

**Oak Park School District**

**Financial Statements**

**June 30, 2022**



## Table of Contents

<b>Section</b>		<b>Page</b>
1	<b>Members of the Board of Education and Administration</b>	1 - 1
2	<b>Independent Auditors' Report</b>	2 - 1
3	<b>Management's Discussion and Analysis</b>	3 - 1
4	<b>Basic Financial Statements</b>	
	District-wide Financial Statements	
	Statement of Net Position	4 - 1
	Statement of Activities	4 - 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 4
	Reconciliation of the Balance Sheet of	
	Governmental Funds to the Statement of Net Position	4 - 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
	Reconciliation of the Statement of Revenues, Expenditures and	
	Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 9
	Notes to the Financial Statements	4 - 10

<b>Section</b>		<b>Page</b>
<b>5</b>	<b>Required Supplementary Information</b>	
	Budgetary Comparison Schedule - General Fund	5 - 1
	Schedule of the School District's Proportionate Share of the Net Pension Liability	5 - 3
	Schedule of the School District's Pension Contributions	5 - 4
	Schedule of the School District's Proportionate Share of the Net OPEB Liability	5 - 5
	Schedule of the School District's OPEB Contributions	5 - 6
<b>6</b>	<b>Other Supplementary Information</b>	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 - 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2

**Oak Park School District**  
**Members of the Board of Education and Administration**  
**June 30, 2022**

---

**Members of the Board of Education**

Alburn Elvin – President

Menachem Hojda – Vice President

Dr. Larmender A. Davis – Treasurer

Albert A. Smith, III – Secretary

Dawn Corporan – Trustee

Xondra Clark – Trustee

Claudette Lunkins – Trustee

**Administration**

Angel Abdulahad – Superintendent

Dr. Edwina Hill – Chief Financial Officer

Jody Malbon – Director of Business and Finance



800.968.0010 | yeoandyeo.com

## Independent Auditors' Report

Management and the Board of Education  
Oak Park School District  
Oak Park, Michigan

### 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 Oak Park School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Oak Park School District's 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 Oak Park School District, as of June 30, 2022, and the respective changes in financial position 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 Oak Park School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oak Park School District's 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 Oak Park School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oak Park School District's ability to continue as a going concern for a reasonable period of time.

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

## **Required 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

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 Oak Park School District's 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 November 18, 2022 on our consideration of Oak Park School District's 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 Oak Park School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oak Park School District's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Auburn Hills, Michigan  
November 18, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**Oak Park School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

This section of the annual financial report presents management's discussion and analysis of the District's financial position and results of operations for the year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which immediately follows this section.

**Understanding the Annual Financial Report**

The annual financial report consists of a series of financial statements and notes to those statements. The statements are organized in a way to assist the reader in understanding the overall financial condition of the School District. The *District-wide Financial Statements* provide data regarding the financial activities of the entire School District. The *Fund Financial Statements* provide the next level of detail. They present the School District's financial position and the results of operations in more detail than the District-wide Financial Statements and illustrate the various sources of funding used to support the instructional and support service programs of the District. The major funds of the District are presented separately. All other funds are combined and presented in one column labeled as Non-Major Funds. The Annual Financial Report is arranged as follows:

Financial Section

- Basic Financial Statements
  - District-wide Financial Statements
  - Fund Financial Statements
  - Notes to Financial Statements
- Required Supplemental Information
  - Budgetary Comparison Schedule – General Fund
  - Schedule of School District's Proportionate Share of Net Pension Liability
  - Schedule of School District's Pension Contributions
  - Schedule of School District's Proportionate Share of Net OPEB Liability
  - Schedule of School District's OPEB Contributions
- Other Supplemental Information
  - Combining Balance Sheet - Nonmajor Governmental Funds
  - Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds

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

The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report the financial information of the School District as a whole. These schedules assist the reader in assessing the School District's financial condition as a result of the year's activities. These statements include all assets and liabilities, and are presented using the accrual basis of accounting, the accounting method used by most private-sector companies. All the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

**Oak Park School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

These two statements report the District's net position, the difference between assets and liabilities, as one of many ways to measure the School District's financial position. Over time, increases or decreases in net position, as reported in the Statement of Activities, are indicators of whether the financial condition of the District is either improving or declining. The difference between revenues and expenditures represents the School District's operating results. It is important to remember that the District's primary mission is to provide outstanding instructional programs and support services to the students in the District, not to generate profits as commercial entities do. There are many other non-financial factors that must be considered when assessing the overall well-being of the School District. These include the quality of the educational services provided, student safety, standardized student test scores, and the wide array of programs and services provided to the community.

In addition, the Statement of Net Position and the Statement of Activities report the governmental activities of the School District. These activities encompass all the School District's services, including instruction, supporting services, community services, athletics, special education and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and federal grants provide the funding for most of these activities.

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

The Fund Financial Statements provide detailed information for the various funds used in the District. Some funds have been established because they are required by State law or bond covenants. Other funds have been established by the District to help control and manage financial resources that are used for specific purposes such as Food Service, Community Services, and the Student & District Activities Fund. Funds are also established to meet legal responsibilities for certain taxes, grants, bonds and property maintenance revenue. The governmental funds of the School District use the following accounting approach:

Governmental funds - All the School District's services are reported in governmental funds. The financial reporting in these funds focuses on the revenue and expenditures and the balances remaining at year end. Transactions are accounted for using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term financial view of the operations of the School District. Governmental fund statements provide information to illustrate whether there has been an increase or decrease in available financial resources that can be expended in future years. The relationship between governmental activities and governmental funds is illustrated in a reconciliation included in the financial section on page 4-8.

**Oak Park School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**The School District as a Whole**

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparative summary of the School District's net position as of June 30, 2022 and June 30, 2021.

<b><u>Table 1</u></b>	<b><u>Governmental Activities</u></b>	
	<u>2022</u>	<u>2021</u>
<b>Assets</b>	(in millions)	
Current and other assets	\$ 42.7	\$ 51.7
Capital assets	30.0	25.4
Total Assets	<u>72.7</u>	<u>77.1</u>
Deferred Outflows of Resources	<u>20.8</u>	<u>26.0</u>
Total Assets and Deferred Outflows of Resources	93.5	103.1
 <b>Liabilities</b>		
Current liabilities	7.5	7.9
Long-term liabilities	80.1	115.8
Total Liabilities	<u>87.6</u>	<u>123.7</u>
Deferred Inflows of Resources	38.2	13.5
 <b>Net Position</b>		
Net investment in capital assets	13.4	21.8
Restricted	16.2	5.9
Unrestricted	<u>(61.9)</u>	<u>(61.7)</u>
Total Net Position	<u>\$ (32.3)</u>	<u>\$ (34.0)</u>

The previous schedule (Table 1) reports the net position of the District. The School District's net position was (\$32.3) million and (\$34.0) million at June 30, 2022 and 2021, respectively. Net investment in capital assets totaled \$13.4 million. This represents the original cost of the School District's capital assets less accumulated depreciation, and net of the long-term debt used to finance the acquisition of those assets. General obligation long-term debt will be repaid from voter-approved property tax collections as the principal and interest comes due. Restricted net position is reported separately to highlight any legal constraints included in debt covenants and legislation that may limit the School District's ability to use those net position for day-to-day operations. The unrestricted net position is (\$61.9) million.

**Oak Park School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**

The (\$61.9) million in unrestricted net position of governmental activities represents the *cumulative* results of all past years' operations and includes the GASB 68 & GASB 75 Unfunded Liability.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for fiscal year 2022 and fiscal year 2021.

<b><u>Table 2</u></b>	<b>Governmental Activities</b>	
<b>Revenues</b>	2022	2021
	(in millions)	
Program revenue:		
Charges for services	\$ 0.2	\$ 0.1
Operating grants and contributions	26.7	25.9
General revenue:		
Property taxes	8.2	7.9
State aid - unrestricted	26.2	30.7
Interest and investment earnings	-	-
Other	0.2	0.1
Total revenue	61.5	64.7
 <b>Functions/Program Expenses</b>		
Instruction	32.5	38.3
Supporting services	22.3	21.4
Food services	2.3	2.8
Community services	2.4	2.4
Interest and fiscal charges on long-term debt	0.3	0.4
Unallocated depreciation	-	-
Total functions/program expenses	59.8	65.3
<b>Decrease in Net Position</b>	<b>\$ 1.7</b>	<b>\$ (0.6)</b>

As reported in the Statement of Activities, the expenditures for all *governmental* activities this year was \$59.8 million. Certain activities were partially funded from those who benefited from the programs (\$0.2 million). In addition, other governmental units and organizations subsidized certain programs with grants and contributions (\$26.7 million). The remaining "public benefit" portion of our governmental activities was funded with \$8.1 million in taxes, \$26.2 million in State aid, and \$0.2 million in other revenues, such as interest earnings.

During fiscal year 2022, the School District experienced a increase in net position of approximately \$1.6 million.

**Oak Park School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

As discussed above, the net cost of the programs and activities offered in the District illustrates the impact each program has on the resources of the District. Since property taxes for operations and unrestricted state aid constitute the vast majority of the District's operating revenue sources, the Board of Education and administration must annually evaluate and prioritize the needs of the District and balance those needs with the limited available resources.

**The School District's Funds**

Individual funds are used by the District to control and manage resources that are dedicated for specific purposes. The following overview of these funds will demonstrate the District's strong financial stewardship over the resources provided by the taxpayers. These funds, taken individually and collectively, also provide additional insight into the District's financial condition.

At the end of fiscal year 2022, the governmental funds reported a combined fund balance of approximately \$33.5 million, which represents a decrease of approximately \$9.6 million from last year. The changes in fund balance, major and non-major funds are as follows:

In the General Fund, the fund balance decreased by approximately \$4,026,000 for a total year-end fund balance of \$17.1 million. A portion of the General Fund's fund balance is assigned for specific purposes with the remaining unassigned portion available for unforeseen emergencies.

In the Sinking Fund, the fund balance decreased by approximately \$1,578,000 for a total year-end fund balance of \$0.6 million. The entire fund balance in the Sinking Fund is restricted for capital projects.

In the 2021 Capital Projects Fund, the fund balance decreased by approximately \$2,988,000 for a total year-end fund balance of \$12.9 million. The entire fund balance in the Capital Project Fund is restricted for capital bond projects.

The Special Revenue Fund's fund balance decreased by approximately \$466,000 from the prior year. The entire fund balance in the Special Revenue Fund is restricted for food service.

The Debt Service Funds has a fund balance of approximately \$1.1 million, a decrease of \$0.6 million from last year. The Debt Retirement millage rate is 5.98 mills. The millage rate is determined annually to ensure that the School District accumulates sufficient resources to pay principal and interest obligations of the bonded debt. Debt Service fund balances are reserved and are only used to pay debt service obligations.

**General Fund Budgetary Highlights**

The School District's budget was revised once in June 2022 to reflect anticipated and unanticipated changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations established by the Board of Education. The budget amendment process utilized by the District is a proven budget management tool that has been used effectively to ensure that revenue and expenditure appropriations are up-to-date throughout the year. The final amendment to the budget was adopted just before year end. A schedule comparing the School District's original and final budget amounts to actual revenues and expenditures is provided in the Required Supplemental Information Section of these financial statements.

**Oak Park School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

Revenue amendments were made to reflect revisions to local, state, and federal funds based on the anticipated and actual collection of funds. Adjustment in property tax collections, student enrollment, and federal grants are all examples of reasons it becomes necessary to amend the revenue budgets. Budgeted expenditures were amended to reflect changes that occurred after the adoption of the original budget which is created using conservative assumptions. Modifications in salaries and benefits were made to reflect actual staffing levels, while purchased services, supplies and materials, capital outlay, and other expenditures were modified throughout the year to reflect actual and anticipated expenses.

**Capital Assets and Debt Administration**

***Capital Assets***

As of June 30, 2022 and 2021, the School District had \$68.5 million and \$61.7 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. The 2022 amount represents a net increase of approximately \$6.8 million from the previous year. This change from the previous year includes all additions, disposals, and depreciation.

	2022	2021
	(in millions)	
Land	\$ 0.3	\$ 0.3
Construction in progress	6.8	0.3
Buildings and building improvements	49.7	49.7
Site improvements	6.1	6.1
Furniture and equipment	5.3	5.1
Buses and other vehicles	0.3	0.2
Total capital assets	68.5	61.7
Less accumulated depreciation	38.5	36.3
Net capital assets	\$ 30.0	\$ 25.4

**Debt**

At the end of this year, the School District had approximately \$17.7 million in bonds outstanding compared to \$19.5 million in the previous year. This is a \$1.8 million decrease from the previous year.

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

Other obligations include accrued vacation pay, sick leave and severance pay. Detailed information about our long-term liabilities is included in the notes to the financial statements.

**Oak Park School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

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

The Board of Education and administration considered many variables when the School District's 2022-23 fiscal year budget was developed. The two most important factors that determine the overwhelming majority of the District's revenue are student enrollment (blended count) and the per pupil foundation allowance. The blended student count for the 2022-23 fiscal year will be 90 percent of the October 2022 actual student count and 10 percent of the February 2023 student count. We have projected student enrollment to increase slightly for the 2022-2023 school year. Any change in the per pupil foundation allowance is determined by the State and is dependent upon the State's economic climate and the financial condition of the State School Aid Fund. The 2022-23 budget was adopted by the Board of Education on June 29, 2022.

At the time the 2022-23 budget was adopted and the school year began the State of Michigan had not formally adopted a budget but were in the final stages of the budgeting process. The 2022-23 adopted budget takes into consideration a conservative approach to funding while maintaining a strong commitment to the education of our students. The District anticipated an increase to the per-pupil funding by the State of Michigan at \$450 per student full time equivalent (FTE).

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

This Annual Financial Report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a picture of the School District's financial position and the results of operations for fiscal year 2022 and to demonstrate the District's fiscal responsibility and accountability over its financial resources. The Annual Financial Report is available on the District's website and at the Administrative Building for public inspection. If you have any questions or would like additional information, please contact the Finance Department at 13900 Granzon, Oak Park, MI 48237.

## BASIC FINANCIAL STATEMENTS

---

**Oak Park School District**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 28,461,502
Due from other governmental units	13,210,137
Inventory	44,099
Prepaid items	1,021,293
Capital assets not being depreciated	7,130,473
Capital assets - net of accumulated depreciation	22,852,400
Total assets	72,719,904
<b>Deferred Outflows of Resources</b>	
Deferred amount relating to the net pension liability	14,663,950
Deferred amount relating to the net OPEB liability	6,112,373
Total deferred outflows of resources	20,776,323
<b>Liabilities</b>	
Accounts payable	2,839,633
Due to other governmental units	7,226
Due to others	188,002
Accrued expenditures	2,184,237
Accrued salaries payable	1,809,635
Unearned revenue	431,258
Long-term liabilities	
Net pension liability	58,541,487
Net OPEB liability	3,871,065
Due within one year	3,651,753
Due in more than one year	14,144,049
Total liabilities	87,668,345

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**Statement of Net Position**  
**June 30, 2022**

---

	<u>Governmental Activities</u>
<b>Deferred Inflows of Resources</b>	
Deferred amount relating to the net pension liability	\$ 23,467,986
Deferred amount relating to the net OPEB liability	<u>14,719,764</u>
 Total deferred inflows of resources	 <u>38,187,750</u>
 <b>Net Position</b>	
Net investment in capital assets	26,296,506
Restricted for:	
Food service	1,628,045
Debt service	1,034,707
Capital projects	626,931
Unrestricted (deficit)	<u>(61,946,057)</u>
 Total net position	 <u>\$ (32,359,868)</u>

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 32,498,807	\$ 176	\$ 22,516,202	\$ (9,982,429)
Supporting services	22,361,423	11,229	2,578,454	(19,771,740)
Food services	2,290,891	168,977	1,622,335	(499,579)
Community services	2,378,854	44,124	-	(2,334,730)
Interest and fiscal charges on long-term debt	<u>279,883</u>	<u>-</u>	<u>-</u>	<u>(279,883)</u>
Total governmental activities	<u>\$ 59,809,858</u>	<u>\$ 224,506</u>	<u>\$ 26,716,991</u>	<u>(32,868,361)</u>
General revenues				
Property taxes, levied for general purposes				4,289,536
Property taxes, levied for debt service				2,657,510
Property taxes, levied for sinking fund				1,188,315
State aid - unrestricted				26,227,947
Interest and investment earnings				39,771
Other				<u>160,459</u>
Total general revenues				<u>34,563,538</u>
Change in net position				1,695,177
Net position - beginning				<u>(34,055,045)</u>
Net position - ending				<u>\$ (32,359,868)</u>

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	General Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 11,237,541	\$ 13,699,689	\$ 3,524,272	\$ 28,461,502
Due from other funds	-	-	321,466	321,466
Due from other governmental units	13,207,618	-	2,519	13,210,137
Inventory	-	-	44,099	44,099
Prepaid items	1,021,293	-	-	1,021,293
	<u>1,021,293</u>	<u>-</u>	<u>-</u>	<u>1,021,293</u>
Total assets	<u>\$ 25,466,452</u>	<u>\$ 13,699,689</u>	<u>\$ 3,892,356</u>	<u>\$ 43,058,497</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,573,091	\$ 806,623	\$ 459,919	\$ 2,839,633
Due to other funds	317,983	384	3,099	321,466
Due to other governmental units	-	-	7,226	7,226
Due to others	188,002	-	-	188,002
Accrued expenditures	2,095,907	-	-	2,095,907
Accrued salaries payable	1,809,635	-	-	1,809,635
Unearned revenue	431,258	-	-	431,258
	<u>431,258</u>	<u>-</u>	<u>-</u>	<u>431,258</u>
Total liabilities	<u>6,415,876</u>	<u>807,007</u>	<u>470,244</u>	<u>7,693,127</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue				
Grants received	1,877,035	-	-	1,877,035
	<u>1,877,035</u>	<u>-</u>	<u>-</u>	<u>1,877,035</u>

See Accompanying Notes to the Financial Statements

**Oak Park School District  
Governmental Funds  
Balance Sheet  
June 30, 2022**

	General Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>				
Non-spendable				
Inventory	\$ -	\$ -	\$ 44,099	\$ 44,099
Prepaid items	1,021,293	-	-	1,021,293
Restricted for				
Food service	-	-	1,628,045	1,628,045
Debt service	-	-	1,123,037	1,123,037
Capital projects	-	12,892,682	626,931	13,519,613
Assigned for subsequent year's expenditures	5,204,674	-	-	5,204,674
Unassigned	<u>10,947,574</u>	<u>-</u>	<u>-</u>	<u>10,947,574</u>
 Total fund balances	 <u>17,173,541</u>	 <u>12,892,682</u>	 <u>3,422,112</u>	 <u>33,488,335</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 25,466,452</u>	 <u>\$ 13,699,689</u>	 <u>\$ 3,892,356</u>	 <u>\$ 43,058,497</u>

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2022**

---

<b>Total fund balances for governmental funds</b>	<b>\$ 33,488,335</b>
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.	
Operating grants	1,877,035
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	7,130,473
Capital assets - net of accumulated depreciation	22,852,400
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	14,663,950
Deferred outflows of resources resulting from the net OPEB liability	6,112,373
Deferred inflows of resources resulting from the net pension liability	(23,467,986)
Deferred inflows of resources resulting from the net OPEB liability	(14,719,764)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(88,330)
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	(58,541,487)
Net OPEB liability	(3,871,065)
Compensated absences	(1,216,753)
Bonds payable	<u>(16,579,049)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (32,359,868)</u></b>

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	General Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 4,521,928	\$ 23,367	\$ 4,014,802	\$ 8,560,097
State sources	38,321,327	-	51,970	38,373,297
Federal sources	7,737,740	-	1,570,365	9,308,105
Interdistrict sources	4,164,376	-	-	4,164,376
	<u>54,745,371</u>	<u>23,367</u>	<u>5,637,137</u>	<u>60,405,875</u>
<b>Expenditures</b>				
Current				
Education				
Instruction	32,412,790	-	-	32,412,790
Supporting services	22,302,239	-	-	22,302,239
Food services	-	-	2,257,308	2,257,308
Community services	2,400,078	-	-	2,400,078

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	General Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Capital outlay	\$ 1,655,820	\$ 3,010,812	\$ 2,766,765	\$ 7,433,397
Debt service				
Principal	-	-	2,695,000	2,695,000
Interest and other expenditures	-	450	548,135	548,585
Total expenditures	<u>58,770,927</u>	<u>3,011,262</u>	<u>8,267,208</u>	<u>70,049,397</u>
Excess (deficiency) of revenues over expenditures	<u>(4,025,556)</u>	<u>(2,987,895)</u>	<u>(2,630,071)</u>	<u>(9,643,522)</u>
Net change in fund balances	(4,025,556)	(2,987,895)	(2,630,071)	(9,643,522)
Fund balances - beginning	<u>21,199,097</u>	<u>15,880,577</u>	<u>6,052,183</u>	<u>43,131,857</u>
Fund balances - ending	<u>\$ 17,173,541</u>	<u>\$ 12,892,682</u>	<u>\$ 3,422,112</u>	<u>\$ 33,488,335</u>

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**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>	<b>\$ (9,643,522)</b>
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	1,099,160
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 expense	(2,195,889)
Capital outlay	6,750,813
Expenses are recorded when incurred in the statement of activities.	
Interest	(6,154)
Compensated absences	298,914
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 contributions.	
Net change in net pension liability	23,500,947
Net change in deferrals of resources related to the net pension liability	(24,508,454)
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 contributions.	
Net change in net OPEB liability	8,878,765
Net change in deferrals of resources related to the net OPEB liability	(5,449,259)
Bond and note proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. 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 and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities.	
Repayments of long-term debt	2,695,000
Amortization of premiums	<u>274,856</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,695,177</u></b>

See Accompanying Notes to the Financial Statements

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

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

The accounting policies of the Oak Park School District (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.). 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 the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

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.

2021 Capital Projects Fund - The 2021 Capital Projects Fund is used to record the 2021 bond issue and the disbursement of invoices specifically for the bond projects.

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 Food Service Fund is the School District's only Special Revenue Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

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

Capital Projects Funds - 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**

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and demand deposits.

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	18.0000
Commercial personal property	6.0000
Debt Service Funds	5.9800
Sinking Fund	2.9703

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

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 Oakland and remitted to the School District by May 15.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated 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. 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	8 - 50 years
Furniture and equipment	5 - 25 years
Buses and other vehicles	5 - 8 years
Site improvements	20 - 25 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net assets 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 or experience differences 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 School District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of

employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

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.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net assets 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 may report 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. Experience differences 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 MPSERS 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. 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.

**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.

**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

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

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.

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.

**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. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The School District is evaluating the impact that the above GASB statements will have on its financial reporting.

**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 Fund 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. Individual amendments were not material in relation to the original appropriations.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Excess of Expenditures over Appropriations**

The School District reported the following budget overages:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Instructional staff	\$ 3,011,126	\$ 3,031,114	\$ 19,988
Pupil transportation services	2,301,715	2,401,306	99,591
Athletic activities	487,348	503,558	16,210

**Compliance - Sinking Funds**

The Sinking Fund records capital project activities funded with a 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**

The School District's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash	<u>\$ 28,461,502</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 14,761,813
Investments in securities, mutual funds, and similar vehicles	<u>13,699,689</u>
Total	<u>\$ 28,461,502</u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	<u>\$ 13,699,689</u>	< 60 days	AAAm	S&P

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2022, the net asset value of the School District's investment in MILAF + Portfolio was \$13,699,689. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the School District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

**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

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

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, \$15,035,988 of the School District's bank balance of \$15,285,988 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Note 4 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 341,499	\$ -	\$ -	\$ 341,499
Construction-in-progress	265,110	6,523,864	-	6,788,974
Total capital assets not being depreciated	<u>606,609</u>	<u>6,523,864</u>	<u>-</u>	<u>7,130,473</u>
Capital assets being depreciated				
Buildings and additions	49,653,415	35,807	-	49,689,222
Site improvements	6,089,131	-	-	6,089,131
Furniture and equipment	5,134,809	126,951	-	5,261,760
Buses and other vehicles	199,623	64,191	-	263,814
Total capital assets being depreciated	<u>61,076,978</u>	<u>226,949</u>	<u>-</u>	<u>61,303,927</u>
Less accumulated depreciation for				
Buildings and additions	28,704,564	1,688,494	-	30,393,058
Site improvements	2,966,247	293,912	-	3,260,159
Furniture and equipment	4,471,599	177,548	-	4,649,147
Buses and other vehicles	113,228	35,935	-	149,163
Total accumulated depreciation	<u>36,255,638</u>	<u>2,195,889</u>	<u>-</u>	<u>38,451,527</u>
Net capital assets being depreciated	<u>24,821,340</u>	<u>(1,968,940)</u>	<u>-</u>	<u>22,852,400</u>
Net capital assets	<u>\$ 25,427,949</u>	<u>\$ 4,554,924</u>	<u>\$ -</u>	<u>\$ 29,982,873</u>

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

<b>Governmental activities</b>	
Instruction	\$ 1,198,788
Supporting services	824,848
Food services	83,487
Community services	<u>88,766</u>
Total governmental activities	<u>\$ 2,195,889</u>

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Note 5 - Construction Contracts**

As of year end, the School District had the following construction contracts in progress:

Project	Total Contract	Remaining Construction Commitment at Year End	Contract Payable at Year End
Lessenger ECC Renovations	\$ 4,717,384	\$ 1,591,177	\$ 99,230
2021 Bond Project	<u>10,522,640</u>	<u>7,628,131</u>	<u>571,898</u>
Total	<u>\$15,240,024</u>	<u>\$ 9,219,308</u>	<u>\$ 671,128</u>

Contracts payable at year end represent actual contractor billings of \$671,128 and are recorded as a Sinking Fund liability. All projects are expected to be complete within the next fiscal year, using funds derived from tax levies, or bond proceeds.

**Note 6 - Interfund Receivables and Payables**

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 317,983
2021 Capital Projects Fund	Nonmajor governmental funds	384
Nonmajor governmental funds	Nonmajor governmental funds	<u>3,099</u>
		<u>\$ 321,466</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.

**Note 7 - 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, all unearned revenue of \$431,258 was related to grants and categorial aid payments received prior to meeting all eligibility requirements.

**Note 8 - 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. 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
Bonds and notes payable					
General obligation bonds	\$17,745,000	\$ -	\$2,695,000	\$15,050,000	\$2,435,000
Premium on bonds	<u>1,803,905</u>	<u>-</u>	<u>274,856</u>	<u>1,529,049</u>	<u>-</u>
Total bonds payable	19,548,905	-	2,969,856	16,579,049	2,435,000
Other liabilities					
Compensated absences	<u>1,515,667</u>	<u>1,147,846</u>	<u>1,446,760</u>	<u>1,216,753</u>	<u>1,216,753</u>
Total	<u>\$21,064,572</u>	<u>\$ 1,147,846</u>	<u>\$4,416,616</u>	<u>\$17,795,802</u>	<u>\$3,651,753</u>

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

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

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

2016 general obligation refunding bonds due in annual installments of \$1,370,000 to \$1,635,000 through May 1, 2023, interest at 5.00%	\$ 1,370,000
2021 building and site bond due in annual installments of \$140,000 to \$1,065,000 through November 1, 2049, interest ranging from 2.00% to 5.00%	<u>13,680,000</u>
Total general obligation bonded debt	<u>\$ 15,050,000</u>

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

Year Ending June 30,	Principal	Interest
2023	\$ 2,435,000	\$ 498,631
2024	455,000	408,631
2025	470,000	385,506
2026	495,000	361,381
2027	500,000	336,506
2028 - 2032	2,500,000	1,310,031
2033 - 2037	2,500,000	832,531
2038 - 2042	2,500,000	496,281
2043 - 2047	2,500,000	223,156
2048 - 2050	<u>695,000</u>	<u>18,228</u>
	<u>\$ 15,050,000</u>	<u>\$ 4,870,882</u>

The general obligation bonds are payable from the Debt Service Fund. As of year end, the fund had a balance of \$1,123,037 to pay this debt. Future debt and interest will be payable from future tax levies.

**Compensated Absences**

Accrued compensated absences at year end, consist of \$1,216,753 of vacation and sick hours earned and vested. The amount anticipated to be paid out over the next year is included with the amounts listed as due within one year.

**Defeased Debt**

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements. At year end, \$1,750,000 of the bonds outstanding are considered defeased.

**Note 9 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The School District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2022 or any of the prior 3 years.

**Note 10 - 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.

**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 October 1, 2020 and ending September 30, 2038.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

The schedule below summarizes pension contribution rates in effect for fiscal 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 \$7,424,494 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, School District reported a liability of \$58,541,487 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 0.2473 percent, which was an increase of 0.0084 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 \$8,125,007 for the measurement period. For the reporting period ending June 30, 2022, the School District recognized total pension contribution expense of \$8,084,189.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 906,833	\$ (344,740)	\$ 562,093
Changes of assumptions	3,690,246	-	3,690,246
Net difference between projected and actual earnings on pension plan investments	-	(18,820,900)	(18,820,900)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>2,689,330</u>	<u>(450,802)</u>	<u>2,238,528</u>
Total to be recognized in future	7,286,409	(19,616,442)	(12,330,033)
School District contributions subsequent to the measurement date	<u>7,377,541</u>	<u>(3,851,544)</u>	<u>3,525,997</u>
Total	<u>\$ 14,663,950</u>	<u>\$ (23,467,986)</u>	<u>\$ (8,804,036)</u>

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

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 (Inflow) and Deferred Outflow of Resources by Year  
 (To Be Recognized in Future Pension Expenses)

2022	\$ (667,506)
2023	(2,716,853)
2024	(4,088,960)
2025	<u>(4,856,714)</u>
	<u><u>\$(12,330,033)</u></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%
- 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 Members: 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.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2021 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 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-

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

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)
	100.0%	

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

**Rate of Return**

For the fiscal 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.

**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:

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%
\$ 83,698,450	\$ 58,541,487	\$ 37,684,715

\*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.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

**Note 11 - Postemployment Benefits Other Than Pensions (OPEB)**

**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 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 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 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.

**Oak Park School District**  
**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 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 a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal 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 \$1,882,669 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 \$3,871,065 for its proportionate share of the MPSERS 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. At September 30, 2021, the School District's proportion was 0.2536 percent, which was an increase of 0.0156 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 \$(1,765,609) for the measurement period. For the reporting period ending June 30, 2022, the School District recognized total OPEB contribution expense of \$1,689,835.

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

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	\$ -	\$ (11,049,680)	\$ (11,049,680)
Changes of assumptions	3,236,019	(484,229)	2,751,790
Net difference between projected and actual earnings on OPEB plan investments	-	(2,917,692)	(2,917,692)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>1,460,003</u>	<u>(268,163)</u>	<u>1,191,840</u>
Total to be recognized in future	4,696,022	(14,719,764)	(10,023,742)
School District contributions subsequent to the measurement date	<u>1,416,351</u>	<u>-</u>	<u>1,416,351</u>
Total	<u>\$ 6,112,373</u>	<u>\$ (14,719,764)</u>	<u>\$ (8,607,391)</u>

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 ended June 30, 2023. 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 (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future OPEB Expenses)

2022	\$ (2,519,518)
2023	(2,370,022)
2024	(2,300,143)
2025	(2,147,173)
2026	(607,220)
Thereafter	<u>(79,666)</u>
	<u>\$ (10,023,742)</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%
- Investment Rate of Return: 6.95% net of investment expenses

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

- 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)
	<u>100.0%</u>	

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

**Rate of Return**

For the fiscal 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

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

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%
\$ 7,193,138	\$ 3,871,065	\$ 1,051,812

**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
\$ 942,187	\$ 3,871,065	\$ 7,166,407

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS Comprehensive 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 12 - 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.

**Note 13 - Tax Abatements**

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the

**Oak Park School District**  
**Notes to the Financial Statements**  
**June 30, 2022**

---

County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2022, the School District's property tax revenues were reduced by \$36,675 under these programs.

There are no significant abatements made by the School District.

## REQUIRED SUPPLEMENTARY INFORMATION

---

**Oak Park School District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 4,331,524	\$ 4,563,049	\$ 4,521,928	\$ (41,121)
State sources	38,221,101	38,040,201	38,321,327	281,126
Federal sources	16,082,728	11,882,921	7,737,740	(4,145,181)
Interdistrict sources	4,077,115	4,173,591	4,164,376	(9,215)
Total revenues	<u>62,712,468</u>	<u>58,659,762</u>	<u>54,745,371</u>	<u>(3,914,391)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	25,474,944	26,107,041	25,303,673	(803,368)
Added needs	9,110,035	8,087,973	7,109,117	(978,856)
Supporting services				
Pupil	3,947,228	4,203,306	3,878,109	(325,197)
Instructional staff	3,220,948	3,011,126	3,031,114	19,988
General administration	618,858	615,225	594,102	(21,123)
School administration	3,199,813	3,145,186	3,106,485	(38,701)
Business	818,207	922,160	872,996	(49,164)
Operations and maintenance	5,054,654	6,033,565	5,941,903	(91,662)
Pupil transportation services	2,896,322	2,301,715	2,401,306	99,591
Central	1,978,973	2,164,874	1,970,924	(193,950)
Athletic activities	495,455	487,348	503,558	16,210
Other	63,662	26,140	1,742	(24,398)
Community services	3,028,696	3,056,494	2,400,078	(656,416)
Capital outlay	8,880,837	2,556,583	1,655,820	(900,763)
Total expenditures	<u>68,788,632</u>	<u>62,718,736</u>	<u>58,770,927</u>	<u>(3,947,809)</u>
Excess (deficiency) of revenues over expenditures	<u>(6,076,164)</u>	<u>(4,058,974)</u>	<u>(4,025,556)</u>	<u>33,418</u>

**Oak Park School District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ (161,437)	\$ -	\$ -	\$ -
Net change in fund balance	(6,237,601)	(4,058,974)	(4,025,556)	33,418
Fund balance - beginning	21,199,097	21,199,097	21,199,097	-
Fund balance - ending	<u>\$ 14,961,496</u>	<u>\$ 17,140,123</u>	<u>\$ 17,173,541</u>	<u>\$ 33,418</u>

**Oak Park School District**  
**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 June Fiscal Year)**

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. School District's proportion of net pension liability (%)	0.2473%	0.2388%	0.2405%	0.2348%	0.2259%	0.2112%	0.2037%	0.2063%		
B. School District's proportionate share of net pension liability	\$ 58,541,487	\$ 82,042,434	\$ 79,640,199	\$ 70,570,394	\$ 58,535,022	\$ 52,694,386	\$ 49,749,845	\$ 45,432,235		
C. School District's covered payroll	\$ 22,942,370	\$ 21,127,828	\$ 21,143,991	\$ 21,125,916	\$ 20,538,385	\$ 18,585,459	\$ 17,035,098	\$ 17,520,352		
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	255.17%	388.31%	376.66%	334.05%	285.00%	283.52%	292.04%	259.31%		
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%		

**Note Disclosures**

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.

**Oak Park School District**  
**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	\$ 8,084,189	\$ 7,211,081	\$ 6,565,413	\$ 6,277,991	\$ 6,080,103	\$ 5,225,568	\$ 4,752,989	\$ 3,593,910		
B. Contributions in relation to statutorily required contributions	<u>8,084,189</u>	<u>7,211,081</u>	<u>6,565,413</u>	<u>6,277,991</u>	<u>6,080,103</u>	<u>5,225,568</u>	<u>4,752,989</u>	<u>3,593,910</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School Districts's covered payroll	\$ 22,195,607	\$ 21,604,854	\$ 21,097,030	\$ 21,730,928	\$ 20,952,317	\$ 18,585,459	\$ 17,951,723	\$ 17,421,834		
E. Contributions as a percentage of covered payroll	36.42%	33.38%	31.12%	28.89%	29.02%	28.12%	26.48%	20.63%		

**Oak Park School District**  
**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 June Fiscal Year)**

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. School District's proportion of the net OPEB liability (%)	0.2380%	0.2380%	0.2417%	0.2401%	0.2253%					
B. School District's proportionate share of the net OPEB liability	\$ 3,871,065	\$ 12,749,830	\$ 17,349,160	\$ 19,085,673	\$ 19,953,998					
C. School District's covered payroll	\$ 22,942,370	\$ 21,127,828	\$ 21,143,991	\$ 21,125,916	\$ 20,538,385					
D. School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.87%	60.35%	82.05%	90.34%	97.15%					
E. Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%					

**Note Disclosures**

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.

**Oak Park School District**  
**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	\$ 1,689,835	\$ 1,755,727	\$ 1,688,875	\$ 1,729,317	\$ 1,717,944					
B. Contributions in relation to statutorily required contributions	<u>1,689,835</u>	<u>1,755,727</u>	<u>1,688,875</u>	<u>1,729,317</u>	<u>1,717,944</u>					
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
D. School Districts's covered payroll	\$ 22,195,607	\$ 21,604,854	\$ 21,097,030	\$ 21,730,928	\$ 20,952,317					
E. Contributions as a percentage of covered payroll	7.61%	8.13%	8.01%	7.96%	8.20%					

## OTHER SUPPLEMENTARY INFORMATION

---

**Oak Park School District**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Food Service	2016 Refunding	Sinking Fund	
<b>Assets</b>				
Cash	\$ 1,756,151	\$ 1,123,537	\$ 644,584	\$ 3,524,272
Due from other funds	-	-	321,466	321,466
Due from other governmental units	2,519	-	-	2,519
Inventory	<u>44,099</u>	<u>-</u>	<u>-</u>	<u>44,099</u>
Total assets	<u>\$ 1,802,769</u>	<u>\$ 1,123,537</u>	<u>\$ 966,050</u>	<u>\$ 3,892,356</u>
<b>Liabilities</b>				
Accounts payable	\$ 120,300	\$ 500	\$ 339,119	\$ 459,919
Due to other funds	3,099	-	-	3,099
Due to other governmental units	<u>7,226</u>	<u>-</u>	<u>-</u>	<u>7,226</u>
Total liabilities	<u>130,625</u>	<u>500</u>	<u>339,119</u>	<u>470,244</u>
<b>Fund Balances</b>				
Non-spendable				
Inventory	44,099	-	-	44,099
Restricted for				
Food service	1,628,045	-	-	1,628,045
Debt service	-	1,123,037	-	1,123,037
Capital projects	<u>-</u>	<u>-</u>	<u>626,931</u>	<u>626,931</u>
Total fund balances	<u>1,672,144</u>	<u>1,123,037</u>	<u>626,931</u>	<u>3,422,112</u>
Total liabilities and fund balances	<u>\$ 1,802,769</u>	<u>\$ 1,123,537</u>	<u>\$ 966,050</u>	<u>\$ 3,892,356</u>

**Oak Park School District**  
**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 Fund	Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Food Service	2016 Refunding	Sinking Fund	
<b>Revenues</b>				
Local sources	\$ 168,977	\$ 2,657,510	\$ 1,188,315	\$ 4,014,802
State sources	51,970	-	-	51,970
Federal sources	1,570,365	-	-	1,570,365
	<u>1,791,312</u>	<u>2,657,510</u>	<u>1,188,315</u>	<u>5,637,137</u>
Total revenues				
<b>Expenditures</b>				
Current				
Education				
Food services	2,257,308	-	-	2,257,308
Capital outlay	-	-	2,766,765	2,766,765
Debt service				
Principal	-	2,695,000	-	2,695,000
Interest and other expenditures	-	548,135	-	548,135
	<u>2,257,308</u>	<u>3,243,135</u>	<u>2,766,765</u>	<u>8,267,208</u>
Total expenditures				
Net change in fund balances	(465,996)	(585,625)	(1,578,450)	(2,630,071)
Fund balances - beginning	2,138,140	1,708,662	2,205,381	6,052,183
Fund balances - ending	<u>\$ 1,672,144</u>	<u>\$ 1,123,037</u>	<u>\$ 626,931</u>	<u>\$ 3,422,112</u>