

**Hamtramck Public Schools**

**Financial Statements**

**June 30, 2022**



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**Hamtramck Public Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2022**

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**Members of the Board of Education**

Salah Hadwan	President
Showkat Chowdhury	Vice President
Daz'Shavon Hall	Secretary
Moortadha Obaid	Treasurer
Evan Major	Trustee
Jihan Aiyash	Trustee
Regan Watson	Trustee

**Administration**

Nabil Nagi	Interim Superintendent
Sherry Lynem	Director of Finance



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## Independent Auditors' Report

Management and the Board of Education  
Hamtramck Public Schools  
Hamtramck, MI

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamtramck Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hamtramck Public Schools' basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the 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 Hamtramck Public Schools, as of June 30, 2022, and the respective changes in financial position, and thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hamtramck Public Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### 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 Hamtramck Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Hamtramck Public Schools' 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 Hamtramck Public Schools' 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 Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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, who 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the

basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamtramck Public Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, 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 supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of Hamtramck Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Hamtramck Public Schools' 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 Hamtramck Public Schools' internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Ann Arbor, MI  
October 31, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# Hamtramck Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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Hamtramck Public Schools (the "School District"), a K-12 school district located in Wayne County, Michigan, offers a free public education to all resident students and eligible Schools of Choice students. This annual report was prepared by the School District's Department of Finance and are in accordance with GASB No. 34 Financial Statement Reporting format. As Management of the School District, we offer readers of the School District financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in this report.

## **Financial Highlights**

- The district has a General Fund surplus of \$14,023,653.
- \$1.4 million Federal Stabilization funds were received during the year.
- Phase one of a multi-million dollar project to replace windows and upgrade HVAC systems has begun. This project will be accomplished with the use of one-time Federal Stabilization Funds.
- The total assets of the General Fund District amounted to \$23,599,304 in comparison to total liabilities of \$9,190,394 as of June 30, 2022.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **District-Wide Financial Statements**

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the School District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Both district-wide financial statements distinguish functions of the School District that are principally supported by State School Aid and property taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services and related activities. The School District does not have any business-type activities.

The district-wide financial statements can be found on pages 4-1 of this report.



# Hamtramck Public Schools

## Management's Discussion and Analysis

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

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#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Non-major Funds, which includes the Food Service Fund, Recreation Fund, and the Sinking Fund. The General Fund is the only fund considered to be a major fund.

The School District adopts an annual appropriated budget for the General Fund and the two Special Revenue Funds. A budgetary comparison statement has been provided for the general fund, which is the only major fund.

The basic governmental fund financial statements can be found on pages 4-4 through 4-8 of this report.

Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The School District does not have any enterprise funds.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found beginning on page 4-9 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. Required supplemental information can be found on in section 5 of this report. Combining fund statements and schedules can be found in section 6 of this report.

**Hamtramck Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

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**District-wide Financial Analysis**

As noted earlier, net assets may serve, over time, as a useful indicator of a school district's financial position. The following summarizes the net assets at June 30, 2021 and 2022.

By far, the largest portion of the School District's net assets reflects its investment in capital assets (e.g., land, buildings, site improvements, machinery, and equipment). The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. In 2021/2022 there is a decrease in net position.

**Governmental Activities Summary**

	June 30,	
	2022	2021
	(thousands)	
<b>Assets</b>		
Current assets	\$ 24,433	\$ 26,790
Capital assets, net book value	17,237	17,867
Total assets	41,670	44,657
<b>Deferred Outflows of Resources</b>		
Deferred amount on net pension liability	14,875	21,333
Deferred amount on net OPEB liability	5,738	7,480
Total deferred outflows of resources	20,613	28,813
<b>Liabilities</b>		
Current liabilities	7,251	5,745
Long-term liabilities	58,552	90,072
Total liabilities	65,803	95,817
<b>Deferred Inflows of Resources</b>		
Deferred amount on net pension liability	20,895	3,116
Deferred amount on net OPEB liability	12,709	8,874
Total deferred inflows of resources	33,604	11,990
<b>Net position</b>		
Invested in capital assets, net of related debt	17,390	17,157
Restricted for sinking fund, recreation, & food service	2,204	3,329
Unrestricted	(55,970)	(54,823)
Total net position	\$ (36,376)	\$ (34,337)

**Hamtramck Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

	June 30,	
	2022	2021
	(thousands)	
<b>Revenues</b>		
General		
Property taxes - general operations	\$ 2,293	\$ 2,266
Property taxes - recreation	960	925
Property taxes - sinking fund	878	847
State aid unrestricted	24,658	24,805
Other	109	51
Total general revenues	<u>28,898</u>	<u>28,894</u>
Operating grants		
Instruction	8,978	11,654
Support services	9,673	10,001
Cafeteria	2,822	3,202
Total operating grants	<u>21,473</u>	<u>24,857</u>
Charges for services		
Support	16	6
Cafeteria	-	42
Total charges for services	<u>16</u>	<u>48</u>
Capital grants		
Instruction	209	167
Total revenue	<u>50,596</u>	<u>53,966</u>
<b>Expenses</b>		
Instruction	28,343	29,221
Support services	20,006	18,752
Food services	2,862	1,752
Community service	1,383	928
Interest and other expenses	38	37
Total expenses	<u>52,632</u>	<u>50,690</u>
<b>Change in net position</b>	(2,039)	3,267
<b>Net position - beginning</b>	<u>(34,337)</u>	<u>(37,604)</u>
<b>Net position - ending</b>	<u>\$ (36,376)</u>	<u>\$ (34,337)</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a school district's net resources available for spending at the end of the fiscal year.

# Hamtramck Public Schools

## Management's Discussion and Analysis

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

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As of the end of the current fiscal year, the School District's governmental funds reported a combined fund balance of \$17,422,583 in comparison to \$20,207,940 in the previous year. The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the General Fund surplus amounted to \$14,023,653

#### **General Fund Budgetary Highlights**

State aid foundation increased to \$8,700 per-pupil this year. This was the largest increase to per pupil funding in history. The district continues to honor its commitment to remaining fiscally fit. This is evidenced by continuing to exceed the board resolution to reserve 15% of the unrestricted fund balance as a hedge against unforeseen revenue loses and potential declines in enrollment. This can be seen in the financial statements as "Committed" Fund Balance on the balance sheet.

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

- Property tax revenues are expected remain stable. Delinquent tax collections are not budgeted due to the uncertainty of the collections.
- Fiscal year 2022/23 state aid foundation allowance will see another substantial increase. Beginning July 1, 2022 the per pupil funding is increasing by \$450, bringing the 2022/23 foundation allowance to \$9,150. An increase in unreimbursed retirement cost is expected, and certain other categorical revenues may be reduced or eliminated. Because all school districts across the state are returning to face-to-face learning, the formula used to calculate the foundation allowance has returned to basing 90% of funding on fall enrollment and 10% on the spring enrollment.
- Fall student enrollment appears to be stable and the district is monitoring the it closely. The school district is at an unfair disadvantage compared to other districts in terms of competition with charter schools. There are still (7) charter schools either in the city or within walking distance of Hamtramck, however the district is holding its own.
- Hamtramck Public Schools will not participate in the State-Aid Anticipation loan Program (via the "Michigan Bond Authority"), thereby reducing borrowing costs and keeping those dollars in the classroom.
- The District's Technology Director is meeting the challenges of ensuring the buildings technology needs are met for online learning and assessments. The department quickly prepared and distributed chromebooks for every household of our enrolled students when the district went into a mandatory shutdown due to the pandemic. The Technology staff are currently providing training and technical assistance for staff and students in this remote learning environment.
- The district secured a 10-year partnership with the Detroit City Football Club for renovations to 80+ year old Keyworth Stadium. The project began in 2016 with \$606,172 put into stadium upgrades and repairs. Another \$111,000 in upgrades and repairs were made during 2017. In 2019 new artificial turf was laid and luxury suites were installed and more will continue in the upcoming years. The project is a huge win for Hamtramck Public Schools as well as the City of Hamtramck as crowds that number between 5,000-7,000 attended soccer games and brought people into the city that might not otherwise come to the city. Local businesses benefitted from DCFC fans patronizing their establishments.
- And lastly, the district launched the new Virtual Learning Institute. This program is designed to meet the needs of our students who either are unable to attend face-to-face or who's families feel more comfortable having their children receive remote instruction during the unprecedented challenges of a world-wide pandemic. As we enter the 2022/23 school year we are proud to announce that HPS certified teachers are teaching in the program.

**Hamtramck Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

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**Requests for Information**

This financial report is intended to provide our citizens and taxpayers with a general overview of the School District's finances. Questions concerning any of the information provided in this report should be addressed to Sherry A. Lynem, CFO, Director of Finance, 3201 Roosevelt, Hamtramck, Michigan, 48212.

## BASIC FINANCIAL STATEMENTS

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**Hamtramck Public Schools**  
**Statement of Net Position**  
**June 30, 2022**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 16,026,552
Accounts receivable	7,789
Due from other governmental units	8,380,605
Prepaid items	18,000
Capital assets not being depreciated	748,074
Capital assets - net of accumulated depreciation	<u>17,237,198</u>
 Total assets	 <u>42,418,218</u>
 <b>Deferred Outflows of Resources</b>	
Deferred amount on net pension liability	14,875,049
Deferred amount on net OPEB liability	<u>5,737,690</u>
 Total deferred outflows of resources	 <u>20,612,739</u>

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	\$ 1,850,716
Due to other governmental units	655,439
Payroll deductions and withholdings	336,489
Accrued salaries payable	3,429,006
Unearned revenue	978,961
Long-term liabilities	
Debt due within one year	840,000
Debt due in more than one year	1,494,771
Net pension liability	52,816,377
Net OPEB liability	3,401,243
	3,401,243
Total liabilities	65,803,002
<b>Deferred Inflows of Resources</b>	
Deferred amount on net pension liability	20,895,423
Deferred amount on net OPEB liability	12,708,680
	12,708,680
Total deferred inflows of resources	33,604,103
<b>Net Position</b>	
Net investment in capital assets	17,390,272
Restricted for	
Food service	1,766,161
Recreation	404,016
Capital projects - sinking fund	33,354
Unrestricted	(55,969,951)
	(55,969,951)
Total net position	\$ (36,376,148)

See Accompanying Notes to the Financial Statements



**Hamtramck Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 28,343,110	\$ -	\$ 8,978,462	\$ 208,502	\$ (19,156,146)
Supporting services	20,006,167	15,560	9,672,596	-	(10,318,011)
Student and school activities	68,632	66,259	-	-	(2,373)
Food services	2,861,574	-	2,821,723	-	(39,851)
Community services	1,382,754	-	-	-	(1,382,754)
Interest on long-term debt	37,953	-	-	-	(37,953)
	<u>\$ 52,700,190</u>	<u>\$ 81,819</u>	<u>\$ 21,472,781</u>	<u>\$ 208,502</u>	<u>(30,937,088)</u>
General revenues					
Property taxes, levied for general purposes					2,293,400
Property taxes, levied for recreation fund					959,899
Property taxes, levied for sinking fund					878,444
State aid - unrestricted					24,657,942
Interest and investment earnings					124
Other					108,401
					<u>28,898,210</u>
					(2,038,878)
					<u>(34,337,270)</u>
					<u>\$ (36,376,148)</u>

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 15,316,425	\$ 710,127	\$ 16,026,552
Accounts receivable	7,789	-	7,789
Due from other funds	-	2,901,549	2,901,549
Due from other governmental units	8,257,090	123,515	8,380,605
Prepaid items	18,000	-	18,000
Total assets	\$ 23,599,304	\$ 3,735,191	\$ 27,334,495
<b>Liabilities</b>			
Accounts payable	\$ 1,575,797	\$ 274,919	\$ 1,850,716
Due to other funds	2,861,976	39,573	2,901,549
Due to other governmental units	655,439	-	655,439
Payroll deductions and withholdings	336,489	-	336,489
Accrued salaries payable	3,407,237	21,769	3,429,006
Unearned revenue	353,456	-	353,456
Total liabilities	9,190,394	336,261	9,526,655

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred Inflows of Resources</b>			
Unavailable revenue			
Grants received	\$ 385,257	\$ -	\$ 385,257
<b>Fund Balances</b>			
Non-spendable			
Prepaid items	18,000	-	18,000
Restricted for			
Food service	-	1,766,161	1,766,161
Recreation	-	1,564,742	1,564,742
Capital projects- sinking fund	-	33,354	33,354
Committed for			
Board minimum	2,103,548	-	2,103,548
Student activities	-	34,673	34,673
Unassigned	11,902,105	-	11,902,105
 Total fund balances	 <u>14,023,653</u>	 <u>3,398,930</u>	 <u>17,422,583</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 23,599,304</u>	 <u>\$ 3,735,191</u>	 <u>\$ 27,334,495</u>

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2022**

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<b>Total fund balances for governmental funds</b>	\$ 17,422,583
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	385,257
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	748,074
Capital assets - net of accumulated depreciation	17,237,198
Deferred outflows (inflows) of resources	
Deferred inflows of resources resulting from net pension liability	(20,895,423)
Deferred outflows of resources resulting from net pension liability	14,875,049
Deferred inflows of resources resulting from net OPEB liability	(12,708,680)
Deferred outflows of resources resulting from net OPEB liability	5,737,690
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities.	
Net pension liability	(52,816,377)
Net OPEB liability	(3,401,243)
Compensated absences	(1,739,771)
Bonds payable	(595,000)
Unearned revenue	(625,505)
<b>Net position of governmental activities</b>	<u>\$ (36,376,148)</u>

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 2,524,814	\$ 1,948,804	\$ 4,473,618
State sources	33,763,875	11,816	33,775,691
Federal sources	8,173,013	2,809,907	10,982,920
Interdistrict sources	2,339,807	-	2,339,807
	<u>46,801,509</u>	<u>4,770,527</u>	<u>51,572,036</u>
<b>Expenditures</b>			
Current			
Education			
Instruction	28,549,223	-	28,549,223
Supporting services	20,141,496	10,156	20,151,652
Student and school activities	-	68,632	68,632
Food services	-	2,803,320	2,803,320
Community services	478,616	875,989	1,354,605
Facilities acquisition	-	979,684	979,684
Capital outlay	297,324	-	297,324
Debt service			
Principal	140,000	-	140,000
Interest and other expenditures	37,953	-	37,953
Payment to bond refunding escrow agent	710,000	-	710,000
	<u>50,354,612</u>	<u>4,737,781</u>	<u>55,092,393</u>
Excess (deficiency) of revenues over expenditures	(3,553,103)	32,746	(3,520,357)

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

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	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources</b>			
Proceeds from refunding bonds	\$ 735,000	\$ -	\$ 735,000
Net change in fund balance	(2,818,103)	32,746	(2,785,357)
Fund balances - beginning	16,841,756	3,366,184	20,207,940
Fund balances - ending	\$ 14,023,653	\$ 3,398,930	\$ 17,422,583

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

<b>Net change in fund balances - Total governmental funds</b>	\$ (2,785,357)
Total change in net position reported for governmental activities in the statement of activities is different because	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(1,119,226)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(1,417,574)
Capital outlay	1,369,493
Donations of capital assets	208,502
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	226,661
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contribution.	
Net change in net pension liability	22,691,161
Net change in the deferrals of resources related to the net pension liability	(24,237,442)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contribution.	
Net change in net OPEB liability	8,487,104
Net change in the deferrals of resources related to the net OPEB liability	(5,577,200)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balances. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(735,000)
Repayments of long-term debt	850,000
<b>Change in net position of governmental activities</b>	<b>\$ (2,038,878)</b>

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Hamtramck Public Schools (the School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**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. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by

general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

**Fund Financial Statements**

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of



**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

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the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District’s Special Revenue Funds include the Food Service Fund, Recreation Fund, and Student/School Activity Fund.

Sinking Fund – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction or repair of school buildings.

**Assets, Liabilities and Net Position or Equity**

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2022, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.8692
Commercial personal property	5.8692
Recreation Fund	4.2682
Sinking Fund	3.8820

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries. All of the School District’s tax roll lies within Wayne County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Wayne and remitted to the School District by May 15.

There are no significant abatements made by the School District.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

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The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consist of unpaid, accumulated annual and sick leave balances. The liability has been calculated for employees who are currently eligible to receive termination payments upon retirement.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

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Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education or the Superintendent. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental

funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Committed Fund Balance**

The School District has resolved to maintain a fund balance of no less than 15% of the available fund balance as committed.

**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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**Adoption of New Accounting Standards**

Statement No. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities.

**Upcoming Accounting and Reporting Changes**

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

Statement No. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Instruction			
Added needs	\$ 8,003,218	\$ 8,220,401	\$ 217,183
Supporting services			
Pupil	3,575,340	3,627,471	52,131
Instructional staff	3,141,603	3,291,811	150,208
School administration	2,574,502	2,596,096	21,594
Business	603,838	604,100	262
Central	2,315,605	2,545,546	229,941
Athletic activities	323,160	362,320	39,160
Other	29,168	32,703	3,535
Capital outlay	223,231	297,324	74,093
Debt Service			
Debt - interest and fiscal charges	-	37,953	37,953
Payments to bond escrow agent	-	710,000	710,000

**Compliance - Sinking Funds**

The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

**Note 3 - Deposits And Investments**

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 16,026,252
Petty cash and cash on hand	<u>300</u>
<b>Total</b>	<b><u>\$ 16,026,552</u></b>

**Interest rate risk** – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

**Credit risk** – State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

**Concentration of credit risk** – The School District has no policy that would limit the amount that may be invested with any one issuer.

**Custodial credit risk – deposits** – In the case of deposits, this 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 does not have a deposit policy for custodial credit risk. As of year-end, \$15,935,090 of the School District's bank balance of \$16,185,090 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Note 4 - Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 748,074	\$ -	\$ 748,074
Capital assets being depreciated				
Buildings and additions	\$ 31,287,388	\$ 679,872	\$ -	\$ 31,967,260
Equipment and furniture	4,813,698	107,925	-	4,921,623
Buses and other vehicles	<u>253,676</u>	<u>-</u>	<u>-</u>	<u>253,676</u>
Total capital assets being depreciated	<u>36,354,762</u>	<u>787,797</u>	<u>-</u>	<u>37,142,559</u>
Less accumulated depreciation for				
Buildings and additions	15,250,917	1,060,163	-	16,311,080
Equipment and furniture	3,150,192	329,275	-	3,479,467
Buses and other vehicles	<u>86,678</u>	<u>28,136</u>	<u>-</u>	<u>114,814</u>
Total accumulated depreciation	<u>18,487,787</u>	<u>1,417,574</u>	<u>-</u>	<u>19,905,361</u>
Net capital assets	<u>\$ 17,866,975</u>	<u>\$ 118,297</u>	<u>\$ -</u>	<u>\$ 17,985,272</u>

Depreciation expense was charged to activities of the School District as follows:

<b>Governmental activities</b>	
Instruction	\$ 765,636
Supporting services	540,430
Food services	75,180
Community services	<u>36,328</u>
Total governmental activities	<u>\$ 1,417,574</u>

**Donated Capital Assets**

As of November 2015 the District entered into a rental lease agreement, exchanging \$1 of rent in lieu of improvements to the District's stadium. As of June 30, 2022 the District received \$1,447,290 of improvements, which is recorded as capital assets. The donated capital assets are recognized over the life of the lease. As of June 30, 2022 there is unearned revenue of \$625,505 relating to the donated capital assets.

**Note 5 - Interfund Receivable And Payable**

Individual interfund receivable and payable balances at year end were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 2,861,976
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>39,573</u>
		<u>\$ 2,901,549</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Note 6 - Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

	Unearned
Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 353,456
Donated assets	625,505
<b>Total</b>	<b>\$ 978,961</b>

**Note 7 - Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bond and notes payable					
General obligation bonds	\$ 710,000	\$ 735,000	\$ 850,000	\$ 595,000	\$ 145,000
Other liabilities					
Compensated absences	1,966,432	468,370	695,031	1,739,771	695,000
<b>Total</b>	<b>\$ 2,676,432</b>	<b>\$ 1,203,370</b>	<b>\$ 1,545,031</b>	<b>\$ 2,334,771</b>	<b>\$ 840,000</b>

For governmental activities, government obligation bonds, compensated absences are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following:

2021 Refunding Bonds of \$735,000 are due in semi-annual payments of \$145,000 to \$150,000 through May 1, 2026, interest at 1.00% \$ 595,000

Future principal and interest requirements for bonded debt are as follows:

	Bonds	
	Principal	Interest
<b>Year Ending June 30,</b>		
2023	145,000	27,044
2024	150,000	21,138
2025	150,000	14,488
2026	150,000	7,362
<b>Total</b>	<b>\$ 595,000</b>	<b>\$ 70,032</b>

Interest expenditures for the fiscal year in the General Fund were \$37,406.

**Compensated Absences**

Accrued compensated absences at year end, consist of vacation hours earned and vested and accrued sick time benefits. \$1,739,771 of the vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

**Note 8 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is self-insured for health benefits paid on behalf of its employees. Payments are made to the insurance administrator each week based on actual claims and administration fees.

No additional accrual has been recorded as of the end of the prior two fiscal years, due to the School District paying the maximum contractual amounts for all claims submitted. The year claims reimbursement liability and activity are as follows:

	2022	2021
Estimated liability at the beginning of the year	\$ -	\$ -
Estimated claims incurred including changes in estimates	156,354	146,565
Claim payments	(156,354)	(146,565)
Estimated liability at the end of the year	\$ -	\$ -

**Note 9 - Pension Plan**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option

of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)

**Benefits Provided**

Benefit provisions of the defined benefit pension 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 (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.



**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020, valuation will be amortized over an 18-year period beginning Oct. 1, 2020, and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2021.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.78%
Member Investment Plan	3.0 - 7.0%	19.78%
Pension Plus	3.0 - 6.4%	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the School District were \$6,698,410 for the year ending September 30, 2021.

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

At June 30, 2022, the School District reported a liability of \$52,816,377 for its proportionate share of the MPSERS 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 rolled forward from September 2020. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the School District's proportion was 0.2231 percent, which was an increase of 0.0033 percent from its proportion measured as of September 30, 2020.

For the plan year ending September 30, 2021, the School District recognized pension expense of \$8,338,158 for the measurement period. For the reporting period ending June 30, 2022, the School District recognized total pension contribution expense of \$7,432,306.

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

	Outflows of Resources	Inflows of Resources	Total
Difference between expected and actual experience	\$ 818,148	\$ (311,026)	\$ 507,122
Changes of assumptions	3,329,356	-	3,329,356
Net difference between projected and actual earnings on pension plan investments	-	(16,980,295)	(16,980,295)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	3,466,078	(73,105)	3,392,973
Total to be recognized in future School District contributions subsequent to the measurement date	7,613,582	(17,364,426)	(9,750,844)
	<u>7,261,467</u>	<u>(3,530,997)</u>	<u>3,730,470</u>
Total	<u>\$ 14,875,049</u>	<u>\$(20,895,423)</u>	<u>\$ (6,020,374)</u>

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
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Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The District will offset the contribution expense in the year ended June 30, 2023, with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflows) and Deferred Outflows of Resources by Year  
 (To Be Recognized in Future Pension Expenses)

2022	\$ 299,837
2023	(1,896,784)
2024	(3,659,194)
2025	(4,494,703)
	\$ (9,750,844)

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2020
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.80% net of investment expenses
  - Pension Plus Plan: 6.80% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018, valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4367 years.

**Hamtramck Public Schools**  
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Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2021 MPERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.4 %
Private Equity Pools	16.0	9.1
International Equity	15.0	7.5
Fixed Income Pools	10.5	( 0.7)
Real Estate and Infrastructure Pools	10.0	5.4
Absolute Return Pools	9.0	2.6
Real Return/Opportunistic Pools	12.5	6.1
Short Term Investment Pools	2.0	(1.3)
	<u>100.0%</u>	

*\*Long-term rates of return are net of administrative expenses and 2.0% inflation.*

**Rate of Return**

For the plan year ended September 30, 2021, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
\$ 75,513,095	\$ 52,816,377	\$ 33,999,309

\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

**Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the Michigan Public School Employees' Retirement System (MPSERS)**

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

**Note 10 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945,

recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan

**Hamtramck Public Schools**  
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members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020, valuation will be amortized over an 18-year period beginning Oct. 1, 2020, and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2021.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the School District were \$1,654,174 for the year ended September 30, 2021.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the School District reported a liability of \$3,401,243 for its proportionate share of the MPERS net OPEB liability. The net OPEB liability 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 rolled forward from September 2020. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period.

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**June 30, 2022**

At September 30, 2021, the School District's proportion was 0.2228 percent, which was an increase of 0.0009 percent from its proportion measured as of September 30, 2020.

For the plan year ending September 30, 2021, the School District recognized OPEB expense of \$(1,310,995) for the measurement period. For the reporting period ending June 30, 2022, the School District recognized total OPEB contribution expense of \$1,599,553.

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	Total
Difference between expected and actual experience	\$ -	\$ (9,708,605)	\$(9,708,605)
Changes of assumptions	2,843,270	(425,459)	2,417,811
Net difference between projected and actual earnings on OPEB plan investments	-	(2,563,578)	(2,563,578)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>1,373,522</u>	<u>(11,038)</u>	<u>1,362,484</u>
Total to be recognized in future School District contributions subsequent to the measurement date	<u>1,520,898</u>	<u>-</u>	<u>1,520,898</u>
Total	<u>\$5,737,690</u>	<u>\$(12,708,680)</u>	<u>\$(6,970,990)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2022	\$ (1,973,154)
2023	(1,891,077)
2024	(1,945,306)
2025	(1,912,507)
2026	(680,560)
Thereafter	<u>(89,284)</u>
	<u>\$ (8,491,888)</u>

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2020
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2022**

- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

*Other Assumptions:*

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018, valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 6.1312 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on 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 OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.4 %
Private Equity Pools	16.0	9.1
International Equity	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate and Infrastructure Pools	10.0	5.4
Absolute Return Pools	9.0	2.6
Real Return/Opportunistic Pools	12.5	6.1
Short Term Investment Pools	2.0	(1.3)
	100.0%	

*\*Long-term rates of return are net of administrative expenses and 2.0% inflation.*

**Hamtramck Public Schools**  
**Notes to the Financial Statements**  
June 30, 2022

**Rate of Return**

For the plan year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
\$ 6,320,123	\$ 3,401,243	\$ 924,156

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate**

The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 827,835	\$ 3,401,243	\$ 6,296,636

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**Note 11 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2022.

The School District is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of the School District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.



## REQUIRED SUPPLEMENTARY INFORMATION

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**Hamtramck Public Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Local sources	\$ 2,444,653	\$ 2,537,640	\$ 2,524,814	\$ (12,826)
State sources	34,325,324	33,888,654	33,763,875	(124,779)
Federal sources	7,701,924	12,083,518	8,173,013	(3,910,505)
Interdistrict sources	<u>1,645,000</u>	<u>1,903,346</u>	<u>2,339,807</u>	<u>436,461</u>
Total revenues	<u>46,116,901</u>	<u>50,413,158</u>	<u>46,801,509</u>	<u>(3,611,649)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	18,628,012	20,485,164	19,997,817	(487,347)
Added needs	8,292,198	8,003,218	8,220,401	217,183
Adult and continuing education	542,895	499,572	331,005	(168,567)
Supporting services				
Pupil	4,349,329	3,575,340	3,627,471	52,131
Instructional staff	2,879,214	3,141,603	3,291,811	150,208
General administration	851,261	987,944	977,409	(10,535)
School administration	2,640,951	2,574,502	2,596,096	21,594
Business	565,000	603,838	604,100	262
Operations and maintenance	3,137,972	4,001,257	3,972,449	(28,808)
Pupil transportation services	1,727,597	2,192,935	2,131,591	(61,344)
Central	1,508,506	2,315,605	2,545,546	229,941
Athletic activities	254,816	323,160	362,320	39,160
Other	2,300	29,168	32,703	3,535
Community services	434,733	595,146	478,616	(116,530)
Capital outlay	1,000,000	223,231	297,324	74,093
Debt service				
Principal	162,406	155,516	140,000	(15,516)
Interest and fiscal charges	-	-	37,953	37,953
Payments to bond escrow agent	<u>-</u>	<u>-</u>	<u>710,000</u>	<u>710,000</u>
Total expenditures	<u>46,977,190</u>	<u>49,707,199</u>	<u>50,354,612</u>	<u>647,413</u>
Excess (deficiency) of revenues over expenditures	(860,289)	705,959	(3,553,103)	(4,259,062)

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources</b>				
Proceeds from refunding bonds	-	-	735,000	735,000
Net change in fund balance	(860,289)	705,959	(2,818,103)	(3,524,062)
Fund balance - beginning	16,841,756	16,841,756	16,841,756	-
Fund balance - ending	<u>\$ 15,981,467</u>	<u>\$ 17,547,715</u>	<u>\$ 14,023,653</u>	<u>\$ (3,524,062)</u>

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each Fiscal Year)**

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. Reporting unit's proportion of net pension liability (%)	0.22309%	0.21981%	0.21168%	0.19850%	0.18620%	0.17300%	0.17190%	0.17356%		
B. Reporting unit's proportionate share of net pension liability	\$ 52,816,377	\$ 75,507,538	\$ 70,102,504	\$ 59,663,869	\$ 48,244,976	\$ 43,167,987	\$ 41,981,704	\$ 38,228,483		
C. Reporting unit's covered-employee payroll	\$ 20,220,460	\$ 19,715,692	\$ 18,951,183	\$ 17,544,331	\$ 16,106,218	\$ 14,651,155	\$ 14,508,146	\$ 14,789,623		
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	261.20%	382.98%	369.91%	340.07%	299.54%	294.64%	289.37%	258.48%		
E. Plan fiduciary net position as a percentage of total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%		

**Notes:**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2021.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2021.

**Hamtramck Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. Statutorily required contributions	\$ 7,432,306	\$ 6,907,783	\$ 5,860,695	\$ 5,788,971	\$ 4,974,157	\$ 3,000,336	\$ 2,768,780	\$ 2,810,507		
B. Contributions in relation to statutorily required contributions	<u>7,432,306</u>	<u>6,907,783</u>	<u>5,860,695</u>	<u>5,788,971</u>	<u>4,974,157</u>	<u>3,000,336</u>	<u>2,768,780</u>	<u>2,810,507</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. Reporting unit's covered- employee payroll	\$ 20,293,805	\$ 20,081,814	\$ 19,668,362	\$ 18,735,471	\$ 17,132,837	\$ 15,974,656	\$ 15,108,789	\$ 14,833,962		
E. Contributions as a percentage of covered-employee payroll	36.62%	34.40%	29.80%	30.90%	29.03%	18.78%	18.33%	18.95%		

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each Fiscal Year)**

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. Reporting unit's proportion of the net OPEB liability (%)	0.22283%	0.22191%	0.21640%	0.20590%	0.18530%					
B. Reporting unit's proportionate share of the net OPEB liability	\$ 3,401,243	\$ 11,888,347	\$ 15,531,471	\$ 16,369,049	\$ 16,413,485					
C. Reporting unit's covered-employee payroll	\$ 20,220,460	\$ 19,715,692	\$ 18,951,183	\$ 17,544,331	\$ 16,106,218					
D. Reporting unit's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.82%	60.30%	81.96%	93.30%	101.91%					
E. Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%					

**Notes:**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2021.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2021.

**Hamtramck Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. Statutorily required contributions	\$ 1,599,553	\$ 1,742,849	\$ 1,494,436	\$ 1,552,888	\$ 1,263,911					
B. Contributions in relation to statutorily required contributions	<u>1,599,553</u>	<u>1,742,849</u>	<u>1,494,436</u>	<u>1,552,888</u>	<u>1,263,911</u>					
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
D. Reporting unit's covered- employee payroll	\$ 20,293,805	\$ 20,081,814	\$ 19,668,362	\$ 18,735,471	\$ 17,132,837					
E. Contributions as a percentage of covered-employee payroll	7.88%	8.68%	7.60%	8.29%	7.38%					

See Accompanying Notes to the Financial Statements

## OTHER SUPPLEMENTARY INFORMATION

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**Hamtramck Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Recreation	Student/School Activity	Sinking Fund	
<b>Assets</b>					
Cash	\$ 421,285	\$ 213,367	\$ 74,246	\$ 1,229	\$ 710,127
Due from other funds	1,295,747	1,382,413	-	223,389	2,901,549
Due from other governmental units	123,515	-	-	-	123,515
	<u>1,840,547</u>	<u>1,595,780</u>	<u>74,246</u>	<u>224,618</u>	<u>3,735,191</u>
Total assets	<u>\$ 1,840,547</u>	<u>\$ 1,595,780</u>	<u>\$ 74,246</u>	<u>\$ 224,618</u>	<u>\$ 3,735,191</u>
<b>Liabilities</b>					
Accounts payable	\$ 74,386	\$ 9,269	\$ -	\$ 191,264	\$ 274,919
Due to other funds	-	-	39,573	-	39,573
Accrued salaries payable	-	21,769	-	-	21,769
	<u>74,386</u>	<u>31,038</u>	<u>39,573</u>	<u>191,264</u>	<u>336,261</u>
Total liabilities	<u>74,386</u>	<u>31,038</u>	<u>39,573</u>	<u>191,264</u>	<u>336,261</u>
<b>Fund Balances</b>					
Restricted for					
Food service	1,766,161	-	-	-	1,766,161
Recreation	-	1,564,742	-	-	1,564,742
Sinking fund	-	-	-	33,354	33,354
Committed for					
Student Activities	-	-	34,673	-	34,673
	<u>1,766,161</u>	<u>1,564,742</u>	<u>34,673</u>	<u>33,354</u>	<u>3,398,930</u>
Total fund balances	<u>1,766,161</u>	<u>1,564,742</u>	<u>34,673</u>	<u>33,354</u>	<u>3,398,930</u>
Total liabilities and fund balances	<u>\$ 1,840,547</u>	<u>\$ 1,595,780</u>	<u>\$ 74,246</u>	<u>\$ 224,618</u>	<u>\$ 3,735,191</u>

See Accompanying Notes to the Financial Statements

**Hamtramck Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Recreation	Student/School Activity	Sinking Fund	
<b>Revenues</b>					
Local sources	\$ 124	\$ 1,003,977	\$ 66,259	\$ 878,444	\$ 1,948,804
State sources	11,816	-	-	-	11,816
Federal sources	<u>2,809,907</u>	-	-	-	<u>2,809,907</u>
Total revenues	<u>2,821,847</u>	<u>1,003,977</u>	<u>66,259</u>	<u>878,444</u>	<u>4,770,527</u>
<b>Expenditures</b>					
Current					
Education					
Supporting services	-	10,156	-	-	10,156
Student and school activities	-	-	68,632	-	68,632
Food services	2,803,320	-	-	-	2,803,320
Community services	-	875,989	-	-	875,989
Facilities acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,684</u>	<u>979,684</u>
Total expenditures	<u>2,803,320</u>	<u>886,145</u>	<u>68,632</u>	<u>979,684</u>	<u>4,737,781</u>
Excess (deficiency) of revenues over expenditures	18,527	117,832	(2,373)	(101,240)	32,746
Fund balances - beginning	<u>1,747,634</u>	<u>1,446,910</u>	<u>37,046</u>	<u>134,594</u>	<u>3,366,184</u>
Fund balances - ending	<u>\$ 1,766,161</u>	<u>\$ 1,564,742</u>	<u>\$ 34,673</u>	<u>\$ 33,354</u>	<u>\$ 3,398,930</u>

See Accompanying Notes to the Financial Statements