20,465,495	21,483,026	22,057,423	21,142,122	21,832,820	21,838,699	21,382,592	18,488,421	20,981,404
Support services	54,164,942	54,743,505	61,818,402	66,576,949	71,002,568	73,583,141	74,256,417	75,164,928	81,817,277	84,043,366
Community services	5,380,638	5,852,125	5,762,576	3,792,539	3,584,617	3,536,960	1,399,473	1,164,038	1,206,286	1,320,982
Interdistrict transfers and other	169,599,621	175,074,899	184,432,804	187,177,491	191,501,377	194,869,571	209,688,844	213,254,856	220,139,980	237,240,863
Facilities acquisition	41,694	111,787	4,540	31,918	-	-	-	-	-	-
Debt service:										
Principal	5,035,000	1,045,000	1,085,000	1,130,000	1,185,000	800,000	840,000	885,000	925,000	1,329,022
Interest and other	3,156,203	2,964,444	2,938,447	1,967,328	2,420,973	2,221,400	2,182,400	2,140,400	2,100,151	2,154,049
Bond issuance costs and fees	-	-	-	230,432	-	-	-	-	-	-
Capital outlay	3,179,584	3,701,266	2,868,170	3,320,674	2,559,629	2,907,527	3,464,711	4,130,983	4,037,245	3,299,664
<b>Total expenditures</b>	<b>261,649,204</b>	<b>263,958,521</b>	<b>280,392,965</b>	<b>286,284,754</b>	<b>293,396,286</b>	<b>299,751,419</b>	<b>313,670,544</b>	<b>318,122,797</b>	<b>328,714,360</b>	<b>350,369,350</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(7,212,393)</b>	<b>1,901,839</b>	<b>(1,704,315)</b>	<b>1,713,588</b>	<b>6,710,920</b>	<b>6,247,982</b>	<b>3,067,260</b>	<b>6,500,208</b>	<b>4,182,172</b>	<b>3,871,478</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of capital assets	-	-	-	-	-	1,516,700	-	-	-	-
Payment to escrow agent for debt refunding	-	-	-	(39,862,718)	-	-	-	-	-	-
Debt issuance	-	-	-	30,695,000	-	-	-	-	-	-
Premium on debt issued	-	-	-	3,480,256	-	-	-	-	-	-
Transfers in	4,869,868	4,518,498	4,901,600	15,182,226	6,934,684	7,614,248	8,550,541	8,078,843	12,097,474	11,696,171
Transfers out	(4,869,868)	(4,518,498)	(4,901,600)	(15,182,226)	(6,934,684)	(7,614,248)	(8,550,541)	(8,078,843)	(12,097,474)	(11,696,171)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,687,462)</b>	<b>-</b>	<b>1,516,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(7,212,393)</b>	<b>1,901,839</b>	<b>(1,704,315)</b>	<b>(3,973,874)</b>	<b>6,710,920</b>	<b>7,764,682</b>	<b>3,067,260</b>	<b>6,500,208</b>	<b>4,182,172</b>	<b>3,871,478</b>
<b>Fund Balances - Beginning of year</b>	<b>125,427,899</b>	<b>118,215,506</b>	<b>120,117,345</b>	<b>118,413,030</b>	<b>114,439,156</b>	<b>121,150,076</b>	<b>128,914,758</b>	<b>73,191,016</b>	<b>79,691,224</b>	<b>83,873,396</b>
<b>Fund Balances - End of year</b>	<b>\$ 118,215,506</b>	<b>\$ 120,117,345</b>	<b>\$ 118,413,030</b>	<b>\$ 114,439,156</b>	<b>\$ 121,150,076</b>	<b>\$ 128,914,758</b>	<b>\$ 131,982,018</b>	<b>\$ 79,691,224</b>	<b>\$ 83,873,396</b>	<b>\$ 87,744,874</b>
Debt service as a percentage of noncapital expenditures (a)	3.17%	1.54%	1.45%	1.09%	1.24%	1.02%	0.97%	0.96%	0.93%	1.00%

Source: Prior years' Annual Comprehensive Financial Reports

(a) Noncapital expenditures are total governmental expenditures less capital outlay.

(b) BOY fund balance has been restated due to adoption of GASB 84

## Oakland Schools

## Taxable Value of Property (Unaudited)

### Last Ten Fiscal Years

Levy Year	Fiscal		Real Property						Personal	Total Value	Total
	Year	Tax Year	Agricultural	Commercial	Industrial	Residential	Developmental	Total Real Property	Property		Direct Tax Rate
2012	13/14	2013	\$40,226,570	\$8,747,850,059	\$1,555,458,630	\$35,101,766,037	\$4,163,480	\$45,449,464,776	\$3,785,645,530	\$49,235,110,306	3.3690
2013	14/15	2014	40,619,450	8,592,084,460	1,543,801,500	36,222,002,217	-	46,398,507,627	3,650,142,460	50,048,650,087	3.3690
2014	15/16	2015	42,908,710	8,668,179,912	1,575,950,217	37,726,099,014	-	48,013,137,853	3,882,203,584	51,895,341,437	3.3633
2015	16/17	2016	42,597,045	8,731,176,989	1,606,675,259	38,997,799,934	-	49,378,249,227	3,407,953,246	52,786,202,473	3.3398
2016	17/18	2017	44,178,330	8,957,063,497	1,661,231,821	40,609,322,089	-	51,271,795,737	3,451,947,290	54,723,743,027	3.3079
2017	18/19	2018	46,014,710	9,373,464,567	1,751,303,050	42,722,004,594	-	53,892,786,921	3,409,219,510	57,302,006,431	3.2813
2018	19/20	2019	49,363,690	9,874,861,799	1,824,816,636	45,025,561,832	-	56,774,603,957	3,531,464,890	60,306,068,847	3.2539
2019	20/21	2020	51,861,930	10,260,143,342	1,895,811,378	47,186,788,266	-	59,394,604,916	3,603,140,154	62,997,745,070	3.2280
2020	21/22	2021	51,964,260	10,599,175,014	1,973,439,019	49,073,505,006	-	61,698,083,299	3,721,570,829	65,419,654,128	3.2012
2021	22/23	2022	54,208,080	11,420,390,043	2,190,437,432	52,116,908,871	-	65,781,944,426	3,863,319,745	69,645,264,171	3.1658

#### Notes:

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.  
Under Michigan law, the revenue base is taxable value.

Source: Prior years' Annual Comprehensive Financial Report Statistical Sections  
Oakland County Equalization Report

## Oakland Schools

### Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	General Operating	Parks	Oakland Schools	Oakland Community College	Huron-Clinton Authority	Public Transportation Authority	Oakland County Zoological Authority	Art Institute Authority
2012	2013	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	0.2000
2013	2014	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	0.2000
2014	2015	4.1900	0.2415	3.3690	1.5844	0.2146	1.0000	0.1000	0.2000
2015	2016	4.0900	0.2410	3.3633	1.5819	0.2146	0.9998	0.0998	0.1996
2016	2017	4.0400	0.2392	3.3398	1.5707	0.2146	0.9941	0.0990	0.1981
2017	2018	4.0400	0.2368	3.3079	1.5555	0.2140	0.9863	0.0980	0.1961
2018	2019	4.0400	0.2349	3.2813	1.5431	0.2129	1.0000	0.0982	0.1945
2019	2020	4.0400	0.2329	3.2539	1.5303	0.2117	0.9927	0.0973	0.1929
2020	2021	4.0200	0.3500	3.2280	1.5184	0.2104	0.9851	0.0965	0.1913
2021	2022	4.0132	0.3470	3.2012	1.5057	0.2089	0.9765	0.0956	0.1897

Source: Oakland County Apportionment of Local Tax Rates

# Oakland Schools

## Principal Property Taxpayers (Unaudited)

For the Current Year and Nine Years Prior

Taxpayer	2021		Percentage		2012		Percentage	
	Taxable Value	Rank	Taxable Value		Taxable Value	Rank	Taxable Value	
Detroit Edison Company/DTE	\$ 728,375,215	1	1.11 %		\$ 422,258,265	1	0.86 %	
Consumers Energy	575,449,330	2	0.88 %		207,961,515	4	0.42 %	
International Transmission	173,341,230	3	0.26 %		93,147,480	7	0.19 %	
Stellantis (formerly FCA US LLC, Chrysler)	167,647,670	4	0.26 %		252,006,277	2	0.51 %	
Taubman/Great Lakes Crossing	145,109,000	5	0.22 %		123,192,338	5	0.25 %	
SighCidermill Village	122,284,390	6	0.19 %		-	-	-	
Enbridge Energy	110,049,040	7	0.17 %		-	-	-	
Edward Rose/Occidental Development Ltd	109,070,910	8	0.17 %		-	-	-	
General Motors	108,239,120	9	0.17 %		237,369,915	3	0.48 %	
Hartman & Tyner	95,688,190	10	0.17 %		-	-	-	
Comcast	86,396,750	11	0.15 %		77,158,287	9	0.16 %	
SL Town Etal	79,351,810	12	0.13 %		72,446,563	11	0.15 %	
Redico	76,142,020	13	0.12 %		-	-	-	
Meijer/Goodwill Co	74,840,650	14	0.11 %		58,244,142	12	0.12 %	
Oakland Management	69,557,540	15	0.11 %		-	-	-	
Ramco Lion Venture	69,553,200	16	0.11 %		90,284,530	8	0.18 %	
Redwood-ERC Novi LLC	68,167,050	17	0.10 %		44,299,146	15	0.09 %	
Kroger	57,236,520	18	0.09 %		31,635,578	19	0.06 %	
Somerset Collection LTD PTN	49,518,400	19	0.08 %		121,435,922	6	0.25 %	
VHS Huron Valley-Sinai Hospital	48,199,130	20	0.07 %		-	-	-	
Total	\$ 3,014,217,165		4.67 %		\$ 1,831,439,958		3.97 %	

Source: Oakland County Department of Management and Budget, Equalization Division

Note: The Taxable Values have been compiled from a number of sources/reports and may include estimated figures.

## Oakland Schools

### Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2012	2013	\$165,116,378	\$163,870,419	99.2	-	\$163,870,419	99.2
2013	2014	165,032,488	164,539,717	99.7	-	164,539,717	99.7
2014	2015	167,738,055	167,867,989	100.1	-	167,867,989	100.1
2015	2016	173,670,414	173,760,655	100.1	-	173,760,655	100.1
2016	2017	175,377,383	175,561,749	100.1	-	175,561,749	100.1
2017	2018	180,040,597	180,201,551	100.1	-	180,201,551	100.1
2018	2019	186,983,839	187,336,580	100.2	-	187,336,580	100.2
2019	2020	195,150,702	195,198,050	100.0	-	195,198,050	100.0
2020	2021	202,251,724	202,582,815	100.2	-	202,582,815	100.2
2021	2022	208,277,582	208,172,204	99.9	-	208,172,204	99.9

Source: Oakland County Treasurer

## Ratios of Outstanding Debt (Unaudited)

Last Ten Fiscal Years

Tax Year	Limited Tax General Obligation Bonds (a)	Accumulated Resources Restricted to Repaying the Principal of General Bonded Debt (b)	Net General Bonded Debt	Taxable Value	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Population	Percentage of Personal Income (c)	Net Debt per Capita
2012	\$56,670,000	\$11,415,055	\$45,254,945	\$49,010,501,143	0.09%	0.12%	1,225,333	0.08 %	37
2013	55,625,000	11,298,570	44,326,430	48,985,600,539	0.09%	0.11%	1,243,313	0.08 %	36
2014	54,540,000	11,231,235	43,308,765	49,788,677,544	0.09%	0.11%	1,249,149	0.07 %	35
2015	46,680,000	10,627,531	36,052,469	51,636,908,346	0.07%	0.09%	1,244,851	0.06 %	29
2016	45,495,000	11,239,710	34,255,290	52,511,343,048	0.07%	0.09%	1,243,970	0.06 %	28
2017	44,695,000	11,114,752	33,580,248	54,427,460,698	0.06%	0.08%	1,250,836	0.05 %	27
2018	43,855,000	12,499,506	31,355,494	53,892,786,921	0.06%	0.08%	1,255,936	0.05 %	25
2019	42,970,000	13,426,152	29,543,848	56,774,603,957	0.05%	0.08%	1,262,034	0.05 %	23
2020	42,045,000	13,179,200	28,865,800	59,394,604,916	0.05%	0.07%	1,274,395	0.03 %	23
2021	41,070,000	12,129,233	28,940,767	61,698,083,299	0.05%	0.07%	1,270,017	* %	23

\* Fiscal year 2022 information is not yet available.

Note: (a) All debt is related to governmental activities

(b) This is the amount restricted for debt service principal payments, contained in the Qualified School Construction Bond Debt Service Fund and the Qualified School Construction Bond Reserve Debt Service Fund.

(c) Personal income information can be found in the table on Demographic and Economic Statistics.

Sources: Population - U.S. Department of Commerce, Bureau of Census  
Taxable Value - Oakland Schools L-4029



## Oakland Schools

### Direct and Overlapping Governmental Activities Debt (Unaudited)

Year Ended June 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Oakland County - Net of Self Supporting	\$ 215,230,000	0.0%	\$ -
Water & sewer special assessment debt	47,862,312	0.0%	-
Lake Levels special assessment debt	421,200	0.0%	-
Cities, Villages and Townships	1,202,603,582	0.0%	-
Community Colleges	3,832,547	0.0%	-
District Libraries	2,477,575	0.0%	-
Local School Districts	<u>2,849,577,686</u>	0.0%	<u>-</u>
Total overlapping debt	<u>\$ 4,322,004,902</u>		-
Direct district debt:			
General Obligation Bonds			<u>41,070,000</u>
Total direct district debt			<u>\$ 41,070,000</u>

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Calculation of debt limit:										
State Equalized Value	\$ 53,903,767,161	\$ 57,706,325,006	\$ 63,702,012,174	\$ 59,449,270,456	\$ 63,034,061,500	\$ 65,649,975,015	\$ 70,074,783,331	\$ 74,167,150,677	\$ 77,015,169,263	\$ 81,512,855,148
1/9 of 1% of State Equalized Value	59,893,075	64,118,139	70,780,014	66,054,745	70,037,846	72,944,417	77,860,870	82,407,945	85,572,410	90,569,839
Calculation of debt subject to limit:										
Net debt subject to limit	56,670,000	55,625,000	54,540,000	46,680,000	45,495,000	44,695,000	43,855,000	42,970,000	42,045,000	41,070,000
Legal debt margin	\$ 3,223,075	\$ 8,493,139	\$ 16,240,014	\$ 19,374,745	\$ 24,542,846	\$ 28,249,417	\$ 34,005,870	\$ 39,437,945	\$ 43,527,410	\$ 49,499,839
Net debt subject to limit as percent of debt limit	94.62%	86.75%	77.06%	70.67%	64.96%	61.27%	56.32%	52.14%	49.13%	45.35%

Source: Oakland County Treasurer

Note - The legal debt margin is only applicable in the year the debt is issued. Subsequent changes in the legal debt margin only relate to additional debt issued.

Per Section 629(2) of this State Aid Act - An intermediate school district board shall not borrow money or issue bonds for a sum that, together with the outstanding bonded indebtedness of the intermediate school district, exceeds 1/9 of 1% of the state equalized value of the taxable property within the District, unless the question of borrowing the money or issuing bonds is submitted first to a vote of the school electors of the intermediate school district in accordance with Act 451.

**Demographic and Economic Statistics (Unaudited)**

**Last Ten Fiscal Years**

Fiscal Years Ended June 30	Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2013	1,225,333	\$68,065,416	\$55,549	9.0%
2014	1,243,313	70,246,571	56,500	8.1%
2015	1,249,149	73,973,217	59,219	5.4%
2016	1,244,851	78,829,158	63,324	4.7%
2017	1,243,970	81,802,445	65,759	2.9%
2018	1,250,836	86,271,021	68,971	3.4%
2019	1,255,936	91,595,253	72,930	3.7%
2020	1,262,034	92,144,604	73,013	14.9%
2021	1,274,395	96,441,996	75,677	3.6%
2022	1,270,017	*	*	3.5%

\* Information not yet available

Source: Population = U.S. Department of Commerce, Bureau of Census  
 Personal Income = Michigan Bureau of Economic Analysis  
 Unemployment Rate = Michigan Department of Labor & Economic Growth

## Oakland Schools

### Principal Employers (Unaudited)

For the Current Year and Nine Years Prior

		Percentage of Total		Percentage of Total	
Taxpayer		2021 Employees	Employment	2012 Employees	Employment
1	Beaumont Health System	16,542	2.66%	11,389	2.22%
2	Stellantis (formerly FCA US LLC, Chrysler)	12,897	2.07%	9,894	1.93%
3	United Wholesale Mortgage	9,126	1.47%	-	-
4	General Motors Corporation	7,291	1.17%	8,258	1.62%
5	Ascension Michigan (formerly St. John Providence Hospital)	5,577	0.90%	4,354	0.85%
6	Henry Ford Health System	5,079	0.82%	3,356	0.66%
7	U.S. Postal Service	5,000	0.80%	3,363	0.66%
8	Trinity Health (formerly St. Joseph Mercy)	3,505	0.56%	5,822	1.14%
9	Oakland County Government	3,468	0.56%	3,229	0.63%
10	Magna International of America Inc.	2,284	0.37%	-	-
11	Flagstar Bankcorp Inc.	-	-	2,119	0.41%
12	Oakland Univeristy	-	-	2,095	0.41%
Total Principal Employers		70,769	11.38%	53,879	10.53%

Fiscal year 2022 information is not yet available.

Source: Oakland County Department of Planning & Economic Development

## Oakland Schools

### Full-time Equivalent School District Employees (Unaudited)

For the Current Year and Nine Years Prior

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Instruction	129.00	122.60	123.20	108.40	126.50	130.45	128.97	130.34	113.00	107.00
Support services	330.80	343.30	367.10	354.40	352.30	357.39	378.75	376.40	370.25	370.98
Community service	57.00	58.20	50.00	31.00	33.00	26.90	12.00	13.00	11.50	11.05
Subtotal	516.80	524.10	540.30	493.80	511.80	514.74	519.72	519.74	494.75	489.03
External services	12.20	33.20	38.60	71.80	77.00	80.00	75.90	83.90	98.90	103.97
Total Regular Employees	529.00	557.30	578.90	565.60	588.80	594.74	595.62	603.64	593.65	593.00
Part-time or retired employees					64.94	60.86	61.08	44.61	38.26	16.30

Source: School District Human Resource records

Note: The above data is a snapshot of District employees as of June 30 each year.

#### Definition of Employee Groups:

Instruction - employees dealing directly with the teaching of pupils or the interaction between teacher and pupils. This includes instructors, instructional technicians, and consultants dealing directly with pupils.

Support services - employees providing administrative, technical, and logistical support to facilitate and enhance instruction

Community service - employees that provide services for the community as a whole, such as community welfare activities. Employees in this category include those working in the JobLink and Homeless/Wraparound programs.

External services - employees providing services for local districts on a cost recovery basis in order to further the State's consolidation of services initiatives.

Part-time or retired employees - substitute teachers or retirees of the Michigan Public School System which are authorized to work for the District on an as-needed basis.

**Oakland Schools****Operating Indicators (Unaudited)****Last Ten Years Ended June 30**

Year	Enrollment	Operating Expenditures/Uses	Cost per Pupil	Operating Revenue/Sources	Revenue per Pupil	Total Teaching Staff
2013	192,242	\$253,434,620	\$1,318	\$254,436,811	\$1,324	129.00
2014	190,484	259,212,255	1,361	265,860,360	1,396	122.60
2015	188,504	276,439,795	1,466	278,688,650	1,478	123.20
2016	187,911	281,834,080	1,500	287,998,342	1,533	108.40
2017	188,951	289,651,657	1,533	300,107,206	1,588	126.50
2018	188,989	296,043,892	1,566	305,999,401	1,619	130.45
2019	186,932	309,365,833	1,655	316,737,804	1,694	128.97
2020	188,435	313,106,814	1,662	324,623,005	1,723	130.34
2021	187,021	323,752,115	1,731	332,896,532	1,780	113.00
2022	181,036	345,740,664	1,910	354,240,828	1,957	107.00

Source: Prior year District financial reports

## Oakland Schools

### Facility Capital Asset Owned and Leased Information (Unaudited)

Last Ten Fiscal Years Ended June 30

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vocational education buildings owned:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Square footage	200,414	200,414	200,414	200,414	200,414	200,414	200,414	200,414	200,414	200,414
Vocational education buildings leased:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Square footage	218,801	218,801	218,801	218,801	218,801	218,801	218,801	218,801	218,801	218,801
Special education buildings owned:										
Number of buildings	1	1	1	1	1	-	-	-	-	-
Square footage	19,317	19,317	19,317	19,317	19,317	-	-	-	-	-
Other buildings owned:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Square footage	166,238	166,238	166,238	166,238	166,238	166,238	166,238	166,238	166,238	166,238
Other buildings leased:										
Number of buildings	1	2	2	2	2	2	2	2	2	2
Square footage	33,747	38,339	38,339	38,339	38,339	38,339	38,339	38,339	38,339	38,339
Total buildings owned and leased:										
Number of buildings	8	9	9	9	9	8	8	8	8	8
Square footage	638,517	643,109	643,109	643,109	643,109	623,792	623,792	623,792	623,792	623,792

Source: District internal records