School District of the City of Dearborn, Michigan

(includes P-12 and Henry Ford College)

Financial Report
with Supplemental Information
June 30, 2018

Contents

Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise School District of the City of Dearborn, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Henry Ford College Foundation was not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of School District of the City of Dearborn, Michigan as of June 30, 2018 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

As described in Note 1 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as of July 1, 2017. The School District's unrestricted net position has been restated as of July 1, 2017 as a result of this change in accounting principle. Our opinion is not modified with respect to this matter.

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise School District of the City of Dearborn, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2018 on our consideration of School District of the City of Dearborn, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District of the City of Dearborn, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 22, 2018

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2018. The School District is identified as a P-12 school district located in Wayne County, Michigan. The P-12 component reflects the preschool, elementary, and secondary components of the School District. Henry Ford College (the "College") represents the post-secondary education component of the School District. Henry Ford College Foundation (the "Foundation") is reported within the component unit column in the financial statements as a legally separate entity from the School District.

This section of the School District's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds. The P-12 activities are classified as governmental funds and include the following for the P-12: the General Fund and the Funded Projects Fund, with all other funds presented in one column as nonmajor funds. The College's activities are reflected in the proprietary funds of the School District's fund financial statements and include all funds of the College. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the P-12 acts solely as an agent for the benefit of students and parents. This report is comprised of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements | Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds
Schedules of Proportionate Share of the Net Pension and OPEB Liabilities
Schedules of the School District's Pension and OPEB Plan Contributions

Other Supplemental Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

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

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

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

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Discussion of the P-12 and college activities follows.

Dearborn Public Schools (P-12) as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the P-12's net position as of June 30, 2017 and 2018, which is reported as governmental activities of the School District:

TABLE 1	Governmental Activities	
	June 30	
	2017	2018
	(in millions)	
Assets		
Current and other assets	$ 67.7	$ 72.1
Restricted assets	9.3	8.3
Capital assets	263.9	260.5
Total assets	340.9	340.9
Deferred Outflows of Resources	58.9	96.5
Total assets and deferred outflows of resources	399.8	437.4
Liabilities		
Current liabilities	48.9	35.0
Noncurrent liabilities	128.2	128.7
Net pension liability	361.9	379.3
Net OPEB liability	-	129.5
Total liabilities	539.0	672.5
Deferred Inflows of Resources	12.0	40.6
Total liabilities and deferred inflows of resources	551.0	713.1
Net Position		
Net investment in capital assets	124.0	134.2
Restricted	5.6	5.3
Unrestricted	(280.8)	(415.2)
Total net position	**$ (151.2)**	**$ (275.7)**

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The P-12's net position was $(275.7) million at June 30, 2018. Capital assets, net of related debt totaling $134.2 million, compares the original cost, less depreciation of the P-12's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the P-12's ability to use those net position for day-to-day operations. The remaining amount of net position, $(415.2) million, was unrestricted.

The $(415.2) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the P-12 to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The negative unrestricted net position balance is attributed to the net pension and OPEB liabilities arising from the underfunded MPSERS obligations.

The results of this year's operations for the P-12 as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years 2017 and 2018.

TABLE 2

	Governmental Activities 2017	Governmental Activities 2018
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 4.3	$ 2.7
Operating grants and contributions	64.4	81.9
General revenue:		
Property taxes	54.7	56.3
State foundation allowance	139.2	140.4
Other	8.2	1.1
Total revenue	270.8	282.4
Functions/Program Expenses		
Instruction	146.0	156.5
Support services	82.3	90.4
Athletics	2.3	2.6
Food services	7.8	9.6
Community services	1.3	1.5
Other	0.4	-
Interest on long-term debt	5.4	5.5
Depreciation (unallocated)	9.2	9.5
Total functions/program expenses	254.7	275.6
Change in Net Position	16.1	6.8
Net Position - Beginning of year, as previously reported	167.3	(151.2)
Cumulative Effect of Change in Accounting	-	(131.3)
Net Position - Beginning of year	(167.3)	(282.5)
Net Position - End of year	**$ (151.2)**	**$ (275.7)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $275.6 million. Certain activities were partially funded from those who benefited from the programs ($2.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($81.9 million). We paid for the remaining "public benefit" portion of our governmental activities with $56.3 million in taxes, $140.4 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The P-12 experienced an increase in net position of $6.8 million. Key reasons for the change in net position are due to the following:

- Higher state revenue from the increased student count
- State revenue increase due to prior period adjustment in special education funding
- Increased grant funding for the first year

- Unrestricted county-wide enhancement millage levied in the current year and allocated to be spent in the subsequent school year; many programs started midway through the school year and did not spend a full-year allocation that was budgeted.

- Additional MPSERS retirement funding was allocated by the State to the District midway through the school year

As required by the Government Accounting Standards Board (GASB), the School District adopted GASB Statement No. 75. This standard required the inclusion of the district's proportionate share of the Michigan Public School Employees' Retiree Health Care Plan within the District's financial statements, effective July 1, 2017. The effect of the adoption was to decrease July 1, 2017 beginning net position by $131.2 million, and to include the net OPEB liability and related deferred inflows and outflows of resources in the June 30, 2018 financial statements. All governments participating in the plan were required to adopt this new standard.

As discussed above, the net cost shows the financial burden that was placed on the State and the P-12's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the P-12 and balance those needs with state-prescribed available unrestricted resources.

The P-12's Funds

As we noted earlier, the P-12 uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the P-12 is being accountable for the resources taxpayers and others provide to it and may provide more insight into the P-12's overall financial health.

As the P-12 completed this year, the governmental funds reported a combined fund balance of $44.5 million, which is an increase of $1.1 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased by $2.8 million. The increase was primarily due to lower utility costs, greater tax collections, enhancement millage revenue, and more favorable state revenue.

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

General Fund Budgetary Highlights

Over the course of the year, the 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 actually adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2017-2018 General Fund original budget. Budgeted revenue remained primarily consistent with the original budget.

Budgeted expenditures were decreased $ 1.7 million to account for the changes in salaries and purchased professional services resulting from the School District's revised operating plan due to the fluctuations in revenue.

There were no significant variances between the final budget and actual amounts except for the instruction-basic programs line item.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the P-12 had $260.5 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $3.4 million from last year.

	2017	2018
Land	$ 11,423,864	$ 11,423,863
Construction in progress	981,954	1,957,406
Buildings and building improvements	304,012,577	306,672,643
Land improvement	21,933,411	22,234,980
Buses and other vehicles	9,939,773	10,039,978
Furniture and equipment	38,489,384	40,075,275
Total capital assets	386,780,963	392,404,145
Less accumulated depreciation	(122,874,809)	(131,943,432)
Net capital assets	**$ 263,906,154**	**$ 260,460,713**

This year's additions of $5.1 million included land improvements, buses, vehicles, technology, and building renovations. No debt was issued for these additions.

A technology phone replacement program is planned for the 2018-2019 fiscal year to comply with the new 911 law going into effect and will be part of a long term plan to update security in the buildings. In addition, a school addition at Dearborn High School is scheduled to be completed for the start of the second semester in January 2019. We anticipate capital additions will be comparable to the 2017-2018 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the P-12 had $119.8 million in bonds outstanding (excluding related discounts, premiums, and issuance costs) versus $133.4 million in the previous year. Those bonds consisted of the following:

	2017	2018
General obligation bonds	**$ 133,374,164**	**$ 119,780,806**

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

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

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the P-12's 2018-2019 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2019 fiscal year is 10 percent and 90 percent of the February 2018 and September 2018 student counts, respectively. The 2018-2019 budget was adopted in June 2018, based on an estimate of students that will be enrolled in September 2018. Almost 65 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2018-2019 school year, we anticipate that the fall student count will be short of the estimates by 250 used in creating the 2018-2019 budget. Once the final student count and related per-pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. The School District amends the budget two to three times per year to reflect the most accurate projections in revenue including state aid, local revenue, or other resources. We also analyze the budget for potential changes in staffing, healthcare costs, utilities, and other costs.

The 2017-2018 budget includes a $107 per pupil net increase in state aid revenue ($60 per pupil increases for the foundation allowance and $47 per pupil from 20m categorical revenue that rolled into the fund balance, respectively), which now brings the School District's foundation allowance to $8,598/pupil. However, the School District's salary base for most union groups will increase by 1.26 percent and the associated benefit expenditures will increase, which will completely offset the increased per pupil funding. The additional student increase will be used in providing support staff to address counseling, English Language Learning and immigrant programs, and other instructional support. The district utilization of enhancement millage and reinstatement by the State of the "At risk" program for hold harmless districts, created a surplus in the general fund.

Over the past several years, the School District has worked with all employee groups to provide savings in salaries and benefits including voluntary reduced salary schedules, changes to healthcare benefit plans, changes in healthcare providers, and changes in employee contributions to health care. Salaries are modified per contract for the proportional increase in the foundation allowance, increase in retirement rates and other factors.

Each year, the School District considers critical budget issues including long-range planning, state aid funding, student enrollment, program reductions, and revenue enhancement - cost containment efforts. All contracts with unions expire after the 2017-2018 school year. The District settled all union contracts for the next five years using a combination of expected enrollment increases, future state aid and one-time costs through the enhancement fund. The last two years of all contracts are tied to revenue increases and increase to retirement rates.

Future year operating budgets will also be challenged as the ability of the State to provide funding for schools is in question due to state budget shortfalls. Student enrollment is projected to slightly increase based on existing demographics, both in the School District and across the state. In future budget planning, the School District will continue to be challenged to provide a balanced budget without reducing the School District's fund equity.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation, however, other State pressures for funding has shown that revenues in the school aid fund have been used to fund these projects. Due to increases in the State required contribution to the retirement system and increases in health care costs the district estimates that the net increase in per-pupil funding to fund other operating costs will be $60 per pupil

The Dearborn Board of Education is considering a bond election in the fall of 2019 to address infrastructure needs and capacity issues at the secondary schools. Estimates of enrollment show an increase for the next several years and the District's current capacity at the secondary schools are 500 student above recommended levels. An infrastructure task force is currently considering the issues and are presenting their recommendation to the Board of Education on October 29, 2018.

Henry Ford College

This discussion and analysis of Henry Ford College's (the "College") financial statements provides an overview of the College's financial activities for the year ended June 30, 2018. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

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

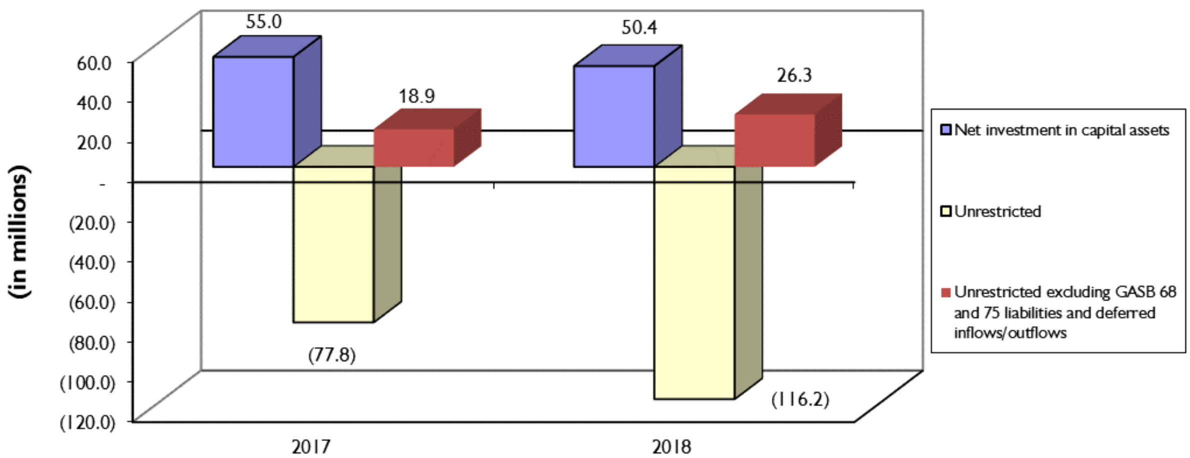
Financial Highlights

Overall, the College's financial position strengthened at June 30, 2018 from June 30, 2017 prior to the effects of GASB Statement No. 68 and 75. GASB Statement No. 75 is a new accounting pronouncement implemented in fiscal year 2018 which requires the College to record a liability for their share of the MPSERS unfunded Other Post-Employment Benefits (OPEB) liability, and the related deferred inflows and outflows. In total, the College's net position, prior to the effects of GASB Statement No. 68 and 75, increased from $73.9 million to $76.7 million for an increase of $2.8 million, which reflects a 3.81 percent increase from the beginning of the year. This is the fourth year in a row in which the College's net position in the General Fund would have increased if the adjustments required by GASB Statement No. 68 and 75 were not made. The following table provides net position with and without the effect of the accounting pronouncement GASB Statement No. 68 and 75 as of June 30, 2018:

	Per Financial Statements on Page 47	Without GASB Statement No. 68 and 75	Difference
Net position at July 1, 2017	$ (22,788,265)	$ 73,924,070	$ (96,712,335)
Adjustment for implementation of GASB 75	(42,063,005)	-	(42,063,005)
Net (decrease) increase in net position	(964,192)	2,815,464	(3,779,656)
Net position at June 30, 2018	**$ (65,815,462)**	**$ 76,739,534**	**$ (142,554,996)**

However, due to the requirement of GASB Statement No. 68 and 75 to reflect and report the unfunded actuarial accrued liability of the state pension fund and Other Post-Employment Benefits (OPEB) fund (MPSERS) onto the College's financial statements, the College has to reflect a $142.5 million cumulative adjustment to the College's net position which includes a $121.8 million pension liability, a $41.6 million OPEB liability, and $20.8 million in net deferred outflows of resources. The effects of GASB 68 and 75 also resulted in a decrease of net position totaling $3.8 million for the year ended June 30, 2018, while without the GASB 68 and 75 required adjustments, there would have been an increase in the College's net position of $2.8 million.

The following chart provides a graphic breakdown of net position by category as of June 30, 2018 and 2017:



As shown in the above chart, the combination of "Net Investment in Capital Assets" and "Unrestricted" at the end of fiscal year 2017 (June 30, 2017) is a deficit of $22.8 million ($55.0 less $77.8) and without GASB Statement No. 68 in effect, the combined balance would be $73.9 million ($55.0 plus $18.9). The combination of "Net Investment in Capital Assets" and "Unrestricted" at June 30, 2018 is a deficit of $65.8 million ($50.9 less $116.7), whereas the balance without GASB Statement No. 68 and 75 would be $76.7 ($50.4 plus $26.3) million. The unrestricted balance increased from $18.9 million to $25.8 million, or by $7.4 million, when GASB 68 and 75 reporting is not included.

The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is, "Is the College as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information on the College as a whole and on its activities in a way that helps answer this question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as the College's operating results.

These two statements report the College's net position and changes in net position. You can think of the College's net position and the difference between assets and liabilities as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. You should consider many other nonfinancial factors, such as the trend in college applications, student retention, condition of the buildings, and strength of the faculty, to assess the overall health of the College.

These financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector entities. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The following is an analysis of the major components of the net position of the College as of June 30, 2018 and 2017:

Condensed Net Position as of June 30
(in millions)

	2017	2018	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 27.0	$ 32.3	$ 5.3	19.6
Long-term assets	3.7	5.2	1.5	40.5
Capital assets - Net	83.9	78.7	(5.2)	(6.2)
Deferred outflows	22.9	33.9	11.0	48.0
Total assets and deferred outflows	137.5	150.1	12.6	9.2
Liabilities				
Current liabilities	12.5	12.4	(0.1)	(0.8)
Long-term liabilities	143.9	190.7	46.8	32.5
Deferred inflows	3.9	12.8	8.9	228.2
Total liabilities and deferred inflows	160.3	215.9	55.6	34.7
Net Position				
Net investment in capital assets	55.0	50.4	(4.6)	(8.4)
Unrestricted	(77.8)	(116.2)	(38.4)	49.4
Total net position	**$ (22.8)**	**$ (65.8)**	**$ (43.0)**	188.6

Net position represents the difference between the College's assets and liabilities, and at June 30, 2018, the net position of the College was a $65.8 million deficit. The strength in total assets and deferred outflows of $150.1 million lies primarily with capital assets, which is $78.7 million. The College's net position increased in 2018 by $2.8 million, prior to the effect of GASB Statement No. 68 and 75, due to increased tuition revenue and personal property tax reimbursement.

Operational revenue exceeded expenses due to cost savings as a result of continuing the changes in the College's procedures around registration and financial aid in comparison to prior years. The College continues to strictly adhere to the process of deregistration of students who had not either paid their tuition and fees, did not have approved financial aid, or did not enter into an installment payment plan for their unpaid tuition and fees. The final deregistration for each term continues to take place one day after the official add/drop date, which means that those students could no longer register for the classes from which they were just deregistered. The continual adherence to the strict deregistration procedures leads directly to a reduction in bad debt of $600,000 from $1.4 million in fiscal year 2017 to $0.8 million in fiscal year 2018.

Current assets increased $5.3 million, or 19.6 percent, from the prior year primarily as a result of an increase in investments held by the College. Net deferred outflows increased by $11.1 million, or 48.0 percent, from the prior year primarily as a result of implementing GASB Statement No. 75, which is a calculation of the College's share of the MPSERS unfunded OPEB liability of $41.6 million.

Current liabilities decreased $100,000, or 0.8 percent, due to decreases in operational accrued liability balances as of June 30, 2018. Long-term liabilities showed an increase of $46.8 million and net deferred inflows increased $8.9 million related to the adoption of GASB Statement No. 75. In addition, various changes in the calculation of the College's share of the MPSERS unfunded pension liability resulted in an increase from $115.4 million in 2017 to $121.8 million in 2018. Without the GASB Statement No. 68 and 75 MPSERS liabilities shown for fiscal years 2017 and 2018, the total liabilities and deferred inflows of resources would have been $39.8 million for fiscal year 2018 and $44.7 million for fiscal year 2017 compared to $41.7 million in fiscal year 2016.

The following is an analysis of the major components of the changes in net position of the College for the years ended June 30, 218 and 2017:

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

	2017	2018	Increase (Decrease)	Percent Change
Operating Revenue				
Tuition and fees	$ 23.5	$ 24.9	$ 1.4	6.0
Grants and contracts	10.7	6.0	(4.7)	(43.9)
Auxiliary enterprises	6.8	6.5	(0.3)	(4.4)
Other	1.8	2.4	0.6	33.3
Total operating revenue	42.8	39.8	(3.0)	(7.0)
Operating Expenses				
Instruction	46.0	46.9	0.9	2.0
Information Technology	5.0	4.2	(0.8)	-
Instructional support	6.1	3.5	(2.6)	(42.6)
Student services	15.2	15.6	0.4	2.6
Institutional administration	10.7	10.9	0.2	1.9
Physical plant operations	8.6	9.0	0.4	4.7
Auxiliary enterprises	6.1	5.9	(0.2)	(3.3)
Depreciation expense	9.7	9.7	-	-
Repairs and maintenance	1.1	1.4	0.3	27.3
Pension/OPEB expense *	2.6	3.6	1.0	38.5
Total operating expenses	111.1	110.7	(0.4)	(0.4)
Operating Loss	(68.3)	(70.9)	(2.6)	3.8
Nonoperating Revenue (Expense)				
Federal grants	26.1	26.9	0.8	3.1
State appropriations	29.9	31.2	1.3	4.3
State appropriations - GASB 68 and 75 reduction **	(0.5)	-	0.5	-
Property taxes	13.0	13.3	0.3	2.3
Other nonoperating expenses	(1.9)	(1.5)	0.4	(21.1)
Net nonoperating revenue	66.6	69.9	3.3	5.0
Net Decrease in Net Position	(1.7)	(1.0)	0.7	(41.2)
Net Position - Beginning of year	(21.1)	(22.8)	(1.7)	8.1
Adjustment for implementation of GASB 75	-	(42.0)	(42.0)	-
Net Position - End of year	**$ (22.8)**	**$ (65.8)**	**$ (43.0)**	188.6

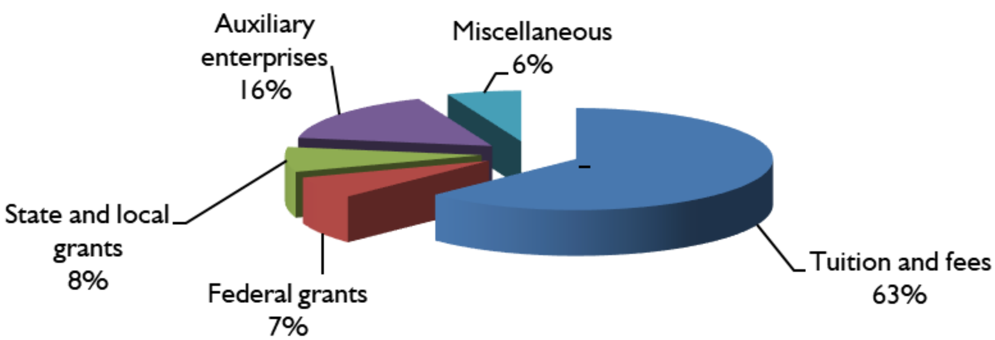
* As a result of the change in the unfunded actuarial accrued liability, the College recognized pension and OPEB expense of $3.6 million and $2.6 million for 2018 and 2017, respectively. This expense resulted from changes in actuarial assumptions and investment performance. For presentation purposes in the MD&A, this amount has been included on a separate line.

** GASB 68 and 75 related adjustments to reduce UAAL state appropriations for the contributions to the MPSERS pension and OPEB plans after the measurement date (October 1, 2017 to June 30, 2018 contributions are shown as deferred inflows of resources pursuant to GASB 68 and 75).

Operating Revenue

Operating revenue includes all transactions that result in the sales and/or receipts from goods and services such as tuition and fees and bookstore operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

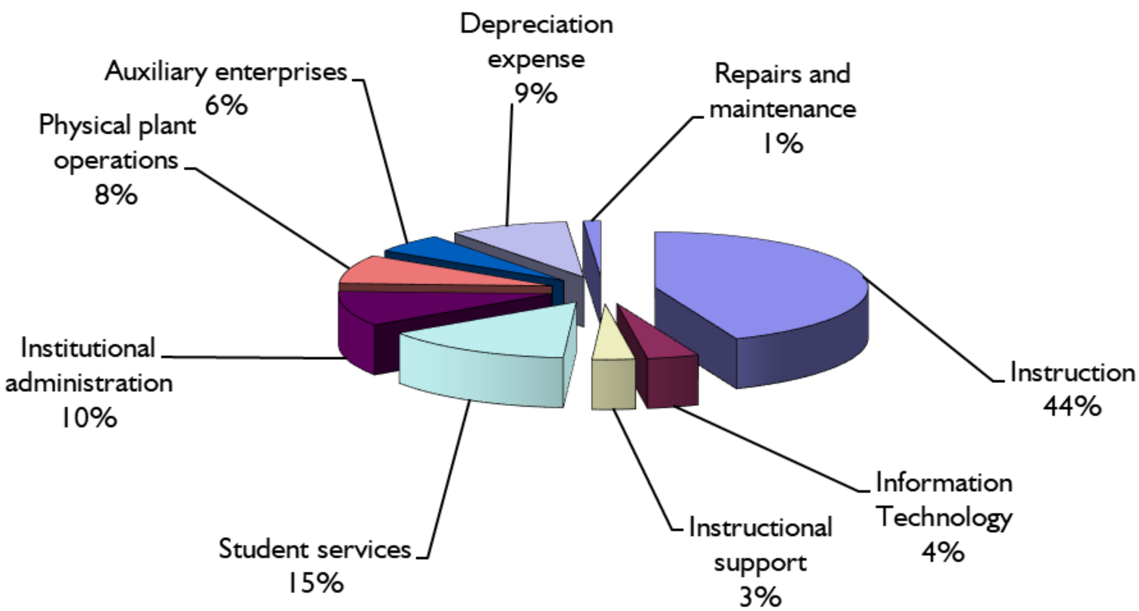
Operating revenue decreased by $3.0 million, or 7.0 percent, from $42.8 million to $39.8 million. The decrease is a result of a decrease in grants and contracts for fiscal year 2018. In fiscal year 2017, the College received grant funding of $4.9 million from an Equipment Grant from the State of Michigan, of which $4.8 million was used and recognized as revenue in that same time period. The following is a graphic illustration of operating revenue by source for the year ended June 30, 2018:



Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Overall, operating expenses decreased $1.4 million or 1.3 percent, prior to the effect of GASB No. 65 and 75. Decreases in instructional expenses relate primarily to the decrease in expenses funded by the Trade Adjustment Assistance Community College and Career Training program (TAACCCT). Administrative expenses decreased slightly due to the inability to fill vacant support positions and due to the reduction in bad debt expense from the prior year.

For the fiscal year ended June 30, 2018, depreciation expense was $9.7 million, which was approximately equal to the amount expensed in the year ended June 30, 2017. The following is a graphic illustration of operating expenses by source:

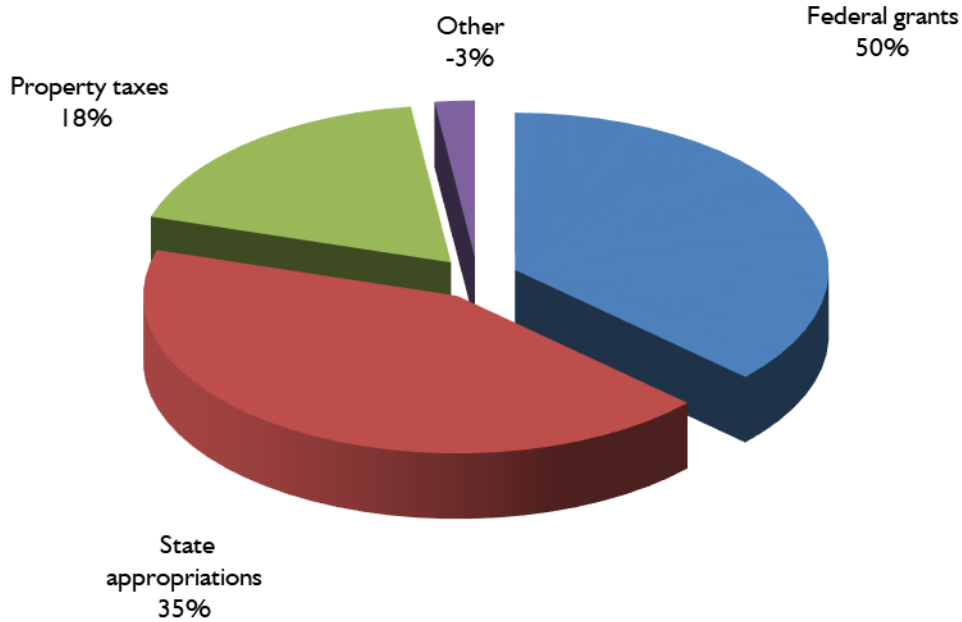


Nonoperating Revenue

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

In fiscal year 2017-2018, the State of Michigan continued to increase state aid support for community colleges (excluding the GASB 68 and 75 reduction) in order to partially alleviate the burden of increased MPSERS contributions and for the continued loss of personal property tax revenue that colleges experienced when the tax on personal property was eliminated prior to 2016-2017. The GASB 68 and 75 reduction is an adjustment to reduce UAAL state appropriations for the contributions to the MPSERS pension plan after the measurement date (October 1, 2017 to June 30, 2018 contributions are shown as deferred inflows of resources pursuant to GASB 68 and 75). .

Federal grant revenue increased by approximately $0.8 million, from $26.1 million to $26.9 million as a result of increases in financial aid. The following is a graphic illustration of non operating revenue (expense) by source:



Statement of Cash Flows

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

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

Cash Flows for the Year (in millions)

	2017	2018	Increase (Decrease)	Percent Change
Cash (Used in) Provided by				
Operating activities	$ (56.0)	$ (59.7)	$ (3.7)	(6.6)
Noncapital financing activities	69.7	72.0	2.3	3.3
Capital and related financing activities	(6.7)	(6.7)	-	-
Investing activities	(7.4)	(4.1)	3.3	-
Net (Decrease) Increase in Cash	(0.4)	1.5	1.9	475.0
Cash - Beginning of year	6.8	6.4	(0.4)	(5.9)
Cash - End of year	**$ 6.4**	**$ 7.9**	**$ 1.5**	23.4

Overall, total cash balances as of June 30, 2018 increased from June 30, 2017 to $7.9 million from $6.4 million. However, $19.3 million is invested in various funds handled by Fifth Third Bank, Morgan Stanley, and Michigan Liquid Asset Fund Plus (MILAF+) as of June 30, 2018, an increase of $4.3 million from 2017. Due to cash flow issues in prior years, investing to earn interest income for the College was not a viable option. The movement of the $4.3 million to investments from cash affects the "cash" balance even though the investments are quite liquid. Total cash used for operating activities showed an increase of $3.7 million from the prior year. Net cash provided by noncapital financing activities increased by $2.3 million and used for capital and related financing activities was approximately equal to the prior year.

If the $4.3 million had not been invested, but it remained as cash, the cash balance at the end of June 30, 2018 would have been $12.2 million.

Capital Assets

- At June 30, 2018, the College held $192.2 million in capital assets. Depreciation charges totaled $9.7 million for the current year. The major capital items for fiscal year 2018 include renovation and space additions to the Foundation/Grant section

- Roof replacements for the Student center, CulinaryCafe Building, and the Campus Safety Building

- Surgical Tech Lab renovation

- Culinary Building renovation to the student teaching areas.

- Upgrades to the Eschelman Library interior

Details of these assets for the past two years are shown below:

	2017	2018	Increase
		(in millions)	
Land	$ 3.5	$ 3.5	$ -
Construction in progress	1.4	2.4	1.0
Land improvements	22.6	23.1	0.5
Buildings	93.7	93.7	-
Building improvements	28.6	29.6	1.0
Furniture	4.4	4.7	0.3
Equipment and other vehicles	33.5	35.2	1.7
Total	**$ 187.7**	**$ 192.2**	**$ 4.5**

Long-term Debt

At June 30, 2018, the College had approximately $27.2 million of bonds and notes payable outstanding as compared with $27.8 million at June 30, 2017. More detailed information regarding the College's long-term liabilities is presented in the notes to the financial statements.

Economic Factors that Will Affect the Future

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

Henry Ford College, along with 12 other community colleges, is the recipient of a U.S. Department of Labor grant under the TAACCCT program for $15 million. The grant was completed in fiscal year 2017, but the results of student education from the grant continues to be reported due to grant compliance requirements

The economic position of the College is closely tied to that of the State of Michigan and southeast Michigan and the State recognizes the role of community colleges in workforce and economic development. While state appropriations have been held flat in recent years, a 1.3 percent increase (excluding the GASB 68 and 75 reduction) was realized in the 2017-2018 fiscal year primarily as a result of the MPSERS UAAL rate stabilization payment. State equalized value and taxable values have leveled off from the prior years, which have now stabilized the College's property tax base.

Henry Ford College will continue to partner with the State as well as business and industry to move Michigan forward and to provide the right education for the new economy. By being awarded the Equipment Grant from the State of Michigan for over $4.6 million in fiscal year 2016 and then having the grant modified to $5 million, the College was able to improve and modernize a number of programs in its tech building including automotive mechanics, mechatronics, advanced manufacturing, and others. The College has a direct match for the grant of $1.1 million and an indirect match for $1.2 million. The Grant stipulates that in order for the College to receive reimbursement for the $4.6 million in equipment, the College must meet its 25 percent match commitment. The College met the matching requirement in July 2016. The grant is completed, however, annual reporting for the next five years is required in order to document the usage of the equipment in the Tech programs.

As previously noted, GASB pronouncement No. 68 was implemented in fiscal year 2015 and addresses the accounting and financial reporting of the unfunded portion of the MPSERS pension liability. The College’s portion of the net unfunded pension liability is approximately $121.8 million. GASB pronouncement No. 75 was implemented in the current fiscal year and addresses the unfunded postemployment healthcare benefit. The College’s share of the unfunded postemployment benefit liability is approximately $41.6 million.

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

- Tuition rates during the year ended June 30, 2018 were increased from the prior year. Tuition rates for fiscal year 2019 have been increased from $96.00 per credit hour for in-district students to $99.00, from $166.00 to $172.00 for out-of-district students, and from $240.00 to $250.00 for out-of-state and international students.

- For fiscal year 2018, the College continues to be subject to Section 4 of Michigan Public Act 152 of 2011. This act allowed the College to cap the costs related to medical benefits that are offered to its employees. The College’s share of medical benefits cannot exceed 80 percent of the total annual cost of all the medical benefit plans it offers for its employees. The annual savings through fiscal year 2018 was approximately $3,200,000 since the act took effect, with an additional estimated savings of approximately $500,000 for fiscal year 2019.

- As the College continues to re-establish its unrestricted reserves (net of the GASB Statement No. 68 Pension Liability effect of $121.8 million and GASB Statement No. 75 restatement for $41.6 OPEB Liability), the combined net position for the General Fund, Auxiliary Fund, and Designated Fund at the beginning of fiscal year 2018 (July 1, 2017), was $16,489,114 ($10,901,521 plus $4,665,092, plus $922,501). The results for fiscal year 2018 added to the General Fund, Auxiliary Fund, and Designated Fund $1,710,268, $564,345, and $862,153, respectively, to produce a balance of $19,625,880, prior to GASB Statement No. 68 and 75 effects, at the end of fiscal year 2018 (June 30, 2018).

Statement of Net Position

June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities (Henry Ford College)	Total	Henry Ford College Foundation
Assets				
Cash and investments (Note 3)	$ 25,489,856	$ 21,993,328	$ 47,483,184	$ 511,281
Receivables - Net: (Note 4)				
Property taxes receivable	-	327,233	327,233	-
Student receivables	-	1,599,965	1,599,965	-
Accounts and grants	8,451,542	702,856	9,154,398	-
Due from other governments	33,454,498	4,949,231	38,403,729	-
Contributions	-	-	-	49,273
Internal balances	18,938	(18,938)	-	-
Inventories	117,201	743,843	861,044	-
Prepaid costs	4,602,149	2,018,711	6,620,860	24,833
Restricted assets (Note 11)	8,321,798	-	8,321,798	-
Long-term investments (Note 3)	-	5,175,355	5,175,355	15,430,022
Capital assets - Net (Note 6)	260,460,713	78,747,384	339,208,097	-
Total assets	340,916,695	116,238,968	457,155,663	16,015,409
Deferred Outflows of Resources				
Deferred charges on bond refunding (Note 8)	255,549	277,150	532,699	-
Deferred outflows related to pensions (Note 9)	88,943,422	31,393,706	120,337,128	-
Deferred OPEB costs (Note 9)	7,261,439	2,260,178	9,521,617	-
Total deferred outflows of resources	96,460,410	33,931,034	130,391,444	-
Liabilities				
Accounts and contracts payable	10,531,452	2,153,503	12,684,955	163,958
Internal balances	64,959	(64,959)	-	-
Scholarships payable	-	-	-	1,595
Deposits held for others	-	117,453	117,453	-
Accrued payroll and other liabilities	23,488,818	5,370,448	28,859,266	-
Unearned revenue (Note 5)	845,672	2,803,367	3,649,039	-
Other current liabilities	9,952	-	9,952	-
Noncurrent liabilities:				
Due within one year (Note 8)	15,355,515	2,015,187	17,370,702	-
Due in more than one year (Note 8)	113,318,915	27,381,585	140,700,500	-
Net pension liability (Note 9)	379,349,782	121,812,093	501,161,875	-
Net OPEB obligation (Note 9)	129,525,038	41,572,746	171,097,784	-
Total liabilities	672,490,103	203,161,423	875,651,526	165,553
Deferred Inflows of Resources				
Inflows related to pensions and revenue contributions (Note 9)	35,998,901	11,418,580	47,417,481	-
Deferred OPEB cost reductions (Note 9)	4,620,063	1,405,461	6,025,524	-
Total deferred inflows of resources	40,618,964	12,824,041	53,443,005	-
Net Position				
Net investment in capital assets	134,139,676	50,383,164	184,522,840	-
Restricted:				
Debt service	5,331,845	-	5,331,845	-
Temporarily - Component unit (expendable)	-	-	-	5,604,180
Temporarily - Component unit (nonexpendable)	-	-	-	6,328,346
Unrestricted (deficit)	(415,203,483)	(116,198,626)	(531,402,109)	3,917,330
Total net position	**$ (275,731,962)**	**$ (65,815,462)**	**$ (341,547,424)**	**$ 15,849,856**

See notes to financial statements.

	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Primary government:			
Governmental activities:			
Instruction	$ 156,471,064	$ 539,661	$ 46,485,986
Support services	90,427,135	-	26,864,997
Athletics	2,598,808	119,958	-
Food services	9,582,621	1,257,459	7,840,004
Community services	1,531,419	826,649	-
Interest	5,499,890	-	746,933
Fees and other bond costs	8,000	-	-
Depreciation expense (unallocated)	9,534,386	-	-
Total governmental activities	275,653,323	2,743,727	81,937,920
Business-type activities - Henry Ford College	112,359,917	33,846,878	5,928,969
Total primary government	**$ 388,013,240**	**$ 36,590,605**	**$ 87,866,889**
Component unit - Henry Ford College Foundation	**$ 2,384,782**	**$ -**	**$ 1,364,905**

General revenue:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
State aid not restricted to specific purposes
Federal grants - Pell
Federal grants and contributions not restricted to specific purposes
Interest and investment earnings
Gain on sale of capital assets
Other

Total general revenue

Change in Net Position

Net Position - Beginning of year, as previously reported

Cumulative Effect of Change in Accounting

Net Position - Beginning of year

Net Position - End of year

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities (Henry Ford College)	Total	Component Unit (Henry Ford College Foundation)
$ (109,445,417)	$ -	$ (109,445,417)	$ -
(63,562,138)	-	(63,562,138)	-
(2,478,850)	-	(2,478,850)	-
(485,158)	-	(485,158)	-
(704,770)	-	(704,770)	-
(4,752,957)	-	(4,752,957)	-
(8,000)	-	(8,000)	-
(9,534,386)	-	(9,534,386)	-
(190,971,676)	-	(190,971,676)	-
-	(72,584,070)	(72,584,070)	-
(190,971,676)	(72,584,070)	(263,555,746)	-
-	-	-	(1,019,877)
40,065,120	13,268,639	53,333,759	-
16,114,746	-	16,114,746	-
140,424,776	31,176,282	171,601,058	-
-	26,920,071	26,920,071	-
34,408	-	34,408	-
284,474	254,886	539,360	1,433,857
6,678	-	6,678	-
800,331	-	800,331	-
197,730,533	71,619,878	269,350,411	1,433,857
6,758,857	(964,192)	5,794,665	413,980
(151,247,944)	(22,788,265)	(174,036,209)	15,435,876
(131,242,875)	(42,063,005)	(173,305,880)	-
(282,490,819)	(64,851,270)	(347,342,089)	15,435,876
$ (275,731,962)	**$ (65,815,462)**	**$ (341,547,424)**	**$ 15,849,856**

Governmental Funds Balance Sheet

June 30, 2018

	Combining General Fund	Funded Projects	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	$ 21,741,295	$ -	$ 3,748,561	$ 25,489,856
Receivables (Note 4)	33,903,010	6,422,366	661,285	40,986,661
Due from other funds (Note 7)	6,471,173	-	7,460,972	13,932,145
Inventories	37,800	-	79,401	117,201
Prepaid costs	4,556,598	45,401	150	4,602,149
Restricted assets (Notes 3 and 11)	-	-	8,321,798	8,321,798
Total assets	**$ 66,709,876**	**$ 6,467,767**	**$ 20,272,167**	**$ 93,449,810**
Liabilities				
Accounts and contracts payable	$ 6,254,410	$ 172,380	$ 4,104,662	$ 10,531,452
Due to other funds (Note 7)	7,525,931	4,085,005	1,447,851	13,058,787
Accrued salary, wage, and fringe benefits payable	20,658,067	1,444,802	702,541	22,805,410
Unearned revenue (Note 5)	2,555	765,580	77,537	845,672
Other current liabilities	9,952	-	-	9,952
Total liabilities	34,450,915	6,467,767	6,332,591	47,251,273
Deferred Inflows of Resources - Unavailable revenue (Note 5)	1,730,815	-	-	1,730,815
Total liabilities and deferred inflows of resources	36,181,730	6,467,767	6,332,591	48,982,088
Fund Balances				
Nonspendable:				
Inventory	37,800	-	79,401	117,201
Prepaid costs	4,556,598	-	150	4,556,748
Restricted:				
Debt service	-	-	6,015,253	6,015,253
Capital projects	-	-	1,073,628	1,073,628
Food service	-	-	3,144,548	3,144,548
Assigned:				
Capital projects	-	-	2,785,605	2,785,605
Adult education	-	-	840,991	840,991
Enhancement funds	7,303,878	-	-	7,303,878
Unassigned	18,629,870	-	-	18,629,870
Total fund balances	30,528,146	-	13,939,576	44,467,722
Total liabilities, deferred inflows of resources, and fund balances	**$ 66,709,876**	**$ 6,467,767**	**$ 20,272,167**	**$ 93,449,810**

See notes to financial statements.

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

June 30, 2018

Fund Balances Reported in Governmental Funds	$ 44,467,722
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	392,404,145
Accumulated depreciation	(131,943,432)
Net capital assets used in governmental activities	260,460,713
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	1,730,815
Deferred inflows and outflows related to bond refundings are not reported in the funds	255,549
Bonds payable, including premium/discount, are not due and payable in the current period and are not reported in the funds	(127,650,214)
Accrued interest is not due and payable in the current period and is not reported in the funds	(683,408)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences and severance agreements	(542,230)
Provision for risk management and claims	(481,986)
Net pension liability and related deferred inflows and outflows	(311,370,936)
Net OPEB liability and related deferred inflows and outflows	(126,883,662)
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	(15,034,325)
Net Position of Governmental Activities	**$ (275,731,962)**

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

Year Ended June 30, 2018

	Combining General Fund	Funded Projects	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	$ 40,652,875	$ 19,719	$ 18,678,398	$ 59,350,992
State sources	165,268,093	4,108,421	6,405,884	175,782,398
Federal sources	34,408	16,533,424	8,225,011	24,792,843
Interdistrict - Incoming transfers from other districts	10,695,294	3,281,718	7,187,739	21,164,751
Total revenue	216,650,670	23,943,282	40,497,032	281,090,984
Expenditures				
Current:				
Instruction	126,726,091	17,128,212	7,699,504	151,553,807
Support services	78,005,819	5,584,331	4,529,359	88,119,509
Athletics	2,482,933	-	-	2,482,933
Food services	-	648	7,791,938	7,792,586
Community services	226,088	829,470	433,048	1,488,606
Debt service:				
Principal	-	-	13,593,358	13,593,358
Interest	-	-	6,769,249	6,769,249
Fees and other bond costs	-	-	8,000	8,000
Capital outlay	1,389,148	40,043	6,803,685	8,232,876
Total expenditures	208,830,079	23,582,704	47,628,141	280,040,924
Excess of Revenue Over (Under) Expenditures	7,820,591	360,578	(7,131,109)	1,050,060
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	30,915	-	-	30,915
Transfers in (Note 7)	1,962,881	3,193	8,000,097	9,966,171
Transfers out (Note 7)	(7,865,350)	(363,771)	(1,737,050)	(9,966,171)
Total other financing (uses) sources	(5,871,554)	(360,578)	6,263,047	30,915
Net Change in Fund Balances	1,949,037	-	(868,062)	1,080,975
Fund Balances - Beginning of year	28,579,109	-	14,807,638	43,386,747
Fund Balances - End of year	**$ 30,528,146**	**$ -**	**$ 13,939,576**	**$ 44,467,722**

See notes to financial statements.

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

Year Ended June 30, 2018

Net Change in Fund Balance Reported in Governmental Funds	$	1,080,975
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		6,113,182
Depreciation expense		(9,534,386)
Net book value of assets disposed of		(24,237)
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		1,237,578
Revenue in support of pension contributions made subsequent to the measurement date		1,446,088
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds		14,759,457
Interest expense is recognized in the government-wide statements as it accrues		103,260
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		(8,423,060)
Change in Net Position of Governmental Activities	**$**	**6,758,857**

Proprietary Funds
Statement of Net Position

June 30, 2018

	Henry Ford College	Component Unit - Henry Ford College Foundation
Assets		
Current assets:		
Cash and cash equivalents	$ 7,815,337	$ 511,281
Short-term investments (Note 3)	14,177,991	-
Receivables - Net: (Note 4)		
Property taxes receivable	327,233	-
Student receivables	1,599,965	-
Accounts and grants	702,856	-
Due from other governments	4,949,231	-
Contributions	-	49,273
Internal balances	(18,938)	-
Inventories	743,843	-
Prepaid expenses and other assets	2,018,711	24,833
Total current assets	32,316,229	585,387
Noncurrent assets:		
Long-term investments (Note 3)	5,175,355	15,430,022
Capital assets - Net (Note 6)	78,747,384	-
Total noncurrent assets	83,922,739	15,430,022
Total assets	116,238,968	16,015,409
Deferred Outflows of Resources		
Deferred outflows related to pensions (Note 9)	31,393,706	-
Deferred charges on bond refunding (Note 8)	277,150	-
Deferred OPEB costs	2,260,178	-
Total deferred outflows of resources	33,931,034	-
Liabilities		
Current liabilities:		
Accounts payable	2,153,503	163,958
Internal balances	(64,959)	-
Scholarships payable	-	1,595
Deposits held for others	117,453	-
Accrued payroll and other liabilities	5,370,448	-
Unearned revenue (Note 5)	2,803,367	-
Early termination obligation	220,554	-
Risk management (Note 10)	393,531	-
Current portion of long-term liabilities (Note 8)	1,401,102	-
Total current liabilities	12,394,999	165,553
Noncurrent liabilities:		
Bonds and notes payable - Net of unamortized premium and discounts (Note 8)	27,240,268	-
Early termination obligation	141,317	-
Net pension liability (Note 9)	121,812,093	-
Net OPEB obligation (Note 9)	41,572,746	-
Total noncurrent liabilities	190,766,424	-
Total liabilities	203,161,423	165,553
Deferred Inflows of Resources (Note 9)	12,824,041	-
Net Position		
Net investment in capital assets	50,383,164	-
Restricted:		
Temporarily - Component unit (expendable)	-	5,604,180
Temporarily - Component unit (nonexpendable)	-	6,328,346
Unrestricted	(116,198,626)	3,917,330
Total net position	**$ (65,815,462)**	**$ 15,849,856**

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

Year Ended June 30, 2018

	Henry Ford College	Component Unit - Henry Ford College Foundation
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $26,871,969	$ 24,930,230	$ -
Federal grants	2,644,607	-
State and local grants and gifts	3,284,362	696,732
Miscellaneous	2,433,557	668,173
Auxiliary enterprises	6,483,091	-
Total operating revenue	39,775,847	1,364,905
Operating Expenses		
Instruction	46,886,222	-
Instructional support	3,486,366	267,704
Student services	15,628,313	1,448,905
Institutional administration	14,458,338	668,173
Physical plant operations	8,971,992	-
Auxiliary enterprises	5,857,630	-
Repairs and maintenance	1,355,512	-
Information technology	4,201,207	-
Depreciation expense	9,692,458	-
Total operating expenses	110,538,038	2,384,782
Operating Loss	(70,762,191)	(1,019,877)
Nonoperating Revenue (Expense)		
Federal grants	26,920,071	-
State appropriations	31,176,282	-
Property taxes	13,268,639	-
Investment income	254,886	1,433,857
Interest on capital asset-related debt expenses	(1,821,879)	-
Total nonoperating revenue	69,797,999	1,433,857
Change in Net Position	(964,192)	413,980
Net Position - Beginning of year, as previously reported	(22,788,265)	15,435,876
Cumulative Effect of Change in Accounting	(42,063,005)	-
Net Position - Beginning of year, after cumulative effect of change in accounting	(64,851,270)	15,435,876
Net Position - End of year	**$ (65,815,462)**	**$ 15,849,856**

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2018

	Henry Ford College	Component Unit - Henry Ford College Foundation
Cash Flows from Operating Activities		
Tuition and fees	$ 24,375,411	$ -
Grants, contracts, and gifts	5,943,288	380,615
Payments to suppliers	(50,196,256)	(1,056,450)
Payments to employees	(48,762,895)	-
Payments to educational scholarship and special program funds	-	(303,825)
Auxiliary enterprise charges	6,483,091	-
Other	2,433,557	2,175
Net cash used in operating activities	(59,723,804)	(977,485)
Cash Flows from Noncapital Financing Activities		
Local property taxes	13,114,343	-
Pell grant revenue	26,920,071	-
William D. Ford direct lending receipts	22,558,138	-
William D. Ford direct lending disbursements	(21,781,223)	-
State appropriations	31,153,789	-
Net cash provided by noncapital financing activities	71,965,118	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(4,017,727)	-
Principal paid on capital debt	(1,041,642)	-
Property tax collections	149,469	-
Permanently restricted contributions	-	158,478
Interest paid on capital debt	(1,821,879)	-
Net cash (used in) provided by capital and related financing activities	(6,731,779)	158,478
Cash Flows from Investing Activities		
Interest received on investments	254,886	272,631
Purchases of investments	(80,441,808)	(4,225,168)
Proceeds from sale of investments	76,102,533	3,987,314
Net cash (used in) provided by investing activities	(4,084,389)	34,777
Net Increase (Decrease) in Cash and Cash Equivalents	1,425,146	(784,230)
Cash and Cash Equivalents - Beginning of year	6,390,191	1,295,511
Cash and Cash Equivalents - End of year	**$ 7,815,337**	**$ 511,281**

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2018

	Henry Ford College	Component Unit - Henry Ford College Foundation
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (70,762,191)	$ (1,019,877)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	9,692,458	-
Permanently restricted contributions	-	(158,478)
Bad debt expense	776,915	-
Changes in assets and liabilities:		
Accounts receivable	(1,595,941)	-
Contributions receivable	-	52,544
Federal and state grant receivable	14,319	-
Inventories	(5,028)	-
Prepaid assets and other current assets	(968,863)	(2,852)
Deferred outflows of resources	(8,231,943)	-
Accounts payable	(147,675)	151,305
Scholarships payable	-	(127)
Accrued payroll and other compensation	(1,043,437)	-
Other accrued liabilities	237,819	-
Deposits	1,493	-
Unearned tuition and fees	274,909	-
Pension and OPEB liabilities	4,130,388	-
Deferred inflows of resources	7,902,973	-
Net cash and cash equivalents used in operating activities	**$ (59,723,804)**	**$ (977,485)**

There were no noncash capital, noncapital, or investing activities for the year ended June 30, 2018, except for the equipment purchased via a note payable, as disclosed in Note 6.

Fiduciary Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2018

	Agency Funds
Assets - Cash and investments (Note 3)	**$ 2,281,934**
Liabilities	
Accounts and contracts payable	$ 27,501
Due to other funds (Note 7)	919,379
Other current liabilities	1,335,054
Total liabilities	**$ 2,281,934**

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

Component Unit

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

Report Presentation

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

Note 1 - Significant Accounting Policies (Continued)

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

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

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

Fund Accounting

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

Governmental Funds

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

- *General Fund* - The General Fund is the P-12’s primary operating fund. It accounts for all financial resources of the P-12, except those required to be accounted for in another fund.
- *Funded Projects Fund* - The Funded Projects Fund is a special revenue fund used to record grants received from the federal government and other sources and the expenditures associated with those programs.

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

- *Special Revenue Funds* - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- *Capital Projects Funds* - Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, technology upgrades, and for remodeling and repairs for the P-12. The funds operate until the purpose for which they were created is accomplished.
- *Debt Service Fund* - Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt for the P-12.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

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

Fiduciary Funds

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

Interfund Activity

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

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

Basis of Accounting

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Specific Balances and Transactions

Cash and Investments

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

Receivables and Payables

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

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Compensated Absences (Vacation) and Early Retirement Benefits

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

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The School District has two types of deferred inflow of resources. The first type of deferred inflow is certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 9. The second type of deferred inflow related to unavailable revenue reported only on the governmental funds balance sheet.

Note 1 - Significant Accounting Policies (Continued)

The College and the P-12 reported deferred inflows of resources at June 30, 2018 on the statement of net position including $4,922,957 and $15,034,325, respectively, for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $7,901,084 and $25,584,639, respectively, related to the pension and OPEB plan described in Note 9. See Note 5 for deferred inflow of resources reported at the fund level for unavailable revenue.

Pensions

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

Other Postemployment Benefit Costs

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

Net Position

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

Net Position Flow Assumption

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

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the finance director to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist 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.

Scholarship Discounts and Allowances

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

Property Tax Revenue

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

Note 1 - Significant Accounting Policies (Continued)

Tuition and Fees

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

College Unearned Revenue

Revenue received prior to year end that is related to the next fiscal period is recorded as unearned revenue. This includes $206,721 for the fall semester and $1,989,469 of unearned revenue in the summer semester, which began in July 2018 and ended in August 2018.

Use of Estimates

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

Comparative Data/Reclassifications

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

Adoption of New Accounting Pronouncement

For the year ended June 30, 2018, the School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statements, the School District has reported a change in accounting principle adjustment to unrestricted net position of $173.3 million, which is net of the OPEB liability and related deferred inflows (outflows) as of July 1, 2017. June 30, 2017 amounts have not been restated to reflect the impact of GASB No. 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ended June 30, 2017.

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. 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, 2020.

Note 1 - Significant Accounting Policies (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. 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, 2021.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, proprietary, debt service, and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

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

	Budget	Actual
General Fund - Instruction - Basic programs	$ 107,722,137	$ 108,585,063

Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District’s deposits are in accordance with statutory authority.

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

At year end, P-12 had $15,335,755 in investment pool funds at Comerica Bank, which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

Note 3 - Deposits and Investments (Continued)

At year end, the College had $1,010,471 in investment pools in the Michigan Liquid Asset Fund that are recorded at amortized cost. There are no limitations or restrictions on participant withdrawals, except that there is a one-day minimum investment period, and investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of $23,287,834 had $20,084,024 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The College's investments are all in the name of the College. The investments are custodied with each bank from which they were purchased. Therefore, custodial risk is limited.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by 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.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements. The School District's investments in governmental cash investment funds of $15,335,775 have a weighted-average maturity of less than one year.

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

Note 3 - Deposits and Investments (Continued)

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

Investments	Fair Value	Less Than 1 Year	1-5 Years
Certificate of deposit	$ 2,453,810	$ 1,218,100	$ 1,235,710
U.S. Treasury bills	3,939,645	-	3,939,645
Corporate paper	11,949,420	11,949,420	-
Michigan Liquid Asset Fund - Investment Pools*	1,010,471	1,010,471	-
Total	$ 19,353,346	$ 14,177,991	$ 5,175,355

* Investment fair value reported at amortized cost.

Credit Risk

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

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

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

Investment	Fair Value	Maturity Date	Rating	Rating Organization
Comerica Governmental Cash Investment Fund*	$ 15,335,755	N/A	N/A**	N/A**
U.S. Treasury bills	6,377,928	2/15/2027	Aaa	Moody's
Total	$ 21,713,683			

* Investment fair value reported at amortized cost.
** Investment is a collective fund and not rated by rating agencies.

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

Investment	Fair Value	Rating	Rating Organization
Certificate of deposit	$ 2,453,810	N/A	N/A
U.S. Treasury bills	3,939,645	Aaa	Moody's
Corporate paper	11,949,420	A1, A1+, and A2	S&P
Michigan Liquid Asset Fund - Investment Pools *	1,010,471	AAAm	S&P
Total	$ 19,353,346		

* Investment fair value reported at amortized cost

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are invested with certain investment pools.

Foreign Currency Risk

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

Note 4 - Receivables

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

	Primary Government						
	General Fund	Funded Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Activities	Proprietary Fund	Henry Ford College Foundation	Total
Receivables:							
Property taxes receivable	$ -	$ -	$ -	$ -	$ 327,233	$ -	$ 327,233
Accounts, grants, and other	448,512	6,422,366	661,285	7,532,163	38,020,264	49,273	45,601,700
Intergovernmental	33,454,498	-	-	33,454,498	4,949,231	-	38,403,729
Less allowance for uncollectibles	-	-	-	-	(35,717,443)	-	(35,717,443)
Net receivables	$ 33,903,010	$ 6,422,366	$ 661,285	$ 40,986,661	$ 7,579,285	$ 49,273	$ 48,615,219

Note 5 - Unavailable/Unearned Revenue

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

At the end of the current fiscal year, the School District had various components of unearned and unavailable revenue as follows:

	Deferred Inflow - Unavailable	Unearned Revenue
Governmental funds - Receivables for revenue not available in current period	$ 1,730,815	$ -
Governmental activities - Tuition and state, federal, and local grant monies received prior to meeting all eligibility requirements	-	845,672
Business-type activities - Tuition and grant revenue	-	2,803,367
Total	$ 1,730,815	$ 3,649,039

Note 6 - Capital Assets

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

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 11,423,864	$ -	$ -	$ 11,423,864
Construction in progress	981,954	1,957,406	(981,954)	1,957,406
Subtotal	12,405,818	1,957,406	(981,954)	13,381,270
Capital assets being depreciated:				
Buildings	108,466,313	-	-	108,466,313
Building improvements	195,546,264	2,660,066	-	198,206,330
Land improvements	21,933,411	301,569	-	22,234,980
Buses and other vehicles	9,939,773	590,204	(489,999)	10,039,978
Equipment and other	38,489,384	1,585,891	-	40,075,275
Subtotal	374,375,145	5,137,730	(489,999)	379,022,876
Accumulated depreciation:				
Buildings	38,897,743	1,627,742	-	40,525,485
Building improvements	43,253,968	4,079,928	-	47,333,896
Land improvements	4,032,922	887,427	-	4,920,349
Buses and other vehicles	5,965,437	718,659	(465,762)	6,218,334
Equipment and other	30,724,739	2,220,630	-	32,945,369
Subtotal	122,874,809	9,534,386	(465,762)	131,943,433
Net capital assets being depreciated	251,500,336	(4,396,656)	(24,237)	247,079,443
Net governmental activities capital assets	$ 263,906,154	$ (2,439,250)	$ (1,006,191)	$ 260,460,713

Depreciation for the fiscal year ended June 30, 2018 totaled $9,534,386 for governmental capital assets. The P-12 determined that it was impractical to allocate depreciation to the various governmental activities, as the assets serve multiple functions.

Note 6 - Capital Assets (Continued)

Governmental Activities (Continued)

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

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 3,482,436	$ -	$ -	$ 3,482,436
Construction in progress	1,425,626	3,253,228	(2,247,172)	2,431,682
Subtotal	4,908,062	3,253,228	(2,247,172)	5,914,118
Capital assets being depreciated:				
Buildings	93,694,224	-	-	93,694,224
Building improvements	28,555,089	79,685	955,769	29,590,543
Land improvements	22,621,039	-	443,033	23,064,072
Furniture and Library Books	4,411,788	344,698	58,318	4,814,804
Equipment and other vehicles	33,505,105	872,304	790,052	35,167,461
Subtotal	182,787,245	1,296,687	2,247,172	186,331,104
Accumulated depreciation:				
Buildings	48,697,658	2,070,441	-	50,768,099
Building improvements	18,079,371	3,292,799	-	21,372,170
Land improvements	9,519,202	1,522,837	-	11,042,039
Furniture and library books	3,135,721	405,861	-	3,541,582
Equipment and other vehicles	24,373,428	2,400,520	-	26,773,948
Subtotal	103,805,380	9,692,458	-	113,497,838
Net capital assets being depreciated	78,981,865	(8,395,771)	2,247,172	72,833,266
Net business-type activity capital assets	$ 83,889,927	$ (5,142,543)	$ -	$ 78,747,384

Equipment equal to $532,188 was purchased via a note payable in the same amount during the year ended June 30, 2018. As no cash was exchanged, this transaction is excluded from the cash flow statement.

Depreciation for the fiscal year ended June 30, 2018 totaled $9,692,458 for business-type capital assets.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From					
Fund Due To	General Fund	Funded Projects	Nonmajor Funds	Fiduciary	Proprietary Fund	Total
General Fund	$ -	$ 4,085,005	$ 1,447,851	$ 919,379	$ 18,938	$ 6,471,173
Nonmajor funds	7,460,972	-	-	-	-	7,460,972
Proprietary fund	64,959	-	-	-	-	64,959
Total	$ 7,525,931	$ 4,085,005	$ 1,447,851	$ 919,379	$ 18,938	$ 13,997,104

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

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Other nonmajor governmental funds	General Fund	$ 1,737,050
Funded Projects Fund	General Fund	225,831
	Other nonmajor governmental funds	137,940
	Total Funded Projects Fund	363,771
General Fund	Other nonmajor governmental funds	7,862,157
	Funded Projects Fund	3,193
	Total General Fund	7,865,350
	Total	$ 9,966,171

The transfers from the General Fund to the Funded Projects Fund are for reimbursement of current year indirect costs. The transfers from the General Fund to other nonmajor governmental funds subsidized operations of the Cafeteria and General Building and Site Funds and serviced nonvoted debt obligations for the School District. The transfers from other nonmajor governmental funds to the General Fund are for reimbursement to the General Fund for indirect costs and costs paid on behalf of other nonmajor governmental funds.

Note 8 - Long-term Obligations

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligations	$ 133,374,164	$ -	$ (13,593,358)	$ 119,780,806	$ 13,121,619
Less deferred amounts - Deferred outflows - Deferred charges on bond refunding	(299,130)	-	43,581	(255,549)	-
Issuance premiums	9,079,088	-	(1,209,680)	7,869,408	1,209,680
Total bonds payable	142,154,122	-	(14,759,457)	127,394,665	14,331,299
Compensated absences	563,659	-	(21,429)	542,230	542,230
Risk management and claims (Note 10)	288,392	434,587	(240,993)	481,986	481,986
Total governmental activities long-term debt	$ 143,006,173	$ 434,587	$ (15,021,879)	$ 128,418,881	$ 15,355,515

Note 8 - Long-term Obligations (Continued)

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligations	$ 29,330,837	$ -	$ (1,041,643)	$ 28,289,194	$ 1,183,381
Less deferred amounts:					
Issuance (discounts) premiums	(190,714)	-	10,702	(180,012)	-
Refunding charges	(298,912)	-	21,762	(277,150)	-
Total bonds payable	28,841,211	-	(1,009,179)	27,832,032	1,183,381
Note payable	-	532,188	-	532,188	217,721
Severance and other obligations	1,072,545	-	(710,674)	361,871	220,554
Risk management (Note 10)	240,981	1,077,996	(925,446)	393,531	393,531
Total business-type activities	$ 30,154,737	$ 1,610,184	$ (2,645,299)	$ 29,119,622	$ 2,015,187

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

Debt Service Requirements to Maturity

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

	Governmental Activities				Business-type Activities		
Years Ending December 31	Principal	Interest	Interest Subsidy	Total - Net	Principal	Interest - Net of Interest Subsidy	Total - Net
2019	$ 13,121,619	$ 6,063,494	$ (801,000)	$ 18,384,113	$ 1,401,102	$ 1,171,566	$ 2,572,668
2020	11,650,460	5,444,595	(801,000)	16,294,055	1,310,216	1,135,560	2,445,776
2021	12,108,721	4,898,027	(801,000)	16,205,748	1,361,045	1,089,750	2,450,795
2022	12,389,301	4,304,828	(801,000)	15,893,129	1,414,723	1,041,423	2,456,146
2023	4,287,563	3,697,756	(801,000)	7,184,319	1,352,438	990,785	2,343,223
2024-2028	35,448,142	14,659,173	(3,304,125)	46,803,190	7,176,858	4,202,090	11,378,948
2029-2033	25,075,000	5,250,250	-	30,325,250	7,705,000	2,732,687	10,437,687
2034-2038	5,700,000	285,000	-	5,985,000	5,850,000	1,300,129	7,150,129
2039	-	-	-	-	1,250,000	91,250	1,341,250
Total	$ 119,780,806	$ 44,603,123	$ (7,309,125)	$ 157,074,804	$ 28,821,382	$ 13,755,240	$ 42,576,622

Note 8 - Long-term Obligations (Continued)

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

	Allocated to	
	Governmental Activities	Business-type Activities
$15,000,000 building and site bonds that are designated qualified school construction bonds, due in a lump-sum payment of $15,000,000 on May 1, 2027, bearing interest at 6.625 percent. The School District will receive direct payment from the United States Treasury equal to 5.34 percent of yearly interest payable on the bonds	$ 15,000,000	$ -
$22,400,000 facilities bonds, due in annual installments of $550,000 to $1,250,000 through May 1, 2039, interest at 5.80 percent to 7.30 percent	-	18,700,000
$9,730,000 qualified refunding bonds, due in annual installments of $590,000 to $625,000 through May 1, 2024, interest at 2.50 percent to 4.00 percent	3,235,806	424,194
$68,475,000 qualified serial bonds, due in annual installments of $2,075,000 to $5,700,000 through May 1, 2034, interest at 3.0 percent to 5.0 percent	64,425,000	-
$2,480,000 qualified serial bonds, due in annual installments of $300,000 to $360,000 through May 1, 2023, interest at 3.00 percent to 3.25 percent	1,670,000	-
$9,165,000 refunding bonds, due in annual installments of $515,000 to $790,000 through May 1, 2032, interest at 3.00 percent to 3.25 percent	-	9,165,000
$45,520,000 qualified refunding bonds, due in annual installments of $8,375,000 to $10,225,000 through May 1, 2022, interest at 5.00 percent	35,450,000	-
$532,188 note payable for the purchase of IT equipment, due in annual installments ranging from $100,676 to $109,910 through November 29, 2021.	-	532,188
Total bonds and notes payable	$ 119,780,806	$ 28,821,382

Bond Refunding

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2018, $84,945,000 of bonds outstanding is considered defeased.

Bond Offering

The College entered into a bond offering in October 2018 for $17,055,000. The bonds are authorized by the Board of Education by resolutions adopted on December 18, 2017 and expected to be adopted on November 12, 2018. The bonds are expected to be funded on February 9, 2019.

Note 9 - Michigan Public School Employees' Retirement System

Defined Benefit Plan

Plan Description

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

The System is administered by the Office of Retirement Services (ORS). The System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment healthcare 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 healthcare 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 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 healthcare recipient. Depending on the member’s date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

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

Contributions

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

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

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

The School District's contributions are determined based on employee elections. There are multiple different pension and healthcare 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 range of rates is as follows for both the College and P-12:

	Pension	OPEB
October 1, 2016 - September 30, 2017	15.27% - 19.03%	5.69% - 5.91%
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

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

The P-12's required and actual contributions to the plan for the year ended year ended June 30, 2018 were $41,242,601, which includes the P-12's contributions required for those members with a defined contribution benefit. The P-12's required and actual contributions include an allocation of $15,034,325 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018. For the year ended June 30, 2018, the contributions also include a one-time payment to the P-12 received under Section 147c(2) of the State Aid Act, which the School District then remitted as a contribution to the plan.

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

The College's required and actual pension contributions to the plan for the year ended June 30, 2018 were $13,029,950, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of $4,922,957 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018.

The P-12's required and actual OPEB contributions to the plan for the year ended June 30, 2018 were $9,625,473, which includes the P-12's contributions required for those members with a defined contribution benefit.

The College's required and actual OPEB contributions to the plan for the year ended June 30, 2018 were $3,013,730, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual OPEB contributions did not include an allocation of revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018.

Net Pension Liability

At June 30, 2018, the School District reported a liability of $501,161,875 (the P-12 totaled $379,349,782 and the College totaled $121,812,093) for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. 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, 2017 and 2016, the P-12's proportion was 1.4639 percent and 1.4507 percent, respectively. At September 30, 2017 and 2016, the College's proportion was 0.4701 percent and 0.4626 percent, respectively.

Net OPEB Liability

At June 30, 2018, the School District reported a liability of $171,097,784 (the P-12 totaled $129,525,038 and the College totaled $41,572,746) for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2018 was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. 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, 2017 and 2016, the P-12’s proportion was 1.46 percent of MPSERS in total. At September 30, 2017 and 2016, the College's proportion was 0.4695 percent of MPSERS in total.

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

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

For the year ended June 30, 2018, the P-12 recognized pension expense of $44,068,478 inclusive of payments to fund the MPSERS UAAL stabilization rate. For the year ended June 30, 2018, the College recognized pension expense of $15,638,909.

At June 30, 2018, the P-12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,296,809	$ (1,861,390)
Changes in assumptions	41,560,783	-
Net difference between projected and actual earnings on pension plan investments	-	(18,135,415)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	12,221,551	(967,771)
The School District's contributions to the plan subsequent to the measurement date	31,864,279	-
Total	$ 88,943,422	$ (20,964,576)

Additionally, the P-12 reported deferred inflows of resources at June 30, 2018 on the statement of net position of $15,034,325 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date, which is not included in the table above.

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,058,630	$ 597,706
Changes in assumptions	13,345,483	-
Net difference between projected and actual earnings on pension plan investments	-	5,823,419
Changes in proportion and differences between college contributions and proportionate share of contributions	6,881,154	74,498
College contributions subsequent to the measurement date	10,108,439	-
Total	$ 31,393,706	$ 6,495,623

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

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

Years Ending June 30	P-12	College	Total
2019	$ 11,659,130	$ 6,786,872	$ 18,446,002
2020	17,406,425	2,818,624	20,225,049
2021	7,600,972	(48,517)	7,552,455
2022	(551,960)	-	(551,960)
Total	$ 36,114,567	$ 9,556,979	$ 45,671,546

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2019).

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

For the year ended June 30, 2018, the P-12 recognized OPEB expense of $8,609,715. For the year ended June 30, 2018, the College recognized OPEB expense of $2,785,336.

At June 30, 2018, the P-12 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (1,379,061)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,999,830)
Changes in proportionate share or difference between P-12 amount contributed and proportionate share of contributions	-	(241,172)
P-12 employer contributions to the plan subsequent to the measurement date	7,261,439	-
Total	$ 7,261,439	$ (4,620,063)

At June 30, 2018, the College 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	$ -	$ 442,627
Net difference between projected and actual earnings on OPEB plan investments	-	962,834
Changes in proportionate share or difference between College amount contributed and proportionate share of contributions	20,744	-
College employer contributions to the plan subsequent to the measurement date	2,239,434	-
Total	$ 2,260,178	$ 1,405,461

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

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

Years Ending June 30	P-12	College	Total
2019	$ (1,112,070)	$ (334,997)	$ (1,447,067)
2020	(1,112,070)	(334,997)	(1,447,067)
2021	(1,112,070)	(334,997)	(1,447,067)
2022	(1,112,070)	(44,729)	(1,156,799)
2023	(171,783)	-	(171,783)
Total	$ (4,620,063)	$ (1,049,720)	$ (5,669,783)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2017 is based on the results of an actuarial valuation as of September 30, 2016 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	7.00% - 7.50%	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.50%	Net of investment expenses based on the groups
Salary increases	3.50% - 12.30%	Including wage inflation of 3.50 percent
Healthcare cost trend rate	7.50%	Year 1 graded to 3.5 percent year 12
Mortality basis		RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
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 2007 to 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

Discount Rate

The discount rate used to measure the total plan liability was 7.00 - 7.50 percent, depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the plan's fiduciary net position was 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 plan investments was applied to all periods of projected benefit payments to determine the total plan liability.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.60 %
Private equity pools	18.00	8.70
International equity pools	16.00	7.20
Fixed-income pools	10.50	(0.10)
Real estate and infrastructure pools	10.00	4.20
Real return, opportunistic, and absolute pool	15.50	5.00
Short-term investment pools	2.00	(0.90)
Total	100.00 %	

MPSERS approved a decrease in the discount rate for the September 30, 2017 annual actuarial valuation for the pension plan and the OPEB plan to 7.05 percent and 7.15 percent, respectively. As a result, the actuarial computed employer contributions, the net pension liability, and net OPEB liability will increase for the measurement period ended September 30, 2018.

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

The following presents the net pension liability of the School District, calculated using the discount rate of 7.00 - 7.50 percent, 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 1.00 percentage point lower (6.00 - 6.50 percent) or 1 percentage point higher (8.00 - 8.50 percent) than the current rate:

	1 Percent Decrease (6.00 - 6.50%)	Current Discount Rate (7.00 - 7.50%)	1 Percent Increase (8.00 - 8.50%)
P-12	$ 494,166,590	$ 379,349,782	$ 282,681,342
College	158,680,642	121,812,093	90,771,124

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 (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
P-12	$ 151,711,255	$ 129,525,038	$ 110,695,886
College	48,693,702	41,572,746	35,529,285

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

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

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

	1 Percent Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1 Percent Increase (8.50%)
P-12	$ 109,690,296	$ 129,525,038	$ 152,046,005
College	35,206,528	41,572,746	48,801,144

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 Plan

At June 30, 2018, the P-12 reported a payable of $7,439,170 and $1,440,127 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018. At June 30, 2018, the College reported a payable of $1,463,758 and $245,469 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018.

Defined Contribution Plan

New professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP plan is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF).

Under the ORP, the percentage contributed by the College is 12 percent for the year ended June 30, 2018. The payroll for the College's employees covered by the optional plan was $7.7 million for fiscal year 2018. College contributions were made in the amount required by the plan and totaled $921,361. Under the ORP plan, employees contribute 4 percent of gross wages in addition to the College's contribution.

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for health claims and participates in the Metropolitan Association for Improved School Legislation (risk pool) for claims relating to property coverage and general liability. The College is no longer self-insured for vision and prescriptions as of September 30, 2013. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past five fiscal years.

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

Note 10 - Risk Management (Continued)

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

	2018	2017
Estimated liability - Beginning of year	$ 529,373	$ 718,926
Estimated claims incurred - including changes in estimates	1,512,583	870,668
Claim payments	(1,166,440)	(1,060,221)
Estimated liability - End of year	$ 875,516	$ 529,373

Property and General Liability

The P-12 and the College have limited risk management programs for property coverage and general liability. Risk management pool assets are held and administered by the Metropolitan Association for Improved School Legislation for the P-12 and by the Michigan Community College Risk Management Authority for the College. Premiums are paid by P-12's General Fund and are available to pay claims, claim reserves, and administrative costs of the program. Premiums are paid by the College and are available to pay claims, claim reserves, and administration costs of the program up to a maximum of $15,000 per claim or up to $45,000 per year. During fiscal year 2018, approximately $512,535 and $451,667 was paid in premiums by the P-12 and the College, respectively. An excess insurance policy covers individual claims in excess of $1,000 for the P-12 and $10,000 for the College.

Dental

The self-insured dental plan covers all employees of Henry Ford College. Claims are funded by the College and paid by the plan administrator. The College pays all administrative costs of the plan. During fiscal year 2018, $531,426 was charged to expense relating to these benefits, including claims incurred but not reported.

Workers' Compensation

The self-insured workers' compensation plan covers all employees of Henry Ford College. Claims are funded by the School District and paid by the plan administrator. An insurance policy covers claims in excess of $400,000 per occurrence. During fiscal year 2018, $131,213 was charged to expense relating to these benefits, including claims incurred but not reported.

Note 11 - Restricted Assets

The balance of the restricted assets account is as follows:

Description	Governmental Activities
Unspent bond proceeds and related interest	$ 1,190,498
Debt Service Fund cash	7,131,300
Total	$ 8,321,798

Note 12 - Contingent Liabilities

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

Note 13 - Henry Ford College Foundation

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

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

Temporarily restricted net position contains donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. Temporarily restricted net position is restricted for scholarships of $4,442,039, college programs of $466,170, time-restricted pledges of $49,223, and other support of $651,122 at June 30, 2018.

Permanently restricted net position contains donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for specified purposes. Investment earnings available for distribution are recorded as temporarily restricted net position, as the donors have imposed purpose restrictions on the earnings. Permanently restricted net position consists of endowments invested in perpetuity, the income from which is restricted by donors for future scholarships to students enrolled at Henry Ford College.

The College assumes the liability for the salaries of the Foundation's employees and certain general and administrative expenses. Expenses assumed by the College were $668,173 for the year ended June 30, 2018.

Note 14 - Designated Net Position

Within the proprietary funds' unrestricted net position, certain amounts are designated at June 30, 2018. The amounts are as follows:

	General Fund	Designated Fund
Working capital	$ 12,611,789	$ -
Technology improvements	-	1,783,285
Programming	-	1,369
Unrestricted and unallocated	(142,554,996)	-
Total	$ (129,943,207)	$ 1,784,654

Note 15 - Fair Value Measurements

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

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

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
P-12 investments - Fixed income - Treasuries	$ -	$ 6,376,928	$ -	$ 6,376,928
College investments:				
Fixed income - Corporate paper	-	11,949,420	-	11,949,420
Fixed income - Certificate of deposits - Participating	-	2,453,810	-	2,453,810
Fixed income - Treasuries	-	3,939,645	-	3,939,645
Total college investments	-	18,342,875	-	18,342,875
Foundation investments:				
Fixed income - Core	5,988,744	-	-	5,988,744
Equity - Large growth and value	10,023,594	-	-	10,023,594
Total foundation investments	16,012,338	-	-	16,012,338
Total assets	$ 16,012,338	$ 24,719,803	$ -	$ 40,732,141

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

The fair value of investments of the P-12 and the College at June 30, 2018 was determined primarily based on Level 2 inputs. The P-12 and College estimate the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Component Unit

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

Note 16 - Tax Abatements

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

For the fiscal year ended June 30, 2018, the School District's property tax revenue was reduced by $2,239,347 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately $1,457,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the debt service millages. There are no abatements made by the School District.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	$ 42,171,415	$ 42,282,338	$ 40,652,875	$ (1,629,463)
State sources	165,855,219	165,575,016	165,268,093	(306,923)
Federal sources	23,000	23,000	34,408	11,408
Interdistrict - Incoming transfers from other districts	10,959,369	11,645,349	10,695,294	(950,055)
Total revenue	219,009,003	219,525,703	216,650,670	(2,875,033)
Expenditures				
Current:				
Instruction:				
Basic programs	113,246,175	107,722,137	108,585,063	862,926
Added needs	18,455,868	18,516,961	18,409,226	(107,735)
Support services:				
Pupil	13,484,013	13,347,993	13,081,434	(266,559)
Instructional staff	11,525,077	10,959,437	10,210,475	(748,962)
General administration	1,060,853	1,100,034	1,053,344	(46,690)
School administration	14,735,592	15,801,322	15,884,696	83,374
Business	2,150,237	1,882,000	2,103,787	221,787
Operations and maintenance	21,917,168	24,265,126	23,732,996	(532,130)
Pupil transportation services	8,450,821	8,729,580	8,220,630	(508,950)
Central	4,481,256	5,658,770	4,771,989	(886,781)
Athletics	2,567,978	2,876,358	2,550,351	(326,007)
Community services	649,231	220,731	226,088	5,357
Total expenditures	212,724,269	211,080,449	208,830,079	(2,250,370)
Excess of Revenue Over Expenditures	6,284,734	8,445,254	7,820,591	(624,663)
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	1,000	35,000	30,915	(4,085)
Transfers in	1,735,787	1,735,787	1,962,881	227,094
Transfers out	(7,904,190)	(7,611,969)	(7,865,350)	(253,381)
Total other financing uses	(6,167,403)	(5,841,182)	(5,871,554)	(30,372)
Net Change in Fund Balance	117,331	2,604,072	1,949,037	(655,035)
Fund Balance - Beginning of year	28,579,109	28,579,109	28,579,109	-
Fund Balance - End of year	**$ 28,696,440**	**$ 31,183,181**	**$ 30,528,146**	**$ (655,035)**

See notes to required supplemental information.

Required Supplemental Information
Budgetary Comparison Schedule - Special Revenue Fund
Funded Projects

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 57,993	$ -	$ 19,719	$ 19,719
State sources	778,257	4,510,481	4,108,421	(402,060)
Federal sources	16,935,796	19,141,525	16,533,424	(2,608,101)
Interdistrict - Incoming transfers from other districts	3,069,360	3,239,880	3,281,718	41,838
Total revenue	20,841,406	26,891,886	23,943,282	(2,948,604)
Expenditures				
Current:				
Instruction:				
Basic programs	5,824,841	7,928,981	7,963,855	34,874
Added needs	9,128,553	10,548,881	9,075,962	(1,472,919)
Adult/Continuing education	310,714	119,056	128,438	9,382
Support services:				
Pupil	1,053,987	2,403,881	2,201,965	(201,916)
Instructional staff	3,127,298	3,783,267	3,060,146	(723,121)
School administration	2,000	1,500	1,452	(48)
Business	-	1,000	-	(1,000)
Operations and maintenance	10,798	30,253	20,019	(10,234)
Pupil transportation services	205,335	226,484	177,998	(48,486)
Central	73,825	292,388	122,751	(169,637)
Food services	500	-	648	648
Community services	913,774	1,074,729	829,470	(245,259)
Total expenditures	20,651,625	26,410,420	23,582,704	(2,827,716)
Excess of Revenue Over Expenditures	189,781	481,466	360,578	(120,888)
Other Financing Sources (Uses)				
Transfers in	11,591	-	3,193	3,193
Transfers out	(201,372)	(481,466)	(363,771)	117,695
Total other financing uses	(189,781)	(481,466)	(360,578)	120,888
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	$ -	$ -	$ -	$ -

See notes to required supplemental information.

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

Last Four Plan Years

Plan Years Ended September 30

	2017		2016		2015		2014	
	College	P-12	College	P-12	College	P-12	College	P-12
Proportion of the collective MPSERS net pension liability	0.47006 %	1.46387 %	0.46260 %	1.45070 %	0.44420 %	1.40690 %	0.41190 %	1.36530 %
School District's proportionate share of the net pension liability	$ 121,812,093	$ 379,349,782	$ 115,404,414	$ 361,929,771	$ 108,513,913	$ 343,626,845	$ 90,738,688	$ 300,722,387
Covered employee payroll	$ 39,611,832	$ 122,229,184	$ 39,002,600	$ 124,444,156	$ 37,594,029	$ 117,342,529	$ 35,090,424	$ 115,972,345
Proportionate share of the net pension liability as a percentage of its covered employee payroll	307.51 %	310.36 %	295.89 %	290.84 %	288.64 %	292.84 %	258.59 %	259.31 %
MPSERS fiduciary net position as a percentage of total pension liability	63.96 %	63.96 %	63.01 %	63.01 %	63.17 %	62.92 %	66.18 %	66.20 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of the School District of the City of Dearborn, Michigan's Contributions
Michigan Public School Employees' Retirement System

Last Four Fiscal Years

Years Ended June 30

	2018		2017		2016		2015	
	College	P-12	College	P-12	College	P-12	College	P-12
Statutorily required contribution	$ 11,950,133	$ 37,839,965	$ 11,211,788	$ 34,322,159	$ 10,751,416	$ 32,998,038	$ 6,397,865	$ 25,594,553
Contributions in relation to the contractually required contribution	11,950,133	37,839,965	11,211,788	34,322,159	10,751,416	32,998,038	6,397,865	25,594,553
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	$ 38,942,209	$ 126,354,565	$ 40,361,645	$ 121,864,395	$ 38,380,413	$ 118,269,399	$ 37,197,602	$ 117,149,391
Contributions as a Percentage of Covered Employee Payroll	30.69 %	29.95 %	27.78 %	28.16 %	28.01 %	27.90 %	17.20 %	21.85 %

See notes to required supplemental information.

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

Last Two Plan Years

For the Plan Year Ended June 30

	2017	
	College	P-12
Proportion of the net OPEB liability	0.46946 %	1.46266 %
Proportionate share of the net OPEB liability	$ 41,572,746	$ 129,525,038
Covered employee payroll	$ 39,611,832	$ 122,229,184
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	104.95 %	105.97 %
Plan fiduciary net position as a percentage of total OPEB liability	36.53 %	36.53 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of the School District of the City of Dearborn, Michigan's Contributions
Michigan Public School Employees' Retirement System

Last Fiscal Year

Year Ended June 30

	2018 College	2018 P-12
Statutorily required contribution	$ 2,814,540	$ 9,126,243
Contributions in relation to the statutorily required contribution	2,814,540	9,126,243
Contribution Deficiency	**$ -**	**$ -**
Covered Employee Payroll	$ 38,942,209	$ 126,354,565
Contributions as a Percentage of Covered Employee Payroll	7.23 %	7.22 %

See notes to required supplemental information.

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.

Covered Payroll

The employers' covered payroll to be reported in the required supplemental information is defined by GASB 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based, and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For College employers, covered payroll for both pension and OPEB is the greater of (1) university payroll on which contributions to the plan are based or (2) the required minimum payroll amount required by PA 136 of 2016. For nonuniversity employers, covered payroll represents payroll on which contributions to both plans are based.

Benefit Changes

There were no changes of benefit terms for the plan year ended September 30, 2017.

Changes in Assumptions

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent to 7.00 to 7.50 percent based on the group.

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.

Covered Payroll

The employers' covered payroll to be reported in the required supplemental information is defined by GASB 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based, and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For College employers, covered payroll for both pension and OPEB is the greater of (1) university payroll on which contributions to the plan are based or (2) the required minimum payroll amount required by PA 136 of 2016. For nonuniversity employers, covered payroll represents payroll on which contributions to both plans are based.

Benefit Changes

There were no changes of benefit terms for the plan year ended September 30, 2017.

Changes in Assumptions

There were no changes of benefit assumptions for the plan year ended September 30, 2017.

Other Supplemental Information

	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds: Cafeteria	Nonmajor Special Revenue Funds: Adult Education	Nonmajor Special Revenue Funds: Center Program
Assets				
Cash and investments	$ -	$ 2,785,726	$ 962,835	$ -
Accounts and grants receivable	-	327,935	333,350	-
Due from other funds	-	508,912	-	3,132,059
Inventories	-	79,401	-	-
Prepaid costs	-	-	150	-
Restricted assets	7,131,300	-	-	-
Total assets	**$ 7,131,300**	**$ 3,701,974**	**$ 1,296,335**	**$ 3,132,059**
Liabilities				
Accounts and contracts payable	$ 157	$ 356,520	$ 50,326	$ 2,550,532
Due to other funds	1,115,890	-	327,822	-
Accrued salary, wages, and fringe benefits payable	-	84,830	36,184	581,527
Unearned revenue	-	36,675	40,862	-
Total liabilities	1,116,047	478,025	455,194	3,132,059
Fund Balances				
Nonspendable:				
Inventory	-	79,401	-	-
Prepaid costs	-	-	150	-
Restricted:				
Debt service	6,015,253	-	-	-
Capital projects	-	-	-	-
Food service	-	3,144,548	-	-
Assigned:				
Capital projects	-	-	-	-
Adult education	-	-	840,991	-
Total fund balances	6,015,253	3,223,949	841,141	-
Total liabilities and fund balances	**$ 7,131,300**	**$ 3,701,974**	**$ 1,296,335**	**$ 3,132,059**

June 30, 2018

Nonmajor Capital Project Funds		
2014 Capital Projects Fund	General Building and Site	Total Nonmajor Funds
$ -	$ -	$ 3,748,561
-	-	661,285
-	3,820,001	7,460,972
-	-	79,401
-	-	150
1,190,498	-	8,321,798
$ 1,190,498	**$ 3,820,001**	**$ 20,272,167**
$ 112,731	$ 1,034,396	$ 4,104,662
4,139	-	1,447,851
-	-	702,541
-	-	77,537
116,870	1,034,396	6,332,591
-	-	79,401
-	-	150
-	-	6,015,253
1,073,628	-	1,073,628
-	-	3,144,548
-	2,785,605	2,785,605
-	-	840,991
1,073,628	2,785,605	13,939,576
$ 1,190,498	**$ 3,820,001**	**$ 20,272,167**

	Debt Service Fund	Special Revenue Funds: Cafeteria	Special Revenue Funds: Adult Education	Special Revenue Funds: Center Program
Revenue				
Local sources	$ 16,128,585	$ 1,258,024	$ 1,287,961	$ -
State sources	1,300,980	361,926	1,540,918	3,202,060
Federal sources	746,933	7,478,078	-	-
Interdistrict - Incoming transfers from other districts	-	-	-	7,187,739
Total revenue	18,176,498	9,098,028	2,828,879	10,389,799
Expenditures				
Current:				
Instruction	-	-	1,130,208	6,569,296
Support services	67,404	1,825	1,117,814	3,342,316
Food services	-	7,791,938	-	-
Community services	-	-	433,048	-
Debt service:				
Principal	13,593,358	-	-	-
Interest and other	6,769,249	-	-	-
Fees and other bond costs	8,000	-	-	-
Capital outlay	-	1,671,352	20,272	40,948
Total expenditures	20,438,011	9,465,115	2,701,342	9,952,560
Excess of Revenue (Under) Over Expenditures	(2,261,513)	(367,087)	127,537	437,239
Other Financing Sources (Uses)				
Transfers in	1,897,769	137,940	-	800,816
Transfers out	-	(498,995)	-	(1,238,055)
Total other financing sources (uses)	1,897,769	(361,055)	-	(437,239)
Net Change in Fund Balances	(363,744)	(728,142)	127,537	-
Fund Balances - Beginning of year	6,378,997	3,952,091	713,604	-
Fund Balances - End of year	**$ 6,015,253**	**$ 3,223,949**	**$ 841,141**	**$ -**

Year Ended June 30, 2018

Capital Project Funds		
2014 Capital Projects Fund	General Building and Site	Total Nonmajor Funds
$ 3,828	$ -	$ 18,678,398
-	-	6,405,884
-	-	8,225,011
-	-	7,187,739
3,828	-	40,497,032
-	-	7,699,504
-	-	4,529,359
-	-	7,791,938
-	-	433,048
-	-	13,593,358
-	-	6,769,249
-	-	8,000
1,202,861	3,868,252	6,803,685
1,202,861	3,868,252	47,628,141
(1,199,033)	(3,868,252)	(7,131,109)
-	5,163,572	8,000,097
-	-	(1,737,050)
-	5,163,572	6,263,047
(1,199,033)	1,295,320	(868,062)
2,272,661	1,490,285	14,807,638
$ 1,073,628	**$ 2,785,605**	**$ 13,939,576**

	Combined Total	General Fund	Pension and OPEB Liability Fund*	Auxiliary Services Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 7,815,337	$ 166,961	$ -	$ 175,865
Short-term investments	14,177,991	14,177,991	-	-
Receivables - Net:				
Property taxes receivable	327,233	327,233	-	-
Student receivables	1,599,965	1,523,358	-	20,217
Accounts and grants	702,856	-	-	-
Due from other governments	4,949,231	4,949,231	-	-
Internal balances	(18,938)	(18,938)	-	-
Inventories	743,843	-	-	737,952
Prepaid expenses and other assets	2,018,711	2,018,711	-	-
Total current assets	32,316,229	23,144,547	-	934,034
Noncurrent assets:				
Long-term investments	5,175,355	5,175,355	-	-
Capital assets - Net	78,747,384	-	-	-
Total noncurrent assets	83,922,739	5,175,355	-	-
Total assets	116,238,968	28,319,902	-	934,034
Deferred Outflows of Resources				
Deferred outflows related to pensions	31,393,706	-	31,393,706	-
Deferred charges on bond refunding	277,150	-	-	-
Deferred OPEB costs	2,260,178	-	2,260,178	-
Total deferred outflows of resources	33,931,034	-	33,653,884	-
Liabilities				
Current liabilities:				
Accounts payable	2,153,503	2,132,438	-	-
Internal balances	(64,959)	6,486,066	-	(4,301,014)
Deposits held for others	117,453	-	-	-
Accrued payroll and other liabilities	5,370,448	5,080,835	-	5,611
Unearned revenue	2,803,367	1,253,372	-	-
Early termination obligation	220,554	220,554	-	-
Risk management	393,531	393,531	-	-
Current portion of long-term liabilities	1,401,102	-	-	-
Total current liabilities	12,394,999	15,566,796	-	(4,295,403)
Noncurrent liabilities:				
Bonds and notes payable - Net of unamortized premium and discounts	27,240,268	-	-	-
Early termination obligation	141,317	141,317	-	-
Net pension liability	121,812,093	-	121,812,093	-
Net OPEB obligation	41,572,746	-	41,572,746	-
Total noncurrent liabilities	190,766,424	141,317	163,384,839	-
Total liabilities	203,161,423	15,708,113	163,384,839	(4,295,403)
Deferred Inflows of Resources	12,824,041	-	12,824,041	-
Net Position				
Net investment in capital assets	50,383,164	-	-	-
Unrestricted	(116,198,626)	12,611,789	(142,554,996)	5,229,437
Total net position	**$ (65,815,462)**	**$ 12,611,789**	**$ (142,554,996)**	**$ 5,229,437**

June 30, 2018

Designated Fund	Restricted Fund	Agency Fund	Plant Funds
$ 294,426	$ 431,815	$ 117,452	$ 6,628,818
-	-	-	-
-	-	-	-
1,670	-	19,685	35,035
-	702,856	-	-
-	-	-	-
-	-	-	-
5,891	-	-	-
-	-	-	-
301,987	1,134,671	137,137	6,663,853
-	-	-	-
-	-	-	78,747,384
-	-	-	78,747,384
301,987	1,134,671	137,137	85,411,237
-	-	-	-
-	-	-	277,150
-	-	-	-
-	-	-	277,150
-	19,006	-	2,059
(1,985,203)	671,679	19,684	(956,171)
-	-	117,453	-
-	12,172	-	271,830
502,536	431,814	-	615,645
-	-	-	-
-	-	-	-
-	-	-	1,401,102
(1,482,667)	1,134,671	137,137	1,334,465
-	-	-	27,240,268
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	27,240,268
(1,482,667)	1,134,671	137,137	28,574,733
-	-	-	-
-	-	-	50,383,164
1,784,654	-	-	6,730,490
$ 1,784,654	**$ -**	**$ -**	**$ 57,113,654**

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

	Combined Total	Eliminations	General Fund	Pension and OPEB Liability Fund*
Operating Revenue				
Tuition and fees - Net of scholarship allowance of $26,871,969	$ 24,930,230	$ (26,871,969)	$ 48,657,516	$ -
Federal grants	2,644,607	-	-	-
State and local grants and gifts	3,284,362	-	-	-
Auxiliary enterprises	6,483,091	-	-	-
Other funds expenditures for capital assets	-	(1,301,064)	-	-
Miscellaneous	2,433,557	-	969,853	-
Total operating revenue	39,775,847	(28,173,033)	49,627,369	-
Operating Expenses				
Instruction	46,886,222	(929,147)	46,305,650	-
Information technology	4,201,207	-	4,201,207	-
Instructional support	3,486,366	-	3,467,485	-
Student services	15,628,313	(26,977,668)	11,507,179	-
Institutional administration	14,458,338	(221,360)	10,900,460	3,779,241
Physical plant operations	8,971,992	(43,700)	9,015,692	-
Auxiliary enterprises	5,857,630	(1,158)	-	-
Repairs and maintenance	1,355,512	-	599,518	-
Depreciation expense	9,692,458	-	-	-
Total operating expenses	110,538,038	(28,173,033)	85,997,191	3,779,241
Operating (Loss) Income	(70,762,191)	-	(36,369,822)	(3,779,241)
Nonoperating Revenue (Expense)				
Federal grants	26,920,071	-	-	-
State appropriations	31,176,282	-	31,176,697	(415)
Property taxes	13,268,639	-	13,119,169	-
Investment income	254,886	-	254,886	-
Interest on capital asset-related debt expenses	(1,821,879)	-	-	-
Total nonoperating revenue (expense)	69,797,999	-	44,550,752	(415)
Transfers (Out) In	-	-	(6,470,662)	-
Change in Net Position	(964,192)	-	1,710,268	(3,779,656)
Net Position - Beginning of year, as previously reported	(22,788,265)	-	10,901,521	(96,712,335)
Cumulative Effect of Change in Accounting	(42,063,005)	-	-	(42,063,005)
Net Position - Beginning of year	(64,851,270)	-	10,901,521	(138,775,340)
Net Position - End of year	**$ (65,815,462)**	**$ -**	**$ 12,611,789**	**$ (142,554,996)**

Other Supplemental Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds

Year Ended June 30, 2018

Auxiliary Services Fund	Designated Fund	Restricted Fund	Plant Funds
$ -	$ 1,638,694	$ -	$ 1,505,989
-	-	2,205,339	439,268
-	66,500	3,181,277	109,291
6,426,371	56,720	-	-
-	-	-	1,301,064
-	170,343	3,371	1,289,990
6,426,371	1,932,257	5,389,987	4,645,602
1,195	394,858	1,094,373	19,293
-	-	-	-
-	18,881	-	-
-	91,812	31,079,696	-
-	(3)	-	-
-	-	-	-
5,858,788	-	-	-
2,043	100,368	680,159	(26,576)
-	-	-	9,692,458
5,862,026	605,916	32,854,228	9,685,175
564,345	1,326,341	(27,464,241)	(5,039,573)
-	-	26,920,071	-
-	-	-	-
-	-	-	149,470
-	-	-	-
-	-	-	(1,821,879)
-	-	26,920,071	(1,672,409)
-	(464,188)	544,170	6,390,680
564,345	862,153	-	(321,302)
4,665,092	922,501	-	57,434,956
-	-	-	-
4,665,092	922,501	-	57,434,956
$ 5,229,437	**$ 1,784,654**	**$ -**	**$ 57,113,654**

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

June 30, 2018

Years Ending June 30	2010 QSCB Principal	2013 Refunding Principal	2015 Site Bond (Series A) Principal	2015 Site Bond (Series B) Principal	2017 Refunding Principal	Total
2019	$ -	$ 521,619	$ 2,075,000	$ 300,000	$ 10,225,000	$ 13,121,619
2020	-	530,460	2,425,000	320,000	8,375,000	11,650,460
2021	-	543,721	2,800,000	340,000	8,425,000	12,108,721
2022	-	539,301	3,075,000	350,000	8,425,000	12,389,301
2023	-	552,563	3,375,000	360,000	-	4,287,563
2024	-	548,142	3,600,000	-	-	4,148,142
2025	-	-	3,775,000	-	-	3,775,000
2026	-	-	3,975,000	-	-	3,975,000
2027	15,000,000	-	4,175,000	-	-	19,175,000
2028	-	-	4,375,000	-	-	4,375,000
2029	-	-	4,600,000	-	-	4,600,000
2030	-	-	4,775,000	-	-	4,775,000
2031	-	-	5,000,000	-	-	5,000,000
2032	-	-	5,225,000	-	-	5,225,000
2033	-	-	5,475,000	-	-	5,475,000
2034	-	-	5,700,000	-	-	5,700,000
Total remaining payments	**$ 15,000,000**	**$ 3,235,806**	**$ 64,425,000**	**$ 1,670,000**	**$ 35,450,000**	**$ 119,780,806**
Interest rate	6.625%	2.5% - 4.0%	3.0% - 5.0%	3.0% - 3.25%	5.0%	
Original issue	**$ 15,000,000**	**$ 8,602,293**	**$ 68,475,000**	**$ 2,480,000**	**$ 45,520,000**	**$ 146,572,293**

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.