

Utica Community Schools

**Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2022**



**Utica Community Schools
11303 Greendale
Sterling Heights, Michigan 48312**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

UTICA COMMUNITY SCHOOLS

11303 Greendale
Sterling Heights, Michigan 48312
(586) 797-1000

For the Fiscal Year Ended June 30, 2022

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Report prepared by the Finance Department

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Administrative Service Center

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Robert S. Monroe
Superintendent of Schools

October 5, 2022

To the Parents and Citizens of Utica Community Schools:

As an introduction to our June 30, 2022 Annual Comprehensive Financial Report (ACFR), this letter of transmittal is intended to provide an overview of Utica Community Schools (the “School District”) financial status as well as economic factors affecting the surrounding communities. The report is the result of the annual independent audit provided for the Board of Education. The report was prepared by the Business and Finance Department, in accordance with generally accepted accounting principles. The basic financial statements have been audited by the firm of Plante & Moran, PLLC, an independent auditor, and the report is preceded by their unmodified opinion.

The Annual Comprehensive Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is presented in the following major sections: *The introductory section* introduces the reader to Utica Community Schools (UCS) and to this report. Included are facts about the School District, this transmittal letter and the School District’s organizational chart. *The financial section* contains the independent auditor’s report, the management’s discussion and analysis report and basic financial statement information. Included in the School District’s basic financial statements are government-wide financial statements, fund financial statements and notes to the financial statements. The management’s discussion and analysis provides an overview and analysis of the School District’s basic financial statements and should be read in conjunction with the financial statements. *The statistical section* and other information (unaudited) includes selected historical, financial and demographic information of the School District and its surrounding communities. This section is intended to reflect economic data, financial trends and the fiscal capabilities of the School District.

Utica Community Schools Overview

Utica Community Schools is known nationally and statewide for its educational excellence. As Michigan’s second largest public school district, UCS has earned its reputation with innovative, rigorous programming, high expectations for students and responsible fiscal management. UCS is committed to managing and utilizing its funds reasonably and carefully by providing nationally recognized academic return on the taxpayers’ investment.

Utica Community Schools is located in southeastern Michigan’s Macomb County, approximately 15 miles north of Detroit. The school district currently operates 25 elementary

Utica Community Schools Board of Education

Mary K. Thomas, Ph.D., <i>President</i>	Denyeal Nesovski, <i>Vice President</i>	Michele Templeton, <i>Treasurer</i>	Kelli Rankin, <i>Secretary</i>
Kimberly Becker, <i>Trustee</i>	Steven R. Meyer, Ph.D., <i>Trustee</i>	Adrienne Rubel, <i>Trustee</i>	

schools, seven junior high schools, four comprehensive high schools, an alternative learning center, and four specialty programs (Gene L. Klida Utica Academy for International Studies, the Utica Center for Science and Industry, the Utica Center for Mathematics, Science and Technology, and the Stevenson Center for Manufacturing, Automation and Design Engineering).

Utica Community Schools buildings were originally constructed between 1929 and 2005. UCS facilities have an average age of 50 years. Through the bond issues supported by our community, UCS is strategically maintaining its facilities, technology and infrastructure to ensure safety and security and environments that are conducive to teaching and learning. The district's needs are identified through a strategic, long-range facility improvement program.

District's Academic Focus

Through the leadership of our Board of Education, Utica Community Schools has embarked on a strategic planning process called AccelerateUCS! Despite the pandemic challenges of the past few years, the district has continued to move forward with this plan, including gathering a great deal of information from its stakeholders about future opportunities and challenges.

One of the first stages of the plan was the development of a new vision and mission statement for the district. The statements were adopted by the Board of Education at its August 15, 2022 meeting.

Vision Statement

Utica Community Schools, in partnership with our community, will empower students to positively transform their future and the world.

Mission Statement

Utica Community Schools ignites a passion for learning in all students. We strengthen our community by welcoming all learners, honoring culture, and inspiring remarkable growth and achievement. We accomplish this by:

- Ensuring students are at the heart of all decisions
- Collaborating with all stakeholders
- Providing a safe and supportive environment
- Encouraging mindsets that are open to innovation
- Reimagining what school can be
- Promoting high expectations throughout Utica Community Schools
- Committing to multiple pathways toward excellence and achievement for all

COVID-19 Learning Plan

The UCS learning plan which is based on three key focus areas: health and safety, academic excellence and access, and the ability to effectively implement the UCS plan, remained in place this school year.

The district conducted in-person instruction for students throughout the school year while

continuing the UCS Virtual Academy as a choice for families who wanted to maintain a remote learning environment. The virtual academy provided families virtual access to K-12 programs offered through Utica Community Schools, including core elementary and specials and secondary required courses and electives. Important traditions such as athletics, fine arts events and graduation also returned to in-person.

The learning plan and access for all students – whether in-person or remote – was supported through the 1:1 technology initiative.

UCS also worked to support the social-emotional needs of students during the pandemic. An electronic mental health card and virtual calming room are two examples of resources teachers used to meet both the academic and emotional needs of students.

Academic Excellence

Utica Community Schools students continue to outperform their county, state, and national peers on standardized tests. The district's graduation rate of 93.6 percent is 13 points higher than the state average.

Staff, students and programs are recognized for excellence at all levels. Examples include:

- For the eighth time, Utica Community Schools has been named one of the nation's best communities for music education by National Association of Music Merchants (NAMM).
- UCS Teacher Chris Kuhlman was named the Michigan Speech Coaches Incorporated Coach of the Year at the organization's May 23 conference, tournament, and awards ceremony at the Grand Hotel on Mackinac Island.
- Utica High School senior Sophia Meguid was named among 620 semifinalists in the 2022 U.S. Presidential Scholars Program.
- All UCS high schools have once again been named among the best in the nation by *U.S. News and World Report*. Schools were ranked on six factors based on their performance on state assessments and how well they prepare students for college.
- The Gene L. Klida Utica Academy for International Studies has once again been named Michigan's most academically challenging high school by the nation's most established ranking system. The "Jay Mathews Challenge Index" rated GLK-UAIS as the state's best and 56 out of the nation's top 300 high schools to place it in the top 1 percent of the country's 22,000 high schools.
- Dillon Warner, a Stevenson High School junior, was selected this year to perform with the American School Band Directors Association (ASBDA) 2022 National Honors Band.

Accountability

Utica Community Schools has a proven track record of responsible management of taxpayer funds and dedication to educational excellence. The district continues to meet the highest standards for its financial controls and accountability to taxpayers, according to its auditors Plante & Moran, PLLC. Utica Community Schools also continues to earn national recognition for its high standards in reporting financial information to its community. The district is among approximately 500 nationally

to earn a Certificate of Excellence in Financial Reporting award for its Annual Comprehensive Financial Report (ACFR) from the Association of School Business Officials International.

The UCS community has trusted and supported the school district to diligently use taxpayer funds to achieve its educational mission. Voters approved a \$155 million bond issue in November of 2018 focused on three critical areas: safety and security; infrastructure improvements identified through the district's long-range facility program; and technology. For the 2021-22 school year, \$21 million in improvements were in place, including infrastructure improvements as identified in the district's long-range improvement program, technology, replacement of school buses and preparation for the renovation of locker rooms at two high schools.

Economic Conditions and Outlook

Utica Community Schools is comprised primarily of Shelby Township, Sterling Heights, Utica, and portions of Macomb, Ray and Washington townships. Local employment is predominately comprised of the public school district, health care industries and auto-related manufacturing companies. Macomb County's annual average unemployment level in 2021 was 5.9 percent, the current level is 4.3 percent (June, source: Bureau of Labor Statistics <https://data.bls.gov/map/>). Property values within the 66 square miles of the district's boundaries increased by 5.2 percent over last year.

Michigan school districts are funded with revenue from local, state and federal sources. The primary source of revenue is the foundation allowance¹ funded at a state set per student allocation multiplied by the number of students. In 2021-2022 a target foundation was established of \$8,700; this brought all districts, including UCS to this minimum funding level. The UCS 2021-2022 foundation allowance was \$8,700 per-pupil, an increase of \$458 over the prior year, and is comprised of both state funding and local non-homestead taxes². The state revenue comprises 74 percent of the School District's operating revenue.

Utica Community Schools fall 2021 enrollment was approximately 25,800, an increase of .6 percent from the previous year. Plante & Moran CRESA prepared enrollment projections for the 2022-2023 school year and estimates a reduction of .3 percent for a total enrollment of approximately 25,700.

The School District was rated 'A+' with a stable outlook by Standard & Poor's (S&P) in April 2022. S&P indicated the upgrade reflects the district's significantly improved financial position and robust, growing tax base providing further stability to the rating.

Macomb County voters approved a 1.9 mill enhancement millage for ten years to support all school districts within the Macomb Intermediate School District boundaries on a per pupil basis. The 2021-

¹ The foundation allowance is the per student allocation to school districts as determined by the state ranging from \$8,700 to \$16,087 (UCS \$8,700). The foundation allowance is funded by local non-homestead property taxes and state funding.

² Non-homestead taxes are levied by school districts on non-homestead properties (properties used for rental, industrial, commercial, or second homes) to support operating expenses.

2022 fiscal year was the second year of the levy, UCS received \$12.6 million from this revenue source.

Fund balance in the General Fund improved by \$11.1 million to a total of \$61.6 million or 19.7 percent of expenditures. The improvement was due primarily to state funding increases in the per pupil foundation allowance, retirement offset and special education categorical funding. The district spent 77 percent of its budget supporting classrooms including teachers, paraprofessionals, supplies and other supports.

Internal Control Structure

Management is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the School District are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control systems are subject to inherent limitations with regard to the necessity to balance cost against the benefit produced. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement.

Budgetary Control

The School District's Business and Finance Department maintains budgetary controls to ensure that budgets, as established by the Board of Education, are in compliance with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. Formal budgetary integration is employed as a management control device throughout the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The budget document presents information by fund and function, which is the legal level at which expenditures may not exceed appropriations. Although the total budgeted expenditures was not exceeded, UCS incurred an unanticipated expenditure in the General Fund after the final budget amendment which resulted in expenditures in excess of the amounts budgeted for the business line item. The budget is amended in January and June to address variances that occur in enrollment, revenue, and expenditures.

Monthly financial reports are provided as part of regularly scheduled public meetings to the Board of Education which include function budget, actual year-to-date revenues and expenditures, the remaining balance and the percent remaining. Under the guidelines of the State of Michigan's School Accounting Manual (Bulletin 1022), detailed line-item budget information is provided, and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The controls are integrated into the School District's computerized accounting system. An encumbrance system is used to measure the uncommitted budget amount available at any given point in time during the year. The existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they would be detected within a timely manner. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility and accountability for sound financial

management.

Capital Projects

On May 5, 2009, the voters approved a \$112.5 million bond issue for school building and site purposes. Use of bond funds were approved for items including technology infrastructure and equipment, remodeling and construction, equipping and furnishing buildings, acquiring buses, and improving and developing sites. The eighth and final series was sold in February 2017 and this bond issue is now complete.

The Utica Community Schools voters approved a \$155 million bond proposal on the November 6, 2018 ballot to address safety and security, technology and infrastructure improvements identified through the district's strategic, long-range facilities improvement program. The first series of \$105 million was sold in February 2019, the second series of \$10 million was sold June 2020 and the third series of \$20 million was sold May 2022. Progress of these bond projects is available on the district's website at www.uticak12.org/2018bond/updates.

Independent Audit

The State of Michigan statutes require that each school district have an annual audit conducted by independent certified public accountants. The Utica Community Schools Board of Education approved the accounting firm of Plante & Moran, PLLC to provide their auditing services for the 2021-2022 fiscal year. In addition, 2 CFR Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards requires that all governmental recipients of federal assistance have organizational-wide financial and compliance audits on an annual basis. Plante & Moran, PLLC conducted the audit of the School District's Federal Awards. The results of the single audit for the fiscal year ended June 30, 2022 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The auditor's report on the basic financial statements is included herein.

Fund Balance Policy

The purpose of a fund balance is to provide adequate working capital to meet the financial requirements during the operating year. The district's administrative procedures require that the Superintendent recommends annually to the Board of Education a fund balance target to meet operating obligations, the needs of children, and to eliminate any structural deficit. The general fund appropriations resolution includes the projected level of fund balance.

Fund equity may not be transferred for use without Board of Education approval through an amendment to the budget.

Awards

Utica Community Schools received its tenth Certificate of Excellence in Financial Reporting from

the Association of School Business Officials International (ASBO) for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The Board of Education remains committed to providing its citizens and other users with comprehensive financial reporting.


The comprehensive financial report has been prepared following the guidelines recommended by ASBO. In order to be awarded a Certificate of Excellence, the School District must publish an easily readable and efficiently organized report. This report must satisfy both accounting principles generally accepted in the United States of America as well as applicable legal requirements.

A Certificate of Excellence is valid for a one-year period. This is the eleventh year that Utica Community Schools is completing the Annual Comprehensive Financial Report and we believe this current report will meet the Certificate of Excellence program's requirements and are submitting it to ASBO to determine its eligibility for this certificate.

Acknowledgements

The preparation of this report was accomplished through the commitment and dedication of the Business and Finance Department. The Board of Education would like to express appreciation to all staff who assisted in the timely closing of the financial records and the preparation of this report.

Sincerely,



Mary K. Thomas, Ph.D.
Board of Education, President



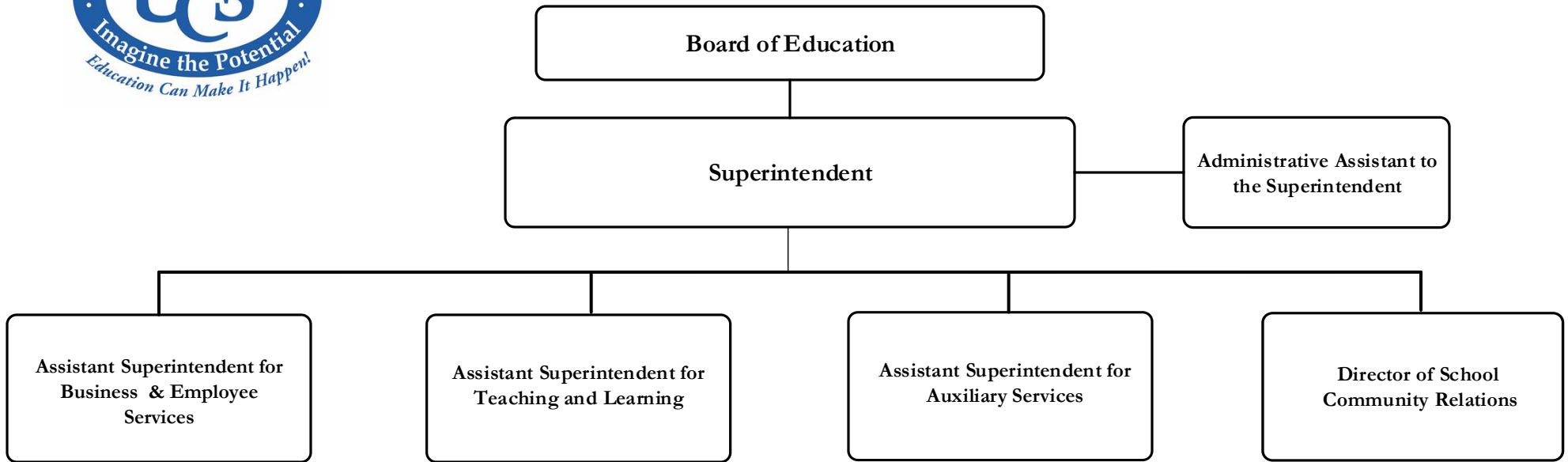
Michele Templeton
Board of Education, Treasurer



Robert S. Monroe
Superintendent of Schools



William Holbrook, CPA
Assistant Superintendent
for Business and Employee Services





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Utica Community Schools

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

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



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

William A. Sutter
President

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

David J. Lewis
Executive Director

Independent Auditor's Report

To the Board of Education
Utica Community Schools

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
Utica Community Schools

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

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

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

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other supplemental information, as identified in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

To the Board of Education
Utica Community Schools

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

October 5, 2022

Management's Discussion and Analysis (Continued)

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Utica Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term 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 General Fund and the 2018 Bond Series I, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District 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 Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of Pension Contributions

Schedule of OPEB Contributions

Other Supplemental Information

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

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

Management's Discussion and Analysis (Continued)

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

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, food services, enrichment, bookstore, student activities, debt service, and capital projects. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds - Internal Service Fund

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost reimbursement basis. The specific services represent workers' compensation, sick leave, accrued vacation, and unemployment liabilities.

Utica Community Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

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

	Governmental Activities	
	2022	2021
	(in thousands)	
Assets		
Current and other assets	\$ 202,635	\$ 180,443
Capital assets	319,097	318,741
Total assets	521,732	499,184
Deferred Outflows of Resources	117,455	161,535
Liabilities		
Current liabilities	55,732	53,905
Noncurrent liabilities	188,551	191,854
Net pension liability	407,484	588,175
Net OPEB liability	26,342	90,899
Total liabilities	678,109	924,833
Deferred Inflows of Resources	273,312	116,940
Net Position		
Net investment in capital assets	185,897	183,534
Restricted	13,696	9,378
Unrestricted	(511,827)	(573,966)
Total net position	\$ (312,234)	\$ (381,054)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(312.2) million on June 30, 2022. Net investment in capital assets totaling \$185.9 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position \$(511.8) million) was unrestricted.

The \$(511.8) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement No. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Utica Community Schools

Management's Discussion and Analysis (Continued)

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

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

	Governmental Activities	
	2022	2021
	(in thousands)	
Revenue		
Program revenue:		
Charges for services	\$ 5,939	\$ 3,465
Operating Grants	117,426	103,255
General revenue:		
Taxes	62,857	60,432
State aid not restricted to specific purposes	184,291	179,244
Other	5,738	4,677
Total revenue	376,251	351,073
Expenses		
Instruction	175,931	214,866
Support services	93,875	87,604
Bookstore activities	521	109
Athletics	2,732	2,985
Food services	8,624	5,451
Community services	1,394	377
Debt service	6,306	6,124
Depreciation expense and amortization (unallocated, excluding direct program charges)	16,127	15,336
Other	1,921	2,623
Total expenses	307,431	335,475
Change in Net position	68,820	15,598
Net Position - Beginning of year	(381,054)	(396,652)
Net Position - End of Year	\$ (312,234)	\$ (381,054)

Management's Discussion and Analysis (Continued)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$307.4 million. Certain activities were partially funded from those who benefited from the programs (\$5.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$117.4 million). We paid for the remaining "public benefit" portion of our governmental activities with \$62.9 million in taxes, \$184.3 million in state foundation allowance, and \$5.7 million of other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$68.8 million. The change in net position was mainly attributable to a \$44.9 million net decrease in the School District's proportionate share of the MPSERS pension and OPEB liabilities as well as the related deferred inflows and outflows and a \$14.2 million increase in operating grants.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$144.2 million, which is an increase of \$20.8 million from last year. The primary reason for the increase was the sale of the third series of the 2018 bond in May 2022 of \$20 million offset in part by the continued spending of bond funds to complete construction projects and an increase in the General Fund.

In the General Fund, our principal operating fund, the fund balance increased \$11.1 million to \$61.6 million. The change is mainly due to increased state funding in the form of an additional \$458 per pupil on the foundation allowance, an increase in the retirement offset and special education categorical funding. Expenditures also increased as the district returned to continuous in-person learning requiring the need to staff support positions, substitutes and supplies. The increase in other financing uses is due to a transfer to the Building and Site Fund related to computer purchases.

Fund balance increased in our special revenue funds by \$5.2 million to \$17.0 million this year. Expansion of enrichment and childcare services yielded improvement of \$1.5 million, food service meals were fully supported by federal USDA funding resulting in \$3.2 million increase, bookstore and student activities improved by \$.1 and \$.4 million respectively.

The fund balance of our debt service funds increased \$0.3 million due to changes in property tax collections and the debt repayment schedule. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

Combined, the fund balance of our capital project funds increased \$4.2 million as the result of the sale of series III of the 2018 bond and the continuation of bond funded projects.

Budgetary Highlights

The School District revises its budget throughout the year to reflect changes between the assumptions made during budget development and the actual data as it becomes available. State law requires that the budget be amended to ensure expenditures do not exceed appropriations. The final amendment to the budget was 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. The overall impact of budget adjustments during the 2021-2022 school year was an overall improvement to the fund balance of \$4.1 million.

Revisions were made to 2021-2022 General Fund revenue budget to increase the total amount by \$3.8 million primarily due to a better than projected increase in the foundation allowance, student membership count and state categorical funding resulting in \$17.6 million, offset by a reduction in the federal grant budget of \$13.5 million to adjust COVID-19 relief grants to awards and anticipated use within the fiscal year for multi-year grants.

Budgeted expenditures decreased by \$4.1 million based on corresponding decreases for federal grants, offset in part by increases for actual personnel staffing levels, transportation supplies and substitute costs consistent with full year in-person student days. Other financing sources (uses) were amended to address the implementation of GASB 87 - lease accounting, sale of capital assets and transfers out to the Building and Site Fund related to computer purchases.

Capital Assets and Debt Administration**Capital Assets**

As of June 30, 2022 and June 30, 2021, the School District had \$319.1 million and \$318.7 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, equipment and leased assets. This represents a net increase (including additions, disposals, and depreciation) of approximately \$355 thousand from 2021 to 2022.

	Governmental Activities	
	2022	2021
Land	\$ 20,090,056	\$ 20,090,056
Construction in progress	8,703,556	10,042,822
Buildings and improvements	458,533,322	445,108,967
Furniture and equipment	45,747,210	45,810,629
Buses and other vehicles	24,051,727	22,653,299
Land improvements	49,452,264	45,796,538
Lease assets	631,189	-
Total capital assets	607,209,324	589,502,311
Less - Accumulated depreciation and amortization	288,112,642	270,760,967
Total capital assets- Net of accumulated depreciation and amortization	<u>\$ 319,096,682</u>	<u>\$ 318,741,344</u>

Governmental Activities

This year's additions of \$11.6 million included the completion of the secure front entryway project with the final school finished, security features such as classroom locking systems, mechanical upgrades, paving improvements, buses and furniture and equipment replacement. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$166.6 million in bonds outstanding versus \$170.7 million in the previous year.

The School District's general obligation bond rating is A+ with a stable outlook. 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 or \$1.6 billion. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan) as is the case for Utica Community Schools, such obligations are not subject to this debt limit.

Other obligations include accrued vacation pay, sick leave, workers' compensation, unemployment liabilities and lease payable. 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

Utica Community Schools continues to have strong General Fund reserves; the total available fund balance is 19.7 percent of 2022 expenditures an improvement from the 18.1 percent budgeted.

General Fund revenue (including other financing sources) increased \$17.6 million or 5.7 percent in 2021-2022 as compared to the 2020-2021 fiscal year. The increase was primarily due to: local revenue including property tax collections of \$1.7 million; an increase in state revenue of \$11.1 million including an increase in the foundation allowance of \$458 per student, MPSERS and categorical funding increases; \$4.6 million increase in federal funding; plus \$.2 million in inter-district and other financing sources.

Expenditures increased by \$20.3 million or 6.9 percent in 2021-2022 as compared to the 2020-2021 fiscal year. Federal expenditures increased by a corresponding \$4.6 million targeting virtual learning and learning loss, \$8.0 million relates to salary and benefits including positions reengaged for in-person learning and MPSERS rate increase, \$6.1 million in purchases services including contracted staff, substitutes and facility repair and maintenance, \$3.8 million in supplies including utility and gasoline, a reduction of \$4.5 million related to the offset of prior year computer purchase expensed to federal grant, with the remaining \$2.3 million increase primarily for leased and replaced equipment.

Other financing sources increased by \$.2 million in 2021-2022 as compared to the 2020-2021 fiscal year while other financing uses increased by \$3.5 million in transfers out resulting in a reduction in the year over year net change in fund balance of \$6 million.

The Board of Education adopted the 2022-2023 budget in June. Utica Community Schools assumptions included the decrease of 70 students comparing fall 2022 to fall 2021 based on the enrollment report prepared by Plante & Moran CRESA. The foundation allowance is multiplied by the blended student count which is 90 percent of the October count and 10 percent of the February count from the previous fiscal year. The decrease of students coupled with a \$450 projected increase in the per pupil foundation allowance results in a net revenue gain of \$9.6 million. Budgeted revenue also accounted for an increase in state funded special education and at-risk funding of \$5.6 million and \$3 million respectively.

The foundation allowance is made up of both state source of revenue and local source. To receive the full per-student funding, districts must levy a local non-homestead millage. UCS reauthorized its existing millage November 2014 for 10 years beginning with the 2015 levy. Since that time, property values have increased at a rate higher than inflation, triggering a millage rollback based on the Headlee Amendment resulting in \$2.5 million loss of revenue. Approximately 67 percent of total General Fund revenue is from the foundation allowance. Revenue in 2022-2023 is projected to increase 2.2 percent or \$7.3 million when compared to the prior year. Revenue is increasing due primarily to the increase in state funding.

Management's Discussion and Analysis (Continued)

Since the budget adoptions in June, the state budget was passed setting the target (minimum) foundation allowance for districts at \$9,150. This will provide an additional \$15 per pupil for an estimated increase of \$.4 million and will be recognized in the first budget amendment for 2022-2023.

June 30, 2022

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 81,654,695
Receivables (Note 5)	51,681,539
Inventories	1,452,543
Prepaid expenses and other assets	3,841,038
Restricted assets (Notes 4 and 10)	64,005,612
Capital assets: (Note 7)	
Assets not subject to depreciation	28,793,612
Assets subject to depreciation - Net	<u>290,303,070</u>
Total assets	521,732,109
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	221,988
Deferred pension costs (Note 12)	83,578,594
Deferred OPEB costs (Note 12)	<u>33,654,711</u>
Total deferred outflows of resources	117,455,293
Liabilities	
Accounts payable	19,610,501
Due to other governmental units	1,350
Accrued liabilities and other	31,774,667
Unearned revenue (Note 6)	4,345,395
Noncurrent liabilities:	
Due within one year (Note 9)	26,923,310
Due in more than one year (Note 9)	161,628,049
Net pension liability (Note 12)	407,483,890
Net OPEB liability (Note 12)	<u>26,341,885</u>
Total liabilities	678,109,047
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	25,786,232
Deferred pension cost reductions (Note 12)	144,040,502
Deferred OPEB cost reductions (Note 12)	<u>103,485,959</u>
Total deferred inflows of resources	<u>273,312,693</u>
Net Position (Deficit)	
Net investment in capital assets	185,897,327
Restricted:	
Debt service	1,337,371
Capital project	4,327,508
Food service	8,030,970
Unrestricted	<u>(511,827,514)</u>
Total net position (deficit)	<u><u>\$ (312,234,338)</u></u>

Statement of Activities
Year Ended June 30, 2022

	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 175,931,003	\$ 42,713	\$ 77,662,898	\$ (98,225,392)
Support services	93,875,462	-	38,297,087	(55,578,375)
Bookstore activities	520,644	606,517	-	85,873
Athletics	2,731,683	763,115	-	(1,968,568)
Food services	8,623,605	1,083,963	787,026	(6,752,616)
Community services	1,393,786	3,442,395	117,260	2,165,869
Interdistrict payments	8,775	-	-	(8,775)
Enrichment	1,911,927	-	-	(1,911,927)
Interest	6,302,436	-	562,019	(5,740,417)
Debt issuance costs	4,150	-	-	(4,150)
Depreciation and amortization expense (unallocated, excluding direct program charges)	16,127,022	-	-	(16,127,022)
Total primary government	\$ 307,430,493	\$ 5,938,703	\$ 117,426,290	(184,065,500)
General revenue:				
Taxes:				
Property taxes levied for general purposes				33,852,161
Property taxes levied for debt service				29,004,593
State aid not restricted to specific purposes				184,290,991
Federal grants and contributions not restricted to specific purposes				562,019
Interest and investment earnings				257,066
Other:				
Student activities				3,857,551
Other				1,060,888
Total general revenue				252,885,269
Change in Net Position				68,819,769
Net Position (Deficit) - Beginning of year				(381,054,107)
Net Position (Deficit) - End of year				\$ (312,234,338)

Utica Community Schools

Governmental Funds Balance Sheet

June 30, 2022

	Combined General Fund	Bond 2018 Series I	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	\$ 12,083,598	\$ 30,450	\$ 18,963,178	\$ 31,077,226
Investments (Note 4)	40,487,272	-	5,939,085	46,426,357
Receivables (Note 5)	50,851,284	-	830,255	51,681,539
Due from other funds (Note 8)	2,059,751	236,876	355	2,296,982
Inventories	1,176,363	-	276,180	1,452,543
Prepaid expenses and other assets	3,841,038	-	-	3,841,038
Restricted assets (Note 10)	-	34,531,952	29,473,660	64,005,612
Total assets	\$ 110,499,306	\$ 34,799,278	\$ 55,482,713	\$ 200,781,297
Liabilities				
Accounts payable	\$ 15,685,643	\$ 2,590,235	\$ 1,334,623	\$ 19,610,501
Due to other governmental units	1,350	-	-	1,350
Due to other funds (Note 8)	236,876	-	2,045,717	2,282,593
Accrued liabilities and other	29,575,262	-	-	29,575,262
Unearned revenue (Note 6)	2,968,015	-	1,377,380	4,345,395
Total liabilities	48,467,146	2,590,235	4,757,720	55,815,101
Deferred Inflows of Resources - Unavailable revenue (Note 6)	405,268	-	329,400	734,668
Total liabilities and deferred inflows of resources	48,872,414	2,590,235	5,087,120	56,549,769
Fund Balances				
Nonspendable:				
Inventory	1,176,363	-	276,180	1,452,543
Prepays	3,841,038	-	-	3,841,038
Restricted:				
Debt service	-	-	2,633,848	2,633,848
Capital projects	-	32,209,043	25,014,844	57,223,887
Food service	-	-	7,799,170	7,799,170
Committed:				
Enrichment	-	-	5,543,291	5,543,291
Bookstore	-	-	168,840	168,840
Student activities	-	-	3,192,604	3,192,604
Assigned - Capital projects	-	-	5,766,816	5,766,816
Unassigned	56,609,491	-	-	56,609,491
Total fund balances	61,626,892	32,209,043	50,395,593	144,231,528
Total liabilities, deferred inflows of resources, and fund balances	\$ 110,499,306	\$ 34,799,278	\$ 55,482,713	\$ 200,781,297

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 144,231,528
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	607,209,324
Accumulated depreciation and amortization	<u>(288,112,642)</u>
Net capital assets and lease assets used in governmental activities	319,096,682
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	734,668
Deferred inflows and outflows related to bond refundings are not reported in the funds	221,988
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(186,317,722)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,296,477)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Net pension liability and related deferred inflows and outflows	(467,945,798)
Retiree health care benefits	(96,173,133)
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	(25,786,232)
Internal service funds are included as part of governmental activities	<u>1,000,158</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (312,234,338)</u></u>

Utica Community Schools

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

Year Ended June 30, 2022

	Combined General Fund	Bond 2018 Series I	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 35,921,362	\$ 178,886	\$ 38,082,614	\$ 74,182,862
State sources	243,611,371	-	907,446	244,518,817
Federal sources	29,360,949	-	13,966,886	43,327,835
Interdistrict sources	18,289,976	-	-	18,289,976
Total revenue	327,183,658	178,886	52,956,946	380,319,490
Expenditures				
Current:				
Instruction	211,687,669	-	14,714	211,702,383
Support services	95,585,110	-	3,696,808	99,281,918
Bookstore activities	-	-	520,644	520,644
Athletics	3,057,324	-	-	3,057,324
Food services	-	-	9,421,082	9,421,082
Community services	311,854	-	1,264,564	1,576,418
Enrichment	-	-	1,911,927	1,911,927
Debt service:				
Principal	185,082	-	22,135,000	22,320,082
Interest	38,237	-	7,872,273	7,910,510
Debt issuance costs	-	-	4,150	4,150
Capital outlay	1,686,108	15,169,118	5,843,719	22,698,945
Interdistrict payments	8,775	-	-	8,775
Total expenditures	312,560,159	15,169,118	52,684,881	380,414,158
Excess of Revenue Over (Under) Expenditures	14,623,499	(14,990,232)	272,065	(94,668)
Other Financing Sources (Uses)				
Face value of debt issued (Note 9)	631,189	-	18,100,000	18,731,189
Proceeds from sale of capital assets	160,764	-	-	160,764
Premium on debt issued	-	-	1,982,197	1,982,197
Transfers in (Note 8)	200,000	-	4,533,435	4,733,435
Transfers out (Note 8)	(4,533,435)	-	(200,000)	(4,733,435)
Total other financing (uses) sources	(3,541,482)	-	24,415,632	20,874,150
Net Change in Fund Balances	11,082,017	(14,990,232)	24,687,697	20,779,482
Fund Balances - Beginning of year	50,544,875	47,199,275	25,707,896	123,452,046
Fund Balances - End of year	<u>\$ 61,626,892</u>	<u>\$ 32,209,043</u>	<u>\$ 50,395,593</u>	<u>\$ 144,231,528</u>

Governmental Funds

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

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ 20,779,482
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	19,429,491
Depreciation and amortization expense	(18,972,967)
Net book value of assets disposed of	(101,186)
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	(271,478)
Revenue in support of pension contributions made subsequent to the measurement date	(3,857,328)
Issuing debt and entering into leases provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(20,713,386)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	23,912,587
Interest expense is recognized in the government-wide statements as it accrues Some employee costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	15,569
Net pension liability	180,690,811
Net OPEB liability	64,556,961
Deferred pension cost reductions	(124,419,621)
Deferred OPEB cost reductions	(28,096,131)
Deferred pension costs	(37,204,136)
Deferred OPEB costs	(6,764,402)
Internal service funds are included as part of governmental activities	(164,497)
Change in Net Position of Governmental Activities	<u>\$ 68,819,769</u>

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Net Position

June 30, 2022

Assets

Current assets:

Cash and investments (Note 4)	\$ 4,151,112
Due from other funds (Note 8)	3,417

Total assets 4,154,529

Liabilities

Current liabilities:

Due to other funds (Note 8)	17,806
Accrued liabilities and other	902,928
Compensated absences	353,348
Workers' compensation	311,735

Total current liabilities 1,585,817

Noncurrent liabilities:

Compensated absences	716,816
Workers' compensation	851,738

Total noncurrent liabilities 1,568,554

Total liabilities 3,154,371

Net Position - Unrestricted \$ 1,000,158

Utica Community Schools

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

Year Ended June 30, 2022

Operating Revenue

Workers' compensation	\$ 394,922
Sick leave	553
Vacation	10,569

Total operating revenue 406,044

Operating Expenses

Workers' compensation	383,628
Sick leave	514
Vacation	9,818
FICA	789
Experience adjustment	182,190

Total operating expenses 576,939

Operating Loss (170,895)

Nonoperating Revenue - Interest income 6,398

Change in Net Position (164,497)

Net Position - Beginning of year 1,164,655

Net Position - End of year \$ 1,000,158

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Cash Flows

Year Ended June 30, 2022

Cash Flows from Operating Activities

Receipts from other funds	\$ 528,056
Payments for services	(582,618)

Net cash used in operating activities (54,562)

Cash Flows Provided by Investing Activities - Interest received on investments

6,398

Net Decrease in Cash and Investments

(48,164)

Cash and Investments - Beginning of year

4,199,276

Cash and Investments - End of year

\$ 4,151,112

Reconciliation of Operating Loss to Net Cash from Operating Activities

Operating loss \$ (170,895)

Adjustments to reconcile operating loss to net cash from operating activities - Changes in assets and liabilities:

Due to and from other funds 137,682

Accrued and other liabilities (21,349)

Net cash used in operating activities **\$ (54,562)**

June 30, 2022

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. 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. Based on the application of the criteria, the School District does not contain any component units.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

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

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Bond 2018 Series I Fund is used to record bond revenue from bond issuance and disbursements of invoices specifically designed for remodeling or additions at current school buildings, making safety and security improvements, acquiring and installing technology equipment and infrastructure, and acquiring school buses. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's special revenue funds include the Enrichment, Food Services, Bookstore, and Student Activities funds. The Enrichment Fund accounts for activities offered to students and the community to enhance education; the Food Services Fund accounts for the activities associated with providing meals to students; the Bookstore Fund accounts for activities related to the student stores located at each high school building; and the Student Activities Fund accounts for activities related to the transactions of student groups for school and school-related purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

The internal service fund is used to finance services provided to other funds on a cost-reimbursement basis. The internal service fund maintained by the School District is for self-insured workers' compensation, unemployment, sick leave, and accrued vacation. It is funded through charges primarily to the General Fund in amounts equal to the normal estimated workers' compensation premium and compensated absences for the fiscal year. There are nine bargaining units covering substantially all employees of the School District, each with unique vesting and payout provisions. Compensated absences are limited to amounts stipulated in each bargaining unit contract.

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

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

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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. The School District uses the consumption method to report prepaid costs in governmental funds.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases

Note 2 - Significant Accounting Policies (Continued)

- Unspent property taxes levied held in the debt service fund required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of improvements to sites or buildings in excess of \$20,000 and that extend the useful life of the capital asset at least five years are capitalized. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

	Depreciable/ Amortizable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10
Leased assets - Copiers	3

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB plan costs.

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

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

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Note 2 - Significant Accounting Policies (Continued)

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

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 for approximately 50 percent of the taxes that are due on September 14 and on December 1 for the remainder of the property taxes that are due on February 14. The final collection date is February 28, after which they are added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes.

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences

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

Proprietary Funds Operating Classification

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

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.

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

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

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

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

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

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

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

Upcoming Accounting Pronouncement

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

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 87, *Leases*. As a result, the financial statements now include a liability for the present value of payments expected to be made and right-to-use assets. Lease activity is further described in Note 14.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 5, 2022, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. There were no encumbrances outstanding at year end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District incurred an unanticipated expenditure in the General Fund after the final budget amendment that resulted in expenditures in excess of the amounts budgeted for the business line item as follows:

	Budget	Actual
Support services - Business	\$ 1,801,518	\$ 3,112,886

Capital Projects Fund Compliance

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

The capital project funds Bond 2009 Series VII and Bond 2009 Series VIII include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the projects for which the bonds were issued were considered complete during a prior period, and the School District has completed the required reporting to the Michigan Department of Treasury.

Note 4 - Deposits and Investments

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

The School District has designated 11 banks and credit unions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, for a 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

Note 4 - Deposits and Investments (Continued)

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 and corresponding rules and regulations require that financial institutions be evaluated and only those with an acceptable risk level be used for deposits. At year end, the School District had bank deposits totaling \$50,145,933 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy and corresponding rules and regulations for custodial credit risk state 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, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy and corresponding rules and regulations. At June 30, 2022, the School District does not hold any investment securities that were unregistered.

Interest Rate Risk

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

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 and corresponding rules and regulations do not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Value	Rating	Rating Organization
Bank investment pool	\$ 95,412,260	AAA	Moody's

Foreign Currency Risk

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

June 30, 2022

Note 5 - Receivables

Receivables as of June 30, 2022 for the School District's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Bond 2018 Series I	Nonmajor Funds	Total
Receivables:				
Property taxes receivable	\$ 405,268	\$ -	\$ 329,400	\$ 734,668
Other receivables	184,151	-	-	184,151
Due from other governments	50,261,865	-	500,855	50,762,720
Net receivables	<u>\$ 50,851,284</u>	<u>\$ -</u>	<u>\$ 830,255</u>	<u>\$ 51,681,539</u>

Amounts due from other governmental units include approximately \$46,000,000 from the State of Michigan for state aid payments, as well as approximately \$4,000,000 related to reimbursement for expenditures of federal awards.

Note 6 - Unavailable/Unearned Revenue

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

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

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 734,668	\$ -
Tuition/Fees not yet earned and grant/categorical aid payment received prior to meeting all eligibility requirements	-	4,345,395
Total	<u>\$ 734,668</u>	<u>\$ 4,345,395</u>

June 30, 2022
Note 7 - Capital Assets

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

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated or amortized:					
Land	\$ 20,090,056	\$ -	\$ -	\$ -	\$ 20,090,056
Construction in progress	10,042,822	(9,213,722)	7,874,562	(106)	8,703,556
Subtotal	30,132,878	(9,213,722)	7,874,562	(106)	28,793,612
Capital assets being depreciated or amortized:					
Buildings and improvements	445,108,967	5,662,387	7,763,548	(1,580)	458,533,322
Furniture and equipment	45,810,629	-	1,657,373	(1,720,792)	45,747,210
Buses and other vehicles	22,653,299	-	1,398,428	-	24,051,727
Land improvements	45,796,538	3,551,335	104,391	-	49,452,264
Lease assets - Copiers and printers	-	-	631,189	-	631,189
Subtotal	559,369,433	9,213,722	11,554,929	(1,722,372)	578,415,712
Accumulated depreciation and amortization:					
Buildings and improvements	197,545,672	-	10,633,322	-	208,178,994
Furniture and equipment	24,896,790	-	5,203,925	(1,621,292)	28,479,423
Buses and other vehicles	14,272,967	-	1,397,585	-	15,670,552
Land improvements	34,045,538	-	1,545,272	-	35,590,810
Accumulated amortization - Lease assets - Copiers and printers	-	-	192,863	-	192,863
Subtotal	270,760,967	-	18,972,967	(1,621,292)	288,112,642
Net capital assets being depreciated and amortized	288,608,466	9,213,722	(7,418,038)	(101,080)	290,303,070
Net governmental activities capital assets	<u>\$ 318,741,344</u>	<u>\$ -</u>	<u>\$ 456,524</u>	<u>\$ (101,186)</u>	<u>\$ 319,096,682</u>

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

Governmental activities:	
Support services	\$ 2,845,945
Unallocated	16,127,022
Total governmental activities	<u>\$ 18,972,967</u>

June 30, 2022
Note 7 - Capital Assets (Continued)
Construction Commitments

For each bond issue and project listed below, the School District's cumulative expenditures and remaining commitments with contractors as of June 30, 2022 are as follows:

	Cumulative Expenditures through June 30, 2022	Commitments at June 30, 2022
Bond 2009 Series VIII	\$ 7,869,440	\$ -
Bond 2018 Series I	75,246,386	8,883,092
Bond 2018 Series II	3,855,940	4,329,176
Bond 2018 Series III	1,248,448	3,620,444
Total	<u>\$ 88,220,214</u>	<u>\$ 16,832,712</u>

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Bond 2018 Series I Fund	Nonmajor Funds	Internal Service Fund	
General Fund	\$ -	\$ -	\$ 2,041,945	\$ 17,806	\$ 2,059,751
Bond 2018 Series I Fund	236,876	-	-	-	236,876
Nonmajor funds	-	-	355	-	355
Internal service fund	-	-	3,417	-	3,417
Total	<u>\$ 236,876</u>	<u>\$ -</u>	<u>\$ 2,045,717</u>	<u>\$ 17,806</u>	<u>\$ 2,300,399</u>

Outstanding balances between funds are the result of the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. All interfund balances are expected to be repaid within one year. Interfund balances are routine and temporary cash flow assistance from the General Fund; amounts owed to student stores from various student groups; and amounts owed to the internal service fund to finance workers' compensation, sick leave, accrued vacation, and unemployment liabilities. In addition, the General Fund has amounts due to the Bond 2018 Series I funds to cover specific cash outlays. All amounts are expected to be paid within one year.

During the year, the Food Services Fund transferred funds to the General Fund as a reimbursement of overhead costs and for the write-off of uncollected food services for students. The Food Services Fund transferred funds to the General Fund, as the resources were no longer committed by the School District for use in those funds.

June 30, 2022
Note 9 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligations:	\$ 170,660,000	\$ 18,100,000	\$ (22,135,000)	\$ 166,625,000	\$ 24,235,000
Unamortized bond premiums	18,967,917	1,982,197	(1,703,499)	19,246,615	1,813,621
Total bonds payable	189,627,917	20,082,197	(23,838,499)	185,871,615	26,048,621
Leases (Note 14)	-	631,189	(185,082)	446,107	209,606
Self-insured liabilities	1,087,811	298,740	(223,078)	1,163,473	311,735
Compensated absences	1,139,004	10,331	(79,171)	1,070,164	353,348
Total governmental activities long-term debt	<u>\$ 191,854,732</u>	<u>\$ 21,022,457</u>	<u>\$ (24,325,830)</u>	<u>\$ 188,551,359</u>	<u>\$ 26,923,310</u>

The School District had deferred outflows of \$221,988 related to deferred charges on bond refundings at June 30, 2022.

General Obligation Bonds and Contracts

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

Purpose	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding
\$18,100,000 Bond Issue 2018 Series III Building and Site Bonds	\$700,000 - \$5,000,000	5.00	2037	\$ 18,100,000
\$8,770,000 Bond Issue 2018 Series II Building and Site Bonds	\$820,000 - \$850,000	4.00	2030	6,770,000
\$95,020,000 Bond Issue 2018 Series I Building and Site and Refunding Bonds	\$5,700,000 - \$7,500,000	4.00 - 5.00	2034	79,125,000
\$18,765,000 Bond Issue 2009 Series VIII Building and Site and Refunding Bonds	\$675,000 - \$4,220,000	3.50 - 4.00	2032	14,120,000
\$25,375,000 Bond Issue 2009 Series VII Building and Site and Refunding Bonds	\$1,725,000 - \$2,560,000	2.00 - 5.00	2031	19,835,000
\$25,105,000 Bond Issue 2009 Series VI Building and Site and Refunding Bonds	\$1,425,000 - \$2,225,000	3.00 - 5.00	2030	15,075,000
\$9,115,000 Bond Issue 2009 Series V Building and Site Bonds	\$875,000 - \$950,000	4.00	2029	6,450,000
\$14,250,000 Bond Issue 2009 Series II	\$3,575,000	5.75 - 6.05	2024	7,150,000
Total governmental activities				<u>\$ 166,625,000</u>

Note 9 - Long-term Debt (Continued)

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employees' salaries are paid, generally the General Fund and the Food Services Fund.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities			
	Principal	Interest	Maximum Interest Subsidy	Total
2023	\$ 24,235,000	\$ 7,801,487	\$ (373,563)	\$ 31,662,924
2024	19,670,000	6,749,250	(186,782)	26,232,468
2025	12,550,000	5,836,662	-	18,386,662
2026	13,100,000	5,283,976	-	18,383,976
2027	13,575,000	4,702,100	-	18,277,100
2028-2032	63,170,000	13,659,550	-	76,829,550
2033-2037	20,325,000	1,941,250	-	22,266,250
Total	<u>\$ 166,625,000</u>	<u>\$ 45,974,275</u>	<u>\$ (560,345)</u>	<u>\$ 212,038,930</u>

Note 10 - Restricted Assets

At June 30, 2022, restricted assets are composed of the following:

	Governmental Activities
Unspent bond proceeds and related interest	\$ 61,354,230
Property tax collections for repayment of bonded indebtedness	<u>2,651,382</u>
Total	<u>\$ 64,005,612</u>

Note 11 - 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 certain employees. The School District is self-insured for workers' compensation claims. The School District has purchased commercial insurance for health claims for employees. The School District participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported and those that have not yet been reported. Changes in estimates are the result of adjusting the estimated liability based on an actuarial valuation triennially. These estimates are recorded in the internal service fund.

Note 11 - Risk Management (Continued)

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

	2022	2021
Estimated liability - Beginning of year	\$ 1,087,811	\$ 1,562,455
Estimated claims incurred, including changes in estimates	298,740	336,000
Claim payments	(223,078)	(51,685)
Actuarial adjustments	-	(758,959)
Estimated liability - End of year	<u>\$ 1,163,473</u>	<u>\$ 1,087,811</u>

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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.

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

Contributions

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

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

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

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

The ranges of rates are as follows:

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2022 were \$58,028,857, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$25,786,232 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were \$13,466,868, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2022, the School District reported a liability of \$407,483,890 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the School District's proportion was 1.72 and 1.71 percent, respectively, representing a change of 0.52 percent.

Net OPEB Liability

At June 30, 2022, the School District reported a liability of \$26,341,885 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the School District's proportion was 1.73 and 1.70 percent, respectively, representing a change of 1.71 percent.

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

For 2022, the School District recognized pension expense of \$37,965,396, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,312,100	\$ (2,399,596)
Changes in assumptions	25,686,328	-
Net difference between projected and actual earnings on pension plan investments	-	(131,004,761)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	2,060,525	(10,636,145)
The School District's contributions to the plan subsequent to the measurement date	49,519,641	-
Total	<u>\$ 83,578,594</u>	<u>\$ (144,040,502)</u>

June 30, 2022

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The \$25,786,232 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2023	\$ (17,496,218)
2024	(25,537,788)
2025	(31,787,023)
2026	(35,160,520)
Total	<u>\$ (109,981,549)</u>

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

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

For the year ended June 30, 2022, the School District recognized OPEB recovery of \$16,831,290.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (75,191,033)
Changes in assumptions	22,020,508	(3,295,090)
Net difference between projected and actual earnings on OPEB plan investments	-	(19,854,353)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,039,565	(5,145,483)
Employer contributions to the plan subsequent to the measurement date	9,594,638	-
Total	<u>\$ 33,654,711</u>	<u>\$ (103,485,959)</u>

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

Years Ending	Amount
2023	\$ (21,924,745)
2024	(19,631,356)
2025	(16,983,979)
2026	(15,227,796)
2027	(5,001,780)
Thereafter	(656,230)
Total	<u>\$ (79,425,886)</u>

June 30, 2022

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

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

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

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

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

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

Discount Rate

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

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

June 30, 2022

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 582,591,454	\$ 407,483,890	\$ 262,308,235

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 48,947,976	\$ 26,341,885	\$ 7,157,387

June 30, 2022

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 6,411,405	\$ 26,341,885	\$ 48,766,073

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2022, the School District reported a payable of \$11,302,315 and \$1,725,344 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) granted by cities and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2022, the School District's property tax revenue was reduced by \$1,831,618 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 \$1,517,652 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Note 14 - Leases

The School District leases certain assets from a third party. The assets leased include copiers and printers. Payments are generally fixed monthly. Lease asset activity of the School District is included in Note 7.

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

Years Ending	Principal	Interest	Total
2023	\$ 209,606	\$ 13,713	\$ 223,319
2024	217,950	5,369	223,319
2025	18,551	60	18,611
Total	\$ 446,107	\$ 19,142	\$ 465,249

Required Supplemental Information

Utica Community Schools

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 36,500,379	\$ 36,066,279	\$ 35,921,362	\$ (144,917)
State sources	227,761,567	245,317,747	243,611,371	(1,706,376)
Federal sources	45,888,573	32,382,933	29,360,949	(3,021,984)
Interdistrict and other financing sources	18,576,616	18,749,369	18,289,976	(459,393)
Total revenue	328,727,135	332,516,328	327,183,658	(5,332,670)
Expenditures				
Current:				
Instruction:				
Basic programs	164,541,940	169,457,518	168,024,733	(1,432,785)
Added needs	65,887,876	46,902,818	43,689,848	(3,212,970)
Adult/Continuing education	1,066,068	1,070,481	430,183	(640,298)
Total instruction	231,495,884	217,430,817	212,144,764	(5,286,053)
Support services:				
Pupil	18,370,800	19,562,134	19,090,695	(471,439)
Instructional staff	11,683,802	14,095,534	13,205,970	(889,564)
General administration	1,211,842	1,695,484	1,642,292	(53,192)
School administration	16,599,839	15,979,099	15,451,978	(527,121)
Business	2,039,734	1,801,518	3,112,886	1,311,368
Operations and maintenance	22,646,891	27,760,457	26,936,229	(824,228)
Pupil transportation services	12,516,701	13,249,225	12,285,843	(963,382)
Central	5,202,127	5,476,282	5,015,856	(460,426)
Other	-	46,295	23,570	(22,725)
Total support services	90,271,736	99,666,028	96,765,319	(2,900,709)
Athletics	3,214,620	3,190,720	3,106,128	(84,592)
Community services	552,976	800,362	311,854	(488,508)
Building Improvements	-	79,980	-	(79,980)
Debt service	-	223,319	223,319	-
Interdistrict payments	8,775	8,775	8,775	-
Total expenditures	325,543,991	321,400,001	312,560,159	(8,839,842)
Other Financing Sources (Uses)				
Face value of debt issued	-	631,189	631,189	-
Proceeds from sale of capital assets	50,000	160,000	160,764	764
Transfers in	200,000	200,000	200,000	-
Transfers out	-	(4,533,435)	(4,533,435)	-
Total other financing sources (uses)	250,000	(3,542,246)	(3,541,482)	764
Net Change in Fund Balance	3,433,144	7,574,081	11,082,017	3,507,936
Fund Balance - Beginning of year	50,544,875	50,544,875	50,544,875	-
Fund Balance - End of year	<u>\$ 53,978,019</u>	<u>\$ 58,118,956</u>	<u>\$ 61,626,892</u>	<u>\$ 3,507,936</u>

Utica Community Schools

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

	Last Eight Plan Years Plan Years Ended September 30							
	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.72113 %	1.71224 %	1.73074 %	1.79690 %	1.84111 %	1.84223 %	1.85626 %	1.81562 %
School District's proportionate share of the net pension liability	\$407,483,890	\$588,174,701	\$573,161,685	\$540,179,541	\$477,110,473	\$459,621,052	\$453,392,480	\$399,917,444
School District's covered payroll	\$154,184,158	\$149,447,302	\$148,295,843	\$148,773,678	\$153,939,251	\$154,483,113	\$154,382,798	\$154,020,935
School District's proportionate share of the net pension liability as a percentage of its covered payroll	264.28 %	393.57 %	386.50 %	363.09 %	309.93 %	297.52 %	293.68 %	259.65 %
Plan fiduciary net position as a percentage of total pension liability	73.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Utica Community Schools

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

	Last Eight Fiscal Years							
	Years Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 57,288,242	\$ 51,420,295	\$ 46,956,608	\$ 45,947,441	\$ 45,989,781	\$ 43,284,088	\$ 42,923,597	\$ 33,743,237
Contributions in relation to the statutorily required contribution	57,288,242	51,420,295	46,956,608	45,947,441	45,989,781	43,284,088	42,923,597	33,743,237
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$158,637,567	\$151,248,955	\$149,173,763	\$147,860,427	\$149,911,269	\$154,853,474	\$154,110,579	\$154,977,954
Contributions as a Percentage of Covered Payroll	36.11 %	34.00 %	31.48 %	31.07 %	30.68 %	27.95 %	27.85 %	21.77 %

Utica Community Schools

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

	Last Five Plan Years				
	Plan Years Ended September 30				
	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	1.72578 %	1.69674 %	1.70352 %	1.75217 %	1.83775 %
School District's proportionate share of the net OPEB liability	\$ 26,341,885	\$ 90,898,846	\$ 122,274,471	\$ 139,728,841	\$ 162,741,529
School District's covered payroll	\$ 154,184,158	\$ 149,447,302	\$ 148,295,843	\$ 148,773,678	\$ 153,939,251
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.08 %	60.82 %	82.45 %	93.92 %	105.72 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	35.53 %

Utica Community Schools

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

	Last Five Fiscal Years Years Ended June 30				
	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 12,927,693	\$ 12,586,560	\$ 11,987,007	\$ 11,614,474	\$ 10,827,679
Contributions in relation to the statutorily required contribution	12,927,693	12,586,560	11,987,007	11,614,474	10,827,679
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 158,637,567	\$ 151,248,955	\$ 149,173,763	\$ 147,860,427	\$ 149,911,269
Contributions as a Percentage of Covered Payroll	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2022

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, all special revenue funds in aggregate, and all debt service funds in aggregate. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function, which is the legal level at which expenditures may not legally exceed appropriations. The statement of revenue, expenditures, and changes in fund balances presents capital outlay and other financing sources separately, as required by generally accepted accounting principles. 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. There were no significant amendments during the year, except for adjustments to state and federal awards and the corresponding expenditures for federal grants and state categoricals.

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 available.

Benefit Changes

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

Changes in Assumptions

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

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

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

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.

2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

June 30, 2022

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

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

Other Supplemental Information

Utica Community Schools

	Special Revenue Funds					Debt Service Fund
	Enrichment Fund	Food Services Fund	Bookstore Fund	Student Activities Fund	Total Special Revenue Funds	Common Debt Service Fund
Assets						
Cash and cash equivalents	\$ 7,213,876	\$ 8,462,410	\$ -	\$ 3,286,892	\$ 18,963,178	\$ -
Investments	3,429	-	168,840	-	172,269	-
Receivables	-	500,855	-	-	500,855	329,400
Due from other funds	-	-	-	355	355	-
Inventories	-	231,800	44,380	-	276,180	-
Restricted assets	-	-	-	-	-	2,651,382
Total assets	\$ 7,217,305	\$ 9,195,065	\$ 213,220	\$ 3,287,247	\$ 19,912,837	\$ 2,980,782
Liabilities						
Accounts payable	\$ -	\$ 3,100	\$ -	\$ -	\$ 3,100	\$ -
Due to other funds	919,387	538,242	-	94,643	1,552,272	17,534
Unearned revenue	754,627	622,753	-	-	1,377,380	-
Total liabilities	1,674,014	1,164,095	-	94,643	2,932,752	17,534
Deferred Inflows of Resources - Unavailable revenue	-	-	-	-	-	329,400
Total liabilities and deferred inflows of resources	1,674,014	1,164,095	-	94,643	2,932,752	346,934
Fund Balances						
Nonspendable	-	231,800	44,380	-	276,180	-
Restricted:						
Debt service	-	-	-	-	-	2,633,848
Capital projects	-	-	-	-	-	-
Food service	-	7,799,170	-	-	7,799,170	-
Committed:						
Enrichment	5,543,291	-	-	-	5,543,291	-
Bookstore	-	-	168,840	-	168,840	-
Student activities	-	-	-	3,192,604	3,192,604	-
Assigned	-	-	-	-	-	-
Total fund balances	5,543,291	8,030,970	213,220	3,192,604	16,980,085	2,633,848
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,217,305	\$ 9,195,065	\$ 213,220	\$ 3,287,247	\$ 19,912,837	\$ 2,980,782

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

Capital Project Funds					
Building and Site Fund	Bond 2009 Series VIII Fund	Bond 2018 Series II Fund	Bond 2018 Series III Fund	Total Capital Project Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,963,178
5,766,816	-	-	-	5,766,816	5,939,085
-	-	-	-	-	830,255
-	-	-	-	-	355
-	-	-	-	-	276,180
-	-	7,244,077	19,578,201	26,822,278	29,473,660
\$ 5,766,816	\$ -	\$ 7,244,077	\$ 19,578,201	\$ 32,589,094	\$ 55,482,713
\$ -	\$ -	\$ 706,585	\$ 624,938	\$ 1,331,523	\$ 1,334,623
-	-	379,011	96,900	475,911	2,045,717
-	-	-	-	-	1,377,380
-	-	1,085,596	721,838	1,807,434	4,757,720
-	-	-	-	-	329,400
-	-	1,085,596	721,838	1,807,434	5,087,120
-	-	-	-	-	276,180
-	-	-	-	-	2,633,848
-	-	6,158,481	18,856,363	25,014,844	25,014,844
-	-	-	-	-	7,799,170
-	-	-	-	-	5,543,291
-	-	-	-	-	168,840
-	-	-	-	-	3,192,604
5,766,816	-	-	-	5,766,816	5,766,816
5,766,816	-	6,158,481	18,856,363	30,781,660	50,395,593
\$ 5,766,816	\$ -	\$ 7,244,077	\$ 19,578,201	\$ 32,589,094	\$ 55,482,713

Utica Community Schools

	Special Revenue Funds					Debt Service Fund
	Enrichment Fund	Food Services Fund	Bookstore Fund	Student Activities Fund	Total Special Revenue Funds	Common Debt Service Fund
Revenue						
Local sources	\$ 3,492,166	\$ 1,083,963	\$ 606,517	\$ 3,857,551	\$ 9,040,197	\$ 29,007,052
State sources	-	103,348	-	-	103,348	804,098
Federal sources	1,264,558	12,140,309	-	-	13,404,867	562,019
Total revenue	4,756,724	13,327,620	606,517	3,857,551	22,548,412	30,373,169
Expenditures						
Current:						
Instruction	14,714	-	-	-	14,714	-
Support services	1,610	179,775	-	3,454,542	3,635,927	60,881
Bookstore activities	-	-	520,644	-	520,644	-
Food services	-	9,421,082	-	-	9,421,082	-
Community services	1,264,564	-	-	-	1,264,564	-
Enrichment	1,911,927	-	-	-	1,911,927	-
Debt service:						
Principal	-	-	-	-	-	22,135,000
Interest	-	-	-	-	-	7,872,273
Debt issuance costs	-	-	-	-	-	4,150
Capital outlay	-	351,546	-	-	351,546	-
Total expenditures	3,192,815	9,952,403	520,644	3,454,542	17,120,404	30,072,304
Excess of Revenue Over (Under) Expenditures	1,563,909	3,375,217	85,873	403,009	5,428,008	300,865
Other Financing Sources (Uses)						
Face value of debt issued	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(200,000)	-	-	(200,000)	-
Total other financing (uses) sources	-	(200,000)	-	-	(200,000)	-
Net Change in Fund Balances	1,563,909	3,175,217	85,873	403,009	5,228,008	300,865
Fund Balances - Beginning of year	3,979,382	4,855,753	127,347	2,789,595	11,752,077	2,332,983
Fund Balances - End of year	<u>\$ 5,543,291</u>	<u>\$ 8,030,970</u>	<u>\$ 213,220</u>	<u>\$ 3,192,604</u>	<u>\$ 16,980,085</u>	<u>\$ 2,633,848</u>

Other Supplemental Information

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

Nonmajor Governmental Funds

Year Ended June 30, 2022

Nonmajor Capital Project Funds					
Building and Site Fund	Bond 2009 Series VIII Fund	Bond 2018 Series II Fund	Bond 2018 Series III Fund	Total Capital Project Funds	Total
\$ -	\$ 148	\$ 12,602	\$ 22,615	\$ 35,365	\$ 38,082,614
-	-	-	-	-	907,446
-	-	-	-	-	13,966,886
-	148	12,602	22,615	35,365	52,956,946
-	-	-	-	-	14,714
-	-	-	-	-	3,696,808
-	-	-	-	-	520,644
-	-	-	-	-	9,421,082
-	-	-	-	-	1,264,564
-	-	-	-	-	1,911,927
-	-	-	-	-	22,135,000
-	-	-	-	-	7,872,273
-	-	-	-	-	4,150
-	777,069	3,466,655	1,248,449	5,492,173	5,843,719
-	777,069	3,466,655	1,248,449	5,492,173	52,684,881
-	(776,921)	(3,454,053)	(1,225,834)	(5,456,808)	272,065
-	-	-	18,100,000	18,100,000	18,100,000
-	-	-	1,982,197	1,982,197	1,982,197
4,533,435	-	-	-	4,533,435	4,533,435
-	-	-	-	-	(200,000)
4,533,435	-	-	20,082,197	24,615,632	24,415,632
4,533,435	(776,921)	(3,454,053)	18,856,363	19,158,824	24,687,697
1,233,381	776,921	9,612,534	-	11,622,836	25,707,896
\$ 5,766,816	\$ -	\$ 6,158,481	\$ 18,856,363	\$ 30,781,660	\$ 50,395,593

Utica Community Schools

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Special Revenue Funds

Year Ended June 30, 2022

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 8,295,846	\$ 9,248,946	\$ 9,040,197	\$ (208,749)
State sources	278,804	281,779	103,348	(178,431)
Federal sources	6,833,778	14,540,124	13,404,867	(1,135,257)
Total revenue	15,408,428	24,070,849	22,548,412	(1,522,437)
Expenditures				
Current:				
Instruction - Basic programs	16,400	16,400	14,714	(1,686)
Support services:				
Pupil	35,070	149,880	179,775	29,895
Operations and maintenance	1,000	137,393	-	(137,393)
Central	5,200	5,200	1,610	(3,590)
Other	13,263,630	15,336,503	13,396,268	(1,940,235)
Community services	3,941,633	4,594,488	3,176,491	(1,417,997)
Building improvements	508,575	3,008,575	351,546	(2,657,029)
Total expenditures	17,771,508	23,248,439	17,120,404	(6,128,035)
Excess of Revenue (Under) Over Expenditures	(2,363,080)	822,410	5,428,008	4,605,598
Other Financing Uses - Transfers out	(596,387)	(596,387)	(200,000)	396,387
Net Change in Fund Balances	(2,959,467)	226,023	5,228,008	5,001,985
Fund Balances - Beginning of year	11,752,077	11,752,077	11,752,077	-
Fund Balances - End of year	<u>\$ 8,792,610</u>	<u>\$ 11,978,100</u>	<u>\$ 16,980,085</u>	<u>\$ 5,001,985</u>

Utica Community Schools

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Debt Service Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 29,103,229	\$ 29,117,024	\$ 29,007,052	\$ (109,972)
State sources	804,098	804,098	804,098	-
Federal sources	559,038	562,018	562,019	1
Total revenue	30,466,365	30,483,140	30,373,169	(109,971)
Expenditures				
Current	25,000	29,600	60,881	31,281
Debt service	30,014,274	30,014,274	30,011,423	(2,851)
Total expenditures	30,039,274	30,043,874	30,072,304	28,430
Excess of Revenue Over Expenditures	427,091	439,266	300,865	(138,401)
Fund Balance - Beginning of year	2,332,983	2,332,983	2,332,983	-
Fund Balance - End of year	<u><u>\$ 2,760,074</u></u>	<u><u>\$ 2,772,249</u></u>	<u><u>\$ 2,633,848</u></u>	<u><u>\$ (138,401)</u></u>

Utica Community Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2022

Years Ending June 30	June 25, 2020 Debt Fund Principal	March 12, 2019 Debt Fund Principal	February 23, 2017 Debt Fund Principal	June 22, 2016 Debt Fund Principal	June 23, 2015 Debt Fund Principal	November 24, 2014 Debt Fund Principal	February 9, 2011 Debt Fund Principal	May 10, 2022 Debt Fund Principal	Total
2023	\$ 820,000	\$ 6,125,000	\$ 4,115,000	\$ 2,300,000	\$ 1,425,000	\$ 875,000	\$ 3,575,000	\$ 5,000,000	\$ 24,235,000
2024	850,000	6,125,000	4,220,000	1,725,000	1,575,000	900,000	3,575,000	700,000	19,670,000
2025	850,000	5,700,000	675,000	1,950,000	1,775,000	900,000	-	700,000	12,550,000
2026	850,000	5,925,000	675,000	2,050,000	1,875,000	925,000	-	800,000	13,100,000
2027	850,000	6,150,000	675,000	2,150,000	1,975,000	950,000	-	825,000	13,575,000
2028	850,000	6,375,000	700,000	2,250,000	2,075,000	950,000	-	875,000	14,075,000
2029	850,000	6,625,000	725,000	2,375,000	2,150,000	950,000	-	900,000	14,575,000
2030	850,000	6,850,000	755,000	2,475,000	2,225,000	-	-	925,000	14,080,000
2031	-	7,050,000	770,000	2,560,000	-	-	-	1,000,000	11,380,000
2032	-	7,250,000	810,000	-	-	-	-	1,000,000	9,060,000
2033	-	7,450,000	-	-	-	-	-	1,025,000	8,475,000
2034	-	7,500,000	-	-	-	-	-	1,050,000	8,550,000
2035	-	-	-	-	-	-	-	1,075,000	1,075,000
2036	-	-	-	-	-	-	-	1,100,000	1,100,000
2037	-	-	-	-	-	-	-	1,125,000	1,125,000
Total remaining payments	<u>\$ 6,770,000</u>	<u>\$ 79,125,000</u>	<u>\$ 14,120,000</u>	<u>\$ 19,835,000</u>	<u>\$ 15,075,000</u>	<u>\$ 6,450,000</u>	<u>\$ 7,150,000</u>	<u>\$ 18,100,000</u>	<u>\$ 166,625,000</u>
Interest rate	4.00%	4.00% to 5.00%	3.50% to 4.00%	2.00% to 5.00%	3.00% to 5.00%	4.00%	5.75% to 6.05%	5.00%	
Original issue	<u>\$ 8,770,000</u>	<u>\$ 95,020,000</u>	<u>\$ 18,765,000</u>	<u>\$ 25,375,000</u>	<u>\$ 25,105,000</u>	<u>\$ 9,115,000</u>	<u>\$ 14,250,000</u>	<u>\$ 18,100,000</u>	<u>\$ 232,600,000</u>

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

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

Statistical Section and Other Information

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

Contents

Financial Trend Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

Utica Community Schools

	As of June 30,			
	2022	2021	2020	2019
Expenses				
Governmental activities:				
Instruction	175,931,003	\$ 214,865,827	\$ 210,663,087	\$ 197,606,013
Support services	93,875,462	87,603,571	91,216,184	82,364,749
Bookstore	520,644	108,791	421,019	600,042
Athletics	2,731,683	2,985,340	2,823,342	2,993,228
Food services	8,623,605	5,451,061	7,788,727	7,904,545
Community services	1,393,786	377,388	232,100	223,922
Interdistrict Payments	8,775	-	-	-
Enrichment	1,911,927	2,623,738	4,121,217	4,455,637
Building improvements	-	-	-	-
Interest on long-term debt and other	6,306,586	6,123,912	7,160,693	4,848,023
Depreciation expense (unallocated)	16,127,022	15,336,216	13,284,291	11,749,254
Total governmental activities	307,430,493	335,475,844	337,710,660	312,745,413
Program revenue				
Charges for services:				
Instruction	42,713	247,079	212,012	111,890
Bookstore	606,517	114,475	440,764	618,526
Athletics	763,115	449,388	616,792	879,135
Food services	1,083,963	200,959	2,223,703	3,300,507
Community services	3,442,395	2,453,500	4,723,848	6,563,697
Operating grants and contributions	117,426,290	103,255,016	69,600,120	67,432,737
Total program revenue	123,364,993	106,720,417	77,817,239	78,906,492
Net (expense) revenue	(184,065,500)	(228,755,427)	(259,893,421)	(233,838,921)
General Revenue				
Property taxes, levied for general purposes	33,852,161	32,702,022	30,903,979	29,300,832
Property taxes, levied for debt purposes	29,004,593	27,730,359	26,494,023	27,085,671
State aid not restricted to specific purposes	184,290,991	179,244,260	181,601,522	179,641,739
Federal sources - unrestricted	562,019	-	-	-
Investment and investment earnings	257,066	835,136	1,978,757	1,766,154
Gain/loss on sale of capital assets	-	-	-	-
Student activities	3,857,551	1,664,697	4,556,862	-
Other	1,060,888	2,177,158	616,392	1,434,805
Total general revenue	252,885,269	244,353,632	246,151,535	239,229,201
Change in Net Position	\$ 68,819,769	\$ 15,598,205	\$ (13,741,886)	\$ 5,390,280

Note: FY 2019-20: GASB statement No. 84 adopted

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2013 through 2022

Financial Trend Information

Changes in Governmental Net Position - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2018	2017	2016	2015	2014	2013
\$ 198,438,538	\$ 199,098,310	\$ 192,924,083	\$ 193,572,324	\$ 184,887,910	\$ 178,616,404
77,844,354	76,908,253	75,308,877	74,886,044	76,320,936	74,297,043
485,570	517,375	448,893	278,953	440,577	458,163
2,978,942	2,942,951	2,973,459	2,920,602	2,877,816	2,835,298
7,648,033	7,448,925	7,322,793	8,232,072	6,670,643	6,653,207
212,591	282,020	246,551	262,127	95,630	86,059
-	-	-	-	-	-
4,552,398	4,410,394	4,119,325	4,547,672	4,559,683	4,580,598
-	-	160,248	-	-	-
5,037,237	5,502,857	5,823,919	5,997,424	6,005,476	10,678,268
11,744,558	11,451,027	11,095,013	9,055,002	11,329,403	10,532,303
308,942,221	308,562,112	300,423,161	299,752,220	293,188,074	288,737,343
221,953	110,850	60,721	128,550	109,230	102,142
519,077	519,624	478,800	258,308	435,511	433,696
921,263	977,343	937,112	913,404	990,697	900,779
3,740,606	3,774,403	3,675,980	3,884,888	3,867,218	4,055,810
6,485,309	6,287,475	5,685,367	5,471,196	5,330,181	5,591,319
71,035,613	62,788,109	47,366,510	55,596,695	48,144,090	43,006,433
82,923,821	74,457,804	58,204,490	66,253,041	58,876,927	54,090,179
(226,018,400)	(234,104,308)	(242,218,671)	(233,499,179)	(234,311,147)	(234,647,164)
28,226,071	27,832,138	26,703,223	34,731,803	27,198,002	26,496,778
26,455,247	25,605,413	25,606,032	16,584,419	24,340,622	24,183,798
179,045,929	180,897,697	179,123,193	179,975,586	182,373,163	181,077,895
-	-	-	-	-	-
666,442	346,456	97,744	10,132	40,572	76,256
(983,907)	(1,404,899)	(5,562)	3,121,401	-	-
-	-	-	-	-	-
1,121,466	2,115,056	941,990	923,273	546,183	874,663
234,531,248	235,391,861	232,466,620	235,346,614	234,498,542	232,709,390
\$ 8,512,848	\$ 1,287,553	\$ (9,752,051)	\$ 1,847,435	\$ 187,395	\$ (1,937,774)

Utica Community Schools

	As of June 30,			
	2022	2021	2020	2019
Governmental Activities:				
Net investment in capital assets	185,897,327	\$ 183,533,554	\$ 175,996,331	\$ 165,742,794
Restricted				
Debt service	1,337,371	1,020,937	1,163,991	4,495,147
Capital projects	4,327,508	3,501,585	3,307,332	2,036,008
Food service	8,030,970	4,855,753	3,500,588	3,390,457
Unrestricted	(511,827,514)	(573,965,936)	(580,620,554)	(561,508,812)
Total primary government net position	<u><u>\$ (312,234,338)</u></u>	<u><u>\$ (381,054,107)</u></u>	<u><u>\$ (396,652,312)</u></u>	<u><u>\$ (385,844,406)</u></u>

Note:

FY 2021/22: Universal School Meals Program Act- USDA sponsored free meals for all students

FY 2017/18: The School District adopted GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

FY 2014/15: The School District adopted GASB 68 - Accounting and Financial Reporting for Pensions

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2013 through 2022

Financial Trend Information
Net Position by Component - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2018	2017	2016	2015	2014	2013
\$ 158,585,279	\$ 151,591,660	\$ 150,227,441	\$ 143,474,378	\$ 132,636,393	\$ 127,009,675
1,197,876	512,937	631,081	425,905	293,798	57,802
959,779	547,318	302,370	249,441	1,836,134	1,822,444
-	-	-	2,753,435	3,925,573	3,623,205
(551,977,620)	(387,599,405)	(387,395,935)	(373,386,184)	37,110,131	43,101,508
\$ (391,234,686)	\$ (234,947,490)	\$ (236,235,043)	\$ (226,483,025)	\$ 175,802,029	\$ 175,614,634

Utica Community Schools

	As of June 30,			
	2022	2021	2020	2019
Revenue				
Local revenue	\$ 74,182,862	\$ 68,523,692	\$ 73,020,363	\$ 71,170,054
State revenue	244,518,817	234,503,962	227,519,218	225,376,781
Federal revenue	43,327,835	33,121,947	16,812,168	16,115,636
Interdistrict revenue and other	18,289,976	18,111,257	6,255,358	5,955,562
Total revenue	380,319,490	354,260,858	323,607,107	318,618,033
Expenditures				
Current:				
Instruction	211,702,383	206,848,231	190,952,527	188,484,377
Support services	99,221,037	82,282,606	82,273,842	76,623,638
Bookstore	520,644	108,791	421,019	600,042
Athletics	3,057,324	2,922,061	2,653,381	2,908,444
Food services	9,421,082	5,372,373	7,418,985	7,743,226
Community services	1,576,418	302,404	219,211	217,893
Enrichment	1,911,927	2,614,963	4,112,442	4,446,882
Debt service:				
Principal	22,320,082	20,960,000	22,140,000	22,240,000
Interest and other	7,914,660	8,743,633	9,905,232	5,726,971
Capital Outlay	22,698,945	31,445,771	39,469,222	17,459,796
Other	-	-	-	-
Interdistrict payments	8,775	8,775	-	-
Total expenditures	380,353,277	361,609,608	359,565,861	326,451,269
Excess of Revenue (Under) Over				
Expenditures	(33,787)	(7,348,750)	(35,958,754)	(7,833,236)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	160,764	104,482	112,895	146,568
Payment to escrow agent	-	-	-	(5,475,688)
Transfers in	4,733,435	1,658,388	1,502,014	2,152,119
Transfers out	(4,794,316)	(1,658,388)	(1,502,014)	(2,152,119)
Leases	631,189	-	-	-
Proceeds from sale of bonds	18,100,000	-	8,770,000	90,550,000
Issuance of refunding debt	-	-	-	4,470,000
Premium on debt issued	1,982,197	-	1,228,458	14,909,295
Total other financing sources (uses)	20,813,269	104,482	10,111,353	104,600,175
Net change in fund balances	20,779,482	(7,244,268)	(25,847,401)	96,766,939
Fund Balances - Beginning of year	123,452,046	130,696,314	156,543,715	56,842,796
Fund Balances - End of year	\$ 144,231,528	\$ 123,452,046	\$ 130,696,314	\$ 153,609,735
Debt service as a percentage of noncapital expenditures	8.38%	8.93%	9.94%	9.02%

Note:

FY 2020/21: Federal COVID-19 and Enhancement millage revenue, a hybrid of in-person and remote instruction

FY 2019/20: Beginning of year is restated due to adoption of GASB No. 84 - \$2,933,980 added to change fund type of Agency fund to Special Revenue fund

FY 2013: Implemented all-day Kindergarten program and implementation of custodial, grounds and warehouse service contracts, retirement reform

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2013 through 2022

Financial Trend Information

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2018	2017	2016	2015	2014	2013
\$ 68,112,927	\$ 67,588,498	\$ 64,896,891	\$ 62,973,970	\$ 62,150,592	\$ 62,851,037
227,976,797	224,098,415	218,783,701	214,235,368	209,738,466	202,668,949
15,557,580	15,277,901	13,916,301	14,435,236	14,207,564	14,461,778
6,150,062	6,062,495	6,124,044	6,901,677	6,571,223	6,953,601
317,797,366	313,027,309	303,720,937	298,546,251	292,667,845	286,935,365
194,655,316	197,647,170	196,338,077	193,884,298	184,893,093	178,929,508
74,369,061	72,716,205	72,831,200	73,135,814	72,842,997	70,202,322
485,570	517,375	448,893	278,953	440,577	458,163
2,937,371	2,929,001	2,965,234	2,886,632	2,836,964	2,792,627
7,567,747	7,423,673	7,176,504	7,056,883	6,449,713	6,413,207
209,759	280,475	249,540	265,585	95,630	86,059
4,475,411	4,388,005	4,167,921	4,546,260	4,559,683	4,580,598
21,025,000	20,255,000	19,330,000	18,660,000	17,750,000	17,190,000
6,728,936	6,856,314	6,944,968	6,872,802	7,332,269	8,828,653
17,229,190	18,105,274	12,106,456	9,595,304	13,030,871	13,247,367
-	-	-	-	-	133,799
-	-	-	-	-	-
329,683,361	331,118,492	322,558,793	317,182,531	310,231,797	302,862,303
(11,885,995)	(18,091,183)	(18,837,856)	(18,636,280)	(17,563,952)	(15,926,938)
1,384,186	5,556,816	-	3,475,769	92,986	48,598
-	(11,338,956)	(4,193,421)	(6,239,425)	-	(26,743,156)
753,870	1,773,248	2,117,012	16,347,085	2,321,652	729,510
(753,870)	(1,773,248)	(2,117,012)	(16,096,748)	(1,071,297)	(729,510)
-	8,490,000	21,460,000	28,615,000	-	5,520,000
-	10,275,000	3,915,000	5,605,000	-	24,760,000
-	1,413,062	3,871,596	3,030,212	-	2,696,843
1,384,186	14,395,922	25,053,175	34,736,893	1,343,341	6,282,285
(10,501,809)	(3,695,261)	6,215,319	16,100,613	(16,220,611)	(9,644,653)
67,344,605	71,039,866	64,824,547	48,723,934	64,944,545	74,589,198
\$ 56,842,796	\$ 67,344,605	\$ 71,039,866	\$ 64,824,547	\$ 48,723,934	\$ 64,944,545
8.88%	8.61%	9.19%	9.00%	9.16%	9.78%

Utica Community Schools

	As of June 30,			
	2022	2021	2020	2019
General Fund:				
Nonspendable:				
Inventories	\$ 1,176,363	\$ 1,161,867	\$ 962,350	\$ 923,659
Prepaid costs	3,841,038	2,481,776	2,476,993	2,656,287
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	14,325,167	-
Unassigned	56,609,491	46,901,232	15,717,212	25,041,096
Total general fund	61,626,892	50,544,875	33,481,722	28,621,042
All other governmental funds:				
Nonspendable:				
Inventories	276,180	262,475	243,876	164,354
Prepaid costs	-	-	-	-
Restricted:				
Capital projects	57,223,887	57,588,730	82,786,039	109,614,565
Debt service	2,633,848	2,332,983	2,608,994	6,245,152
Food service	7,799,170	4,652,954	3,326,904	3,288,258
Committed:				
Student activities	3,192,604	2,789,595	3,041,224	-
Bookstore	168,840	67,671	51,471	-
Enrichment	5,543,291	3,979,382	3,873,850	-
Assigned:				
Capital projects	5,766,816	1,233,381	1,282,234	1,327,184
Bookstore	-	-	-	72,194
Enrichment	-	-	-	4,276,986
Unassigned	-	-	-	-
Total all other governmental funds	82,604,636	72,907,171	97,214,592	124,988,693
Total of all governmental funds	\$ 144,231,528	\$ 123,452,046	\$ 130,696,314	\$ 153,609,735

Note: The School District adopted GASB 84 on July 1, 2019

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2013 through 2022

Financial Trend Information Fund Balances, Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2018	2017	2016	2015	2014	2013
\$ 905,928	\$ 821,865	\$ 873,744	\$ 893,082	\$ 879,936	\$ 858,117
2,835,235	341,475	470,237	555,458	923,556	866,083
-	-	-	-	-	-
-	-	-	-	-	-
4,267,070	8,323,884	11,879,246	16,623,494	14,735,459	16,150,598
14,660,140	11,208,642	4,687,456	7,958,662	16,106,219	20,161,295
<u>22,668,373</u>	<u>20,695,866</u>	<u>17,910,683</u>	<u>26,030,696</u>	<u>32,645,170</u>	<u>38,036,093</u>
152,956	172,402	125,061	115,584	123,895	147,646
-	-	-	-	-	-
24,500,867	39,105,674	46,279,169	32,074,480	8,432,294	19,605,979
2,164,555	1,741,521	1,764,592	1,544,047	1,320,384	1,195,209
3,305,506	3,109,548	2,878,174	2,682,059	3,846,488	3,505,590
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	107,099	107,230	251,994
85,846	106,867	252,853	254,196	304,710	363,953
3,964,693	2,412,727	1,829,334	2,016,386	1,943,763	1,838,081
-	-	-	-	-	-
<u>34,174,423</u>	<u>46,648,739</u>	<u>53,129,183</u>	<u>38,793,851</u>	<u>16,078,764</u>	<u>26,908,452</u>
<u>\$ 56,842,796</u>	<u>\$ 67,344,605</u>	<u>\$ 71,039,866</u>	<u>\$ 64,824,547</u>	<u>\$ 48,723,934</u>	<u>\$ 64,944,545</u>

Utica Community Schools

Taxable Value by Property Type (Includes Renaissance Zone):						
Tax Year	Real Property				Personal	Total Value
	Residential ¹	Commercial ¹	Industrial ¹	Agricultural & other ¹	property ¹	
2021	6,322,443,246	1,028,201,673	413,774,791	721,639	434,647,823	8,199,789,172
2020	6,091,243,990	1,013,064,120	399,385,683	572,732	385,081,374	7,889,347,899
2019	5,837,054,173	938,553,255	382,207,466	562,056	341,927,160	7,500,304,110
2018	5,572,798,813	876,190,418	361,287,364	548,886	331,478,744	7,142,304,225
2017	5,313,595,974	831,309,874	333,762,635	727,122	341,561,135	6,820,956,740
2016	5,135,323,274	805,325,710	322,567,509	720,642	358,312,336	6,622,249,471
2015	4,999,741,594	771,290,159	320,088,549	3,902,937	495,212,405	6,590,235,644
2014	4,823,109,545	755,170,055	309,289,749	3,730,307	490,210,644	6,381,510,300
2013	4,696,364,396	759,088,627	321,620,231	3,633,143	503,920,106	6,284,626,503
2012	4,559,828,504	794,421,767	322,076,992	3,929,715	526,665,642	6,206,922,620

Note: Under Michigan law, the revenue base is Taxable Value.

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

Beginning in 2014, Commercial and Industrial Personal Property of less than \$80,000 became exempt from ad valorem taxes.

Eligible manufacturing personal property put into service beginning 2013 became exempt beginning in 2016

UCS is reimbursed by the State of Michigan for the lost personal property tax revenue

Source: 1 Macomb County Michigan - School District Taxable Values
 (<http://equalization.macombgov.org/Equalization-Reports>)
 2 Utica Community Schools L-4029 Tax Rate Form
 3 Macomb County Michigan - School District Assessed Values
 (<http://equalization.macombgov.org/Equalization-Reports>)

Revenue Capacity Information
Taxable Value and Estimated Actual Value of Taxable
Property (Unaudited)

Last Ten Years

Tax rate (mills) ²	Estimated Actual Value ³	Taxable Value as a % of Actual	Principal Residence ¹	Non-Principal Residence ¹
20.4183	21,327,943,020	38.45%	6,169,569,821	2,030,219,351
20.4183	20,412,841,520	38.65%	5,911,326,113	1,978,021,786
20.6621	19,140,499,796	39.19%	5,665,005,798	1,835,298,312
21.0728	17,932,649,030	39.83%	5,432,851,713	1,709,452,512
21.4176	17,238,776,586	39.57%	5,209,817,691	1,611,139,049
21.5468	16,400,221,962	40.38%	5,038,738,172	1,583,511,299
21.7582	15,400,174,130	42.79%	5,053,280,678	1,536,954,966
21.7816	13,828,756,414	46.15%	4,898,429,365	1,483,080,935
21.7816	13,153,577,456	47.78%	4,796,716,652	1,487,909,851
21.7816	12,771,727,544	48.60%	4,715,235,013	1,491,687,607

Utica Community Schools

		Millage rates - Direct Utica Community Schools District Taxes ¹						Overlapping taxes ²	
		Operating				Total direct taxes			
Tax Year	Fiscal Year Ended	Homestead	Non-Homestead	Debt*	Sinking Fund*	Homestead	Non-Homestead	Macomb County	Macomb Community college
2021	2022	-	16.9183	3.50	-	3.50	20.4183	4.3721	1.4247
2020	2021	-	16.9183	3.50	-	3.50	20.4183	4.4150	1.4387
2019	2020	-	17.1621	3.50	-	3.50	20.6621	4.4592	1.4531
2018	2019	-	17.3128	3.76	-	3.76	21.0728	4.4925	1.4640
2017	2018	-	17.5676	3.85	-	3.85	21.4176	4.5242	1.4072
2016	2017	-	17.6968	3.85	-	3.85	21.5468	4.6014	1.4174
2015	2016	-	17.9082	3.85	-	3.85	21.7582	4.6135	1.5302
2014	2015	-	17.9316	3.85	-	3.85	21.7816	4.6135	1.5262
2013	2014	-	17.9316	3.85	-	3.85	21.7816	4.6135	1.5312
2012	2013	-	17.9316	3.85	-	3.85	21.7816	4.6135	1.5712

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

*Debt and sinking fund millages apply to homestead and non-homestead property

**Suburban Mobility Authority Regional Transportation

*** 1.9 Mill enhancement millage approved for levy 2020 through 2029

Source: 1 Utica Community Schools L-4029 Tax Rate Form
 2 Macomb County Michigan - Apportionment Report by Tax Year
 (<http://finance.macombgov.org/finance-ApportionmentReport>)

Revenue Capacity Information

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

Overlapping taxes ²

Macomb school district***	State Education Tax	City of Utica	City of Sterling Heights	Township of Macomb	Township of Washington	Township of Ray	Township of Shelby	SMART**
4.6845	6.0000	20.0853	16.6742	4.2140	4.2993	3.5964	9.2999	0.9731
4.7296	6.0000	20.6313	16.2069	4.3022	4.3305	3.6293	9.2999	0.9827
2.8744	6.0000	21.0182	16.2069	6.3292	8.3485	3.4753	9.2999	0.9926
2.8945	6.0000	21.2867	17.1804	6.3243	8.3726	3.4905	9.2999	1.0000
2.9147	6.0000	21.3524	16.1499	6.3470	8.4178	3.4980	9.2999	0.9903
2.9354	6.0000	20.9864	15.1858	4.9443	8.4811	3.5296	9.2999	0.9974
2.9430	6.0000	22.5017	15.1858	4.9660	8.5035	3.5529	9.2999	1.0000
2.9430	6.0000	22.6753	15.1858	4.9786	7.5265	3.5573	9.2999	1.0000
2.9430	6.0000	22.6170	12.6858	4.5886	7.5265	3.5573	9.2999	0.5900
2.9430	6.0000	22.5358	12.6858	4.5886	7.5265	3.5573	9.2999	0.5900

Revenue Capacity Information
Principal Property Taxpayers (Unaudited)

Current and Nine Years Ago

	Taxpayer	2022 Taxable Value	% of total	Taxpayer	2013 Taxable Value	% of total	2013 Rank
1	DTE	\$ 87,405,791	1.07%	Ford Motor Co.	\$ 201,382,306	3.20%	1
2	Consumers Energy	70,161,471	0.86%	FCA US LLC/Chrysler LLC	156,561,950	2.49%	2
3	FCA US LLC/Chrysler LLC	54,213,849	0.66%	DTE	57,937,757	0.92%	3
4	International Transmission	34,167,712	0.42%	GGP LLP/Lakeside Mall	23,135,994	0.37%	4
5	Ford Motor Co.	33,804,899	0.41%	Consumers Energy	22,122,099	0.35%	5
6	J.G Kern Enterprises, Inc.	26,544,000	0.32%	International Transmission	21,513,053	0.34%	6
7	Sun Forest & West MHP	22,522,666	0.27%	Utica Park Place Owner LLC	12,078,553	0.19%	7
8	Chalk Spade Investments (USA) Inc.	18,099,597	0.22%	Shuert Industries	10,028,700	0.16%	8
9	Lakeside OOTB Ventures, LLC	14,837,058	0.18%	MNP Corporation	9,954,200	0.16%	9
10	Amazon.com Services	14,650,957	0.18%	NJT Enterprises LLC	9,480,850	0.15%	10
	Total	<u>\$ 376,408,000</u>	4.59%		<u>\$ 524,195,462</u>	8.33%	
	Total School District Taxable Value	<u>\$ 8,199,789,172</u>			<u>\$ 6,284,626,503</u>		

Note: Includes IFT Taxable Values

Source: Utica Community Schools Annual Disclosure Document - Major Taxpayer
Macomb County Michigan - School District Taxable Values
(<http://equalization.macombgov.org/Equalization-Reports>)

Revenue Capacity Information
Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Tax Year	Year Ended June 30,	Total Levy for Fiscal Year ¹	Collections for Current Fiscal Year ²	Percent Collected	Delinquent Collections for Prior Fiscal Years ²	Total Tax Collections	Percent of Levy Collected
2021	2022	\$ 62,793,886	\$ 62,631,459	99.74%	-	\$ 62,631,459	99.74%
2020	2021	60,612,000	60,108,861	99.17%	468,948	60,577,809	99.94%
2019	2020	57,345,683	57,311,465	99.94%	34,219	57,345,683	100.00%
2018	2019	56,316,204	56,255,799	99.89%	61,384	56,317,183	100.00%
2017	2018	54,484,294	54,418,818	99.88%	70,456	54,489,274	100.01%
2016	2017	53,330,202	53,237,326	99.83%	61,459	53,298,785	99.94%
2015	2016	53,004,602	52,932,129	99.86%	72,473	53,004,602	100.00%
2014	2015	51,352,383	51,256,174	99.81%	82,051	51,338,225	99.97%
2013	2014	50,461,911	50,348,571	99.78%	102,957	50,451,528	99.98%
2012	2013	50,614,031	50,504,956	99.78%	101,123	50,606,079	99.98%

Source: 1 Michigan Department of Education Taxable Value (<https://mdoe.state.mi.us/TVS/Menu>)

2 Utica Community Schools AS400 Report (FX0305 - Class 111)

Utica Community Schools

Fiscal Year Ended	General Obligations and Unamortized Bond Premiums 1	Less Pledged Debt Service Funds 1	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt
2022	\$185,871,615	-	\$185,871,615	-	\$185,871,615
2021	189,627,917	-	189,627,917	-	189,627,917
2020	213,185,675	-	213,185,675	-	213,185,675
2019	227,877,748	-	227,877,748	-	227,877,748
2018	147,437,409	-	147,437,409	-	147,437,409
2017	170,003,197	-	170,003,197	-	170,003,197
2016	182,090,663	-	182,090,663	-	182,090,663
2015	177,503,906	-	177,503,906	-	177,503,906
2014	166,120,053	-	166,120,053	-	166,120,053
2013	185,086,025	-	185,086,025	-	185,086,025

Source:

1 Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2013 through 2021

2 Macomb County Michigan - School District Taxable Values (Includes Renaissance Zone)

(<http://equalization.macombgov.org/Equalization-Reports>)

3 Utica Community Schools Bond Disclosure Documents - Debt Statement & Debt Ratios

Debt Capacity Information

Ratios of Outstanding Debt (Unaudited)

Last Ten Fiscal Years

Taxable Value (Includes RZ) ²	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Estimated Population ³	Net General Bonded Debt per Capita	Total Debt per Capita per Capita
\$8,199,789,172	2.27%	2.27%	191,137	\$972	\$972
7,889,347,899	2.40%	2.40%	183,434	1,034	1,034
7,500,304,110	2.84%	2.84%	183,434	1,162	1,045
7,142,304,225	3.19%	3.19%	183,434	1,242	1,242
6,820,956,740	2.16%	2.16%	184,878	797	797
6,622,249,471	2.57%	2.57%	184,878	920	920
6,590,235,644	2.76%	2.76%	179,914	1,012	1,012
6,381,510,300	2.78%	2.78%	188,518	942	942
6,284,626,503	2.64%	2.64%	185,278	897	897
6,206,922,620	2.98%	2.98%	181,580	1,019	1,019

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30, 2022			
Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Sterling Heights	\$ 186,676,357	62.20%	\$ 116,112,694
City of Utica	4,524,817	100.00%	4,524,817
Macomb Township	53,907,156	26.66%	14,371,648
Shelby Township	28,392,353	97.44%	27,665,509
Washington Township	41,171,837	12.85%	5,290,581
Macomb County	256,735,607	26.50%	68,034,936
Macomb ISD	1,150,000	25.93%	298,195
Clinton-Macomb Public Library	27,715,000	15.28%	4,234,852
Total overlapping debt			240,533,232
Direct district debt			166,625,000
Total direct and overlapping debt			<u><u>\$ 407,158,232</u></u>

Source: Utica Community Schools Bond Disclosure Documents - Debt Statement
Municipal Advisory Council of Michigan - EMMA Services
(<http://www.mi-macsites.com/MACSitePM/EmmaService.aspx>)

Note: Overlapping Debt - The issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative Assessed Values.

Utica Community Schools

	As of June 30,			
	2022	2021	2020	2019
Calculation of debt limit ¹				
State Equalized Valuation (SEV)	\$ 10,663,971,510	\$ 10,206,067,560	\$ 9,566,907,598	\$ 8,963,109,215
Debt Limit (15% of SEV)	1,599,595,727	1,530,910,134	1,435,036,140	1,344,466,382
Calculation of debt subject to limit ²				
Debt outstanding	166,625,000	170,660,000	191,620,000	204,990,000
Less qualified bonds	(166,625,000)	(170,660,000)	(191,620,000)	(204,990,000)
Net debt subject to limit	-	-	-	-
Additional debt which could be legally incurred	1,599,595,727	1,530,910,134	1,435,036,140	1,344,466,382
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source:

¹ <http://equalization.macombgov.org/Equalization-Reports> (SEV)

² Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2013 through 2022

Debt Capacity Information

Legal Debt Margin (Unaudited)

Last Ten Fiscal Years					
As of June 30,					
2018	2017	2016	2015	2014	2013
\$ 8,615,071,593	\$ 8,190,568,431	\$ 7,691,050,965	\$ 6,905,777,057	\$ 6,567,844,878	\$ 6,385,863,772
1,292,260,739	1,228,585,265	1,153,657,645	1,035,866,559	985,176,732	957,879,566
137,585,000	158,610,000	170,625,000	168,630,000	159,070,000	176,820,000
(137,585,000)	(158,610,000)	(170,625,000)	(168,630,000)	(159,070,000)	(176,820,000)
-	-	-	-	-	-
1,292,260,739	1,228,585,265	1,153,657,645	1,035,866,559	985,176,732	957,879,566
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Demographic and Economic Information

Demographic and Economic Statistics - Macomb County (Unaudited)

Last Ten Fiscal Years

Calendar year	Population	Total Personal Income (in Thousands)	General Obligation Bonds (in Thousands)	Ratio of Total Debt to Personal Income	Per Capita Personal Income	Unemployment Rate
2021	874,678	N/A	207,519	N/A	N/A	5.90%
2020	877,280	45,450,920	232,482	0.51%	52,195	12.00%
2019	876,977	41,645,007	229,405	0.55%	47,487	4.30%
2018	876,982	40,410,454	245,038	0.61%	46,079	4.10%
2017	873,678	38,825,377	260,256	0.67%	44,439	4.30%
2016	866,971	37,458,349	275,223	0.73%	43,206	5.20%
2015	858,058	23,248,238	289,727	1.25%	42,513	5.70%
2014	850,699	34,092,613	39,755	0.12%	40,076	7.90%
2013	844,742	32,334,190	44,930	0.14%	38,277	9.40%
2012	840,928	31,869,489	49,670	0.16%	37,898	9.80%

Note: The statistics shown above are for the entire County of Macomb, which encompasses the entire School District and surrounding communities
N/A - Not available at time of publishing

Source: Macomb County Audited Financial Statement
(<https://finance.macombgov.org/Fianace-AnnualCompFinancialReport>)

Demographic and Economic Information
Principal Employers - Within the School District (Unaudited)

Employer	2021-22 Employees ¹	Percentage of total	2012-13 Employees ²	Percentage of total	2012 rank
1 Chrysler Group - Sterling Plant	2,900	0.70%	2,900	0.81%	1
2 Ford Motor Company	2,753	0.68%	2,243	0.63%	3
3 Utica Community Schools	2,167	0.52%	2,545	0.71%	2
4 MNP Corporation - Headquarters	1,200	0.29%	600	0.17%	4
5 TRW Automotive	543	0.13%	600	0.17%	5
6 Kuka Systems Corporation N.A.	500	0.12%	450	0.12%	6
7 The Romine Group	350	0.08%	350	0.10%	7
8 Utica Enterprises - Headquarters	350	0.08%			
9 Mayco Plastics Inc.	300	0.07%	300	0.08%	8
10 Key Safety Systems Inc.	295	0.07%	295	0.08%	9
Cross Huller, LLC			251	0.07%	10
Total principal employers	<u>11,358</u>	2.74%	<u>10,534</u>	2.94%	
Total employment - Macomb County ³	<u>413,707</u>		<u>358,456</u>		

*These employers are located within the Utica Community Schools District and its surrounding communities

Source: ¹ Utica Community Schools Bond Disclosure Documents - Employment Characteristics

² Utica Community Schools Annual Disclosure Documents - Employment Characteristics
Michigan Manufacturers Directory, Crain's Detroit Business Book of Lists, Manta via www.manta.com,
and individual employers

³ Michigan Department of Technology, Management & Budget (DTMB)
(<http://miltmi.org/datasearch>)

Utica Community Schools

Function/ program:	As of June 30,			
	2022	2021	2020	2019
General government				
Instruction	1,772	1,756	1,740	1,720
Support services	840	826	865	895
Community service	112	122	142	138
Food service	88	81	92	93
Total	2,812	2,785	2,838	2,846

*Community Service & Food Service are included in Support Services for Fiscal Year 2016

Note: Contracted & Direct Hire FTE are included since Fiscal Year 2016

Source: CEPI - Assignment Code Summary (EOY)

Operating Information

Full-Time Equivalent School District Employees (Unaudited)

Last Ten Fiscal Years

As of June 30,					
2018	2017	2016*	2015	2014	2013
1,711	1,736	1,774	1,665	1,717	1,666
883	897	1,205	591	666	798
138	102	-	141	161	171
99	100	-	107	107	102
2,831	2,835	2,979	2,504	2,651	2,737

Utica Community Schools

Function/ program	As of June 30,			
	2022	2021	2020	2019
Instructional buildings:				
Elementary:				
Number of buildings (a)	25	25	25	25
Square footage (a)	1,469,738	1,469,738	1,469,738	1,469,536
Capacity (b)	17,468	17,468	17,468	17,468
Enrollment (c)	13,172	12,796	13,357	13,459
Junior:				
Number of buildings (a)	7	7	7	7
Square footage (a)	903,842	903,842	903,842	903,842
Capacity (b)	10,200	10,200	10,200	10,200
Enrollment (c)	6,034	6,233	6,357	6,509
High:				
Number of buildings (a)	4	4	4	4
Square footage (a)	1,012,361	1,012,361	1,012,361	1,012,361
Capacity (b)	10,064	10,064	10,064	10,064
Enrollment (c)	6,455	6,504	6,709	6,710
Other (ULA and Parochial):				
Enrollment (c)	161	144	176	200
Total enrollment	25,821	25,677	26,599	26,878
Administrative:				
Number of buildings (a)	1	1	1	1
Square footage (a)	47,837	47,837	47,837	47,837
Other Buildings:				
Number of buildings (a)	6	6	6	6
Square footage (a)	243,623	243,623	243,623	243,623
Transportation/Maintenance:				
Number of garages (a)	1	1	1	1
Square footage (a)	116,178	116,178	116,178	116,178
Buses (d)	244	233	234	245
Athletics:				
Football fields (e)	21	21	21	21
Soccer fields (e)	4	4	4	4
Running tracks (e)	4	4	4	4
Baseball/softball (e)	28	28	28	28
Swimming pools (e)	2	2	2	2
Playgrounds (e)	25	25	25	25

Notes:

2018/19: Stevenson MADE Academy addition to Stevenson High School
 2017/18: Magahay Elementary was sold. Parochial schools no longer requesting service
 2016/17: Davis and Malow Junior Highs added auxiliary gyms. Ewell Elementary was sold
 2013: Utica High School added a media center

Source:

- (a) Utica Community Schools Maintenance Department (CAD Operator)
- (b) Utica Community Schools UEA Teacher Contract (Capacity Factor) and Utica Community Schools Architect Building Utilization
- (c) Fall FTE Count Audited (DS4120)
- (d) Michigan Department of Education - School Bus Inventory
- (e) Utica Community Schools Athletic Department

Operating Information

Capital Asset Information (Unaudited)

Last Ten Fiscal Years

As of June 30,					
2018	2017	2016	2015	2014	2013
25	25	25	25	25	25
1,469,536	1,469,536	1,469,536	1,469,536	1,469,536	1,469,536
17,468	17,468	17,468	17,468	17,468	17,468
13,709	13,839	14,041	14,241	14,506	14,586
7	7	7	7	7	7
903,842	903,842	889,656	889,656	889,656	889,656
10,200	10,200	10,200	10,200	10,200	10,200
6,621	6,823	6,857	6,885	6,862	6,333
4	4	4	4	4	4
1,009,050	1,009,050	1,009,050	1,009,050	1,009,050	1,009,050
10,064	10,064	10,064	10,064	10,064	10,064
6,808	6,847	6,777	6,900	7,054	7,583
230	450	461	294	282	316
27,369	27,960	28,136	28,321	28,704	28,818
1	1	1	1	1	1
47,837	47,837	47,837	47,837	47,837	47,837
6	7	8	8	8	8
243,623	295,651	353,491	353,491	353,491	353,491
1	1	1	1	1	1
116,178	116,178	116,178	116,178	116,178	116,178
230	247	267	254	256	256
21	21	21	21	21	21
4	4	4	4	4	4
4	4	4	4	4	4
28	28	28	28	28	28
2	2	2	2	2	2
25	25	25	25	25	25

Operating Information - General Fund

Operating Indicators (Unaudited)

Last Ten Fiscal Years

Year	Enrollment ¹	Operating expenditures ²	Cost per pupil	Operating revenue ²	Revenue per pupil	Total teaching staff ³	Percentage of students qualifying for free/reduced meals ⁴	Average teacher salary ⁵
2022	25,822	\$ 310,874,051	\$ 12,039	\$ 327,183,658	\$ 12,671	1,474	41.31%	*
2021	25,677	292,300,890	11,384	309,577,654	12,057	1,430	40.72%	84,604
2020	26,599	271,493,063	10,207	275,487,621	10,357	1,430	39.24%	81,641
2019	26,878	268,101,505	9,975	272,713,374	10,146	1,415	38.08%	82,065
2018	27,369	272,037,107	9,940	273,571,627	9,996	1,440	35.68%	79,799
2017	27,960	273,447,461	9,780	269,512,041	9,639	1,466	30.83%	80,840
2016	28,136	272,279,117	9,677	262,941,714	9,345	1,495	30.78%	80,334
2015	28,321	270,057,953	9,536	259,277,803	9,155	1,547	30.24%	77,435
2014	28,704	260,540,645	9,077	254,197,400	8,856	1,523	29.83%	78,101
2013	28,818	252,004,242	8,745	248,158,106	8,611	1,520	29.80%	78,449

* Data not available

Note: ² Operating Expenditures Excludes Other Financing Uses and Capital Outlay
Operating Revenues Excludes Other Financing Sources

Source: ¹ Fall FTE Count State Aid Status Report - August

² Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2013 through 2022

³ Utica Community Schools Annual Disclosure & Bond Disclosures

⁴ MI School Data (<https://www.mischooldata.org/Default.aspx>)

⁵ Michigan Department of Education Bulletin 1014

(http://www.michigan.gov/mde/0,4615,7-140-6530_6605-21514--,00.html)