

**FOREST PARK SCHOOL DISTRICT
CRYSTAL FALLS, MICHIGAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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**FOREST PARK SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Education
Forest Park School District
Crystal Falls, 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 the Forest Park School District, Crystal Falls, Michigan (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, 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 the District, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the general fund, community service fund, and food service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023, on our consideration of the 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
October 6, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOREST PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Forest Park School District (the District) annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2023. The intent of this Management Discussion and Analysis (MD&A) is to assist the reader to focus on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position including its ability to address the next and subsequent years' challenges. It is to be read in conjunction with the District's financial statements, which immediately follows the Report of Independent Certified Public Accountants on these financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The government-wide financial statements consists of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the District as a whole and represent an overall view of the District's finances.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the District's assets, liabilities, and deferred outflows and inflows of resources. *All* of the current year's revenues and expenses are accounted for in the statements of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets, liabilities, and deferred outflows and inflows of resources, and is one way to measure the District's financial health or *position*.

**FOREST PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration must be given to additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- a. Some funds are required by State law and by bond covenants.
- b. The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenue.

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of district-wide statements, additional information is provided with the governmental funds statements that explain the relationship (or differences) between them.

The following funds are maintained by the District:

- General Fund – used primarily to account for the general education requirements of the District.
- Athletic Fund – used to account for revenues and expenditures of the various sports run by the District.
- Food Service Fund – used to account for revenues and expenditures related to the food service department of the District.
- Student Activities Fund – used to account for revenues and expenditures related to the student activities of the District.
- Community Service Fund – used to account for revenues and expenditures related to community services that the District provides the community.

**FOREST PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- Capital Projects Fund – used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary of Net Position (Provides a Perspective of the District as a Whole)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
ASSETS		
Current Assets	\$ 2,817,820	\$ 2,634,978
Capital Assets, Net Book Value	<u>6,416,396</u>	<u>6,596,292</u>
Total Assets	<u>9,234,216</u>	<u>9,231,270</u>
DEFERRED OUTFLOWS		
Outflows Related to Future Periods (Pension/OPEB)	3,622,886	1,928,645
LIABILITIES		
Current Liabilities	409,943	378,353
Long-Term Liabilities	<u>10,460,610</u>	<u>6,639,124</u>
Total Liabilities	<u>10,870,553</u>	<u>7,017,477</u>
DEFERRED INFLOWS		
Inflows Related to Future Periods (Pension/OPEB)	1,479,725	3,817,824
NET POSITION		
Net Investment in Capital Assets	6,306,661	6,481,982
Restricted	461,848	422,681
Unrestricted	<u>(6,261,685)</u>	<u>(6,580,049)</u>
Total Net Position	<u>\$ 506,824</u>	<u>\$ 324,614</u>

**FOREST PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Summary of Activities (Provides a Perspective of the District as a Whole)

	Year Ended	
	June 30, 2023	June 30, 2022
REVENUES		
Property Taxes, Levied for General Purposes	\$ 2,853,733	\$ 2,709,832
Property Taxes, Levied for Capital Purposes	276,859	261,806
Other Taxes	17,755	18,792
State Aid not Restricted to Specific Purposes	1,587,221	1,927,134
Interest and Other Revenues	8,167	1,943
Miscellaneous	48,123	38,470
Operating Grants	339,406	1,617,245
Charges for Services	2,294,546	249,357
Total Revenues	<u>7,425,810</u>	<u>6,824,579</u>
EXPENSES		
Instruction	3,982,379	2,781,086
Support Services	2,284,938	1,918,988
Community Services	11,479	56,801
Athletics	175,118	146,056
Food Services	395,305	315,019
Interest and Fiscal Charges	3,537	-
Depreciation, Unallocated	390,844	369,591
Total Expenses	<u>7,243,600</u>	<u>5,587,541</u>
CHANGE IN NET POSITION	182,210	1,237,038
Net Position - July 1	<u>324,614</u>	<u>(912,424)</u>
NET POSITION - JUNE 30	<u>\$ 506,824</u>	<u>\$ 324,614</u>

State of Michigan Unrestricted Aid (Net State Foundation Grant)

The state of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance.
- b. Student Enrollment – Blended at 80% of current year's fall count and 20% of current year's winter count.
- c. The District's non-homestead levy.

**FOREST PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Per Student, Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Forest Park School District's foundation allowance for the 2022-2023 school year was \$9,150 per student.

Student Enrollment

The District's enrollment decreased somewhat from the prior year's student count. The following summarizes the state aid membership (student enrollments) for the past five years:

	<u>Student FTE</u>
2022-2023	475
2021-2022	451
2020-2021	459
2019-2020	467
2018-2019	444

Property Taxes Levied for General Operations (General Fund Non-Homestead)

The District levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at a rate of the prior year's CPI increase, or 5%, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 5% of the market value.

The District's non-homestead property tax revenue for the 2022-2023 fiscal year was \$2,853,731. The non-homestead property tax levy increased by \$150,162 over the prior year. The following summarizes the District's non-homestead property tax levy for the past five years:

	<u>Non-Homestead Tax Levy</u>	<u>Percent Increase From Prior Year</u>
2022-2023	\$2,853,731	5.5542
2021-2022	2,703,569	2.6520
2020-2021	2,633,723	2.2039
2019-2020	2,576,930	2.0014
2018-2019	2,526,367	3.9976

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year; its governmental funds reported *combined* fund balances of \$2,490,983, an increase of \$234,313 from last year's ending fund balances of \$2,256,625.

**FOREST PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

General Fund Budgetary Highlights – over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. General fund budgetary highlights are as follows:

- a. Amendments were made to account for final enrollment counts, staffing assignments and changes, as well as changes in grant funding since the original budget had been adopted.
- b. While the District's final budget for the general fund anticipated that revenues and expenditures would reflect a decrease of \$19,750 the actual results of the year show that the increase came in at \$198,973.
- c. Actual revenues and other financing sources were \$6,377,374, which was above the final budget in the amount of \$15,930.
- d. Actual expenditures and transfers out were \$6,178,401, which was \$202,793, below budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – a summary of the District's net investment in capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in Progress	45,518	34,139	-	79,657
Total Capital Assets, Nondepreciable	50,518	34,139	-	84,657
Capital Assets, Depreciable:				
Buildings and Improvements	13,674,526	50,678	-	13,725,204
Land Improvements	287,270	-	-	287,270
Vehicles	472,790	84,200	124,687	432,303
Furniture and Equipment	1,163,814	42,400	10,182	1,196,032
Subtotals	15,598,400	177,278	134,869	15,640,809
Less: Accumulated Depreciation for:				
Buildings and Improvements	7,588,303	296,648	-	7,884,951
Land Improvements	280,323	1,837	-	282,160
Vehicles	318,383	33,655	124,218	227,820
Furniture and Equipment	865,617	58,704	10,182	914,139
Subtotals	9,052,626	390,844	134,400	9,309,070
Total Capital Assets, Depreciable, Net	6,545,774	(213,566)	469	6,331,739
Governmental Activities Capital Assets, Net	6,596,292	<u>\$ (179,427)</u>	<u>\$ 469</u>	6,416,396
Less: Capital Related Debt	114,310			109,735
Net Investment in Capital Assets	<u>\$ 6,481,982</u>			<u>\$ 6,306,661</u>

**FOREST PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Long-Term Debt – a summary of the District's long-term debt activity is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
Installment Purchase Contracts	\$ 114,310	\$ 78,200	\$ 82,775	\$ 109,735	\$ 83,061
Compensated Absences	65,135	2,813	25,809	42,139	-
Total Governmental Activities					
Long-Term Obligations	<u>\$ 179,445</u>	<u>\$ 81,013</u>	<u>\$ 108,584</u>	<u>\$ 151,874</u>	<u>\$ 83,061</u>

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District Business Manager:

Forest Park School
801 Forest Parkway
Crystal Falls, MI 49920

BASIC FINANCIAL STATEMENTS

**FOREST PARK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 2,241,623
Receivables:	
Accounts	799
Due from Other Governments	552,703
Inventories	22,695
Capital Assets:	
Nondepreciable	84,657
Depreciable	6,331,739
Total Assets	<u>9,234,216</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	2,791,472
Other Postemployment Related Amounts	831,414
Total Deferred Outflows of Resources	<u>3,622,886</u>
LIABILITIES	
Accounts Payable	34,139
Accrued and Other Current Liabilities	274,130
Due to Other Governments	14,406
Unearned Revenues	4,207
Long-Term Obligations:	
Due in One Year	83,061
Due in More than One Year	68,813
Net Other Postemployment Benefits Liability	568,546
Net Pension Liability	9,823,251
Total Liabilities	<u>10,870,553</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	219,285
Other Postemployment Related Amounts	1,260,440
Total Deferred Inflows of Resources	<u>1,479,725</u>
NET POSITION	
Net Investment in Capital Assets	6,306,661
Restricted	
Student Activities	164,411
Capital Projects	174,862
Food Service	122,575
Unrestricted	<u>(6,261,685)</u>
Total Net Position	<u><u>\$ 506,824</u></u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 3,982,379	\$ 18,814	\$ 1,894,054	\$ (2,069,511)
Support Services	2,284,938	221,535	69,352	(1,994,051)
Community Services	11,479	1,342	734	(9,403)
Athletic Activities	175,118	49,814	-	(125,304)
Food Service	395,305	47,901	330,406	(16,998)
Interest and Fiscal Charges	3,537	-	-	(3,537)
Depreciation - Unallocated	390,844	-	-	(390,844)
Total Governmental Activities	<u>\$ 7,243,600</u>	<u>\$ 339,406</u>	<u>\$ 2,294,546</u>	(4,609,648)
GENERAL REVENUES				
Property Taxes				3,130,592
Other Taxes				17,755
State Aid - Unrestricted				1,587,221
Interest and Investment Earnings				8,167
Miscellaneous				48,123
Total General Revenues				<u>4,791,858</u>
CHANGE IN NET POSITION				182,210
Net Position - July 1				<u>324,614</u>
NET POSITION - JUNE 30				<u>\$ 506,824</u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Community Service	Food Service	Other Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 1,390,125	\$ 196,801	\$ 277,398	\$ 377,299	\$ 2,241,623
Receivables:					
Accounts	-	-	799	-	799
Due from Other Funds	331,099	-	-	-	331,099
Due from Other Governments	550,198	-	2,505	-	552,703
Inventories	19,789	-	2,906	-	22,695
Total Assets	<u>\$ 2,291,211</u>	<u>\$ 196,801</u>	<u>\$ 283,608</u>	<u>\$ 377,299</u>	<u>\$ 3,148,919</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 34,139	\$ 34,139
Accrued and Other Current Liabilities	263,269	10,861	-	-	274,130
Due to Other Funds	-	174,273	156,826	-	331,099
Due to Other Governments	14,406	-	-	-	14,406
Unearned Revenues	-	-	4,207	-	4,207
Total Liabilities	<u>277,675</u>	<u>185,134</u>	<u>161,033</u>	<u>34,139</u>	<u>657,981</u>
FUND BALANCE					
Nonspendable	19,789	-	2,906	-	22,695
Restricted	-	-	119,669	339,273	458,942
Assigned	-	11,667	-	3,887	15,554
Unassigned	1,993,747	-	-	-	1,993,747
Total Fund Balance	<u>2,013,536</u>	<u>11,667</u>	<u>122,575</u>	<u>343,160</u>	<u>2,490,938</u>
Total Liabilities and Fund Balance	<u>\$ 2,291,211</u>	<u>\$ 196,801</u>	<u>\$ 283,608</u>	<u>\$ 377,299</u>	<u>\$ 3,148,919</u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance as Shown on Previous Page	\$ 2,490,938
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	6,416,396
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Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Deferred Outflows Related to Pensions	2,791,472
Deferred Inflows Related to Pensions	(219,285)
Deferred Outflows Related to Other Postemployment Benefits	831,414
Deferred Inflows Related to Other Postemployment Benefits	(1,260,440)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Notes Payable	(109,735)
Compensated Absences	(42,139)
Net Other Postemployment Benefits Liability	(568,546)
Net Pension Liability	<u>(9,823,251)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 506,824</u></u>
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FOREST PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Community Service	Food Service	Other Governmental Funds	Total
REVENUES					
Local Sources	\$ 2,904,672	\$ 8,244	\$ 47,474	\$ 544,719	\$ 3,505,109
State Sources	2,918,464	172,994	18,793	-	3,110,251
Federal Sources	337,347	-	311,613	-	648,960
Other Local Sources	138,691	-	-	-	138,691
Other Sources	-	-	524	22,275	22,799
Total Revenues	6,299,174	181,238	378,404	566,994	7,425,810
EXPENDITURES					
Instruction	3,939,451	140,738	-	-	4,080,189
Support Services	2,032,018	34,955	-	207,582	2,274,555
Community Services	1,000	4,031	-	-	5,031
Athletic Activities	-	-	-	174,775	174,775
Food Service	-	-	392,729	-	392,729
Capital Outlay	-	-	-	256,106	256,106
Debt Service:					
Principal	82,775	-	-	-	82,775
Interest and Fiscal Charges	3,537	-	-	-	3,537
Total Expenditures	6,058,781	179,724	392,729	638,463	7,269,697
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	240,393	1,514	(14,325)	(71,469)	156,113
OTHER FINANCING SOURCES (USES)					
Proceeds from Installment Note	78,200	-	-	-	78,200
Transfers In	-	-	-	119,620	119,620
Transfers Out	(119,620)	-	-	-	(119,620)
Total Other Financing Sources (Uses)	(41,420)	-	-	119,620	78,200
NET CHANGE IN FUND BALANCE	198,973	1,514	(14,325)	48,151	234,313
Fund Balance - July 1	1,814,563	10,153	136,900	295,009	2,256,625
FUND BALANCE - JUNE 30	<u>\$ 2,013,536</u>	<u>\$ 11,667</u>	<u>\$ 122,575</u>	<u>\$ 343,160</u>	<u>\$ 2,490,938</u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balance as Shown on Previous Page	\$ 234,313
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Capital Outlay Reported in Governmental Fund Statements	211,417
Depreciation Expense Reported in the Statement of Activities	(390,844)
Net Book Value of Disposals	(469)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-Term Debt Issued	(78,200)
Principal Repaid	82,775

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated Absences	22,996
Net Pension Liability	(3,750,832)
Deferred Outflows of Resources Related to Pensions	1,430,766
Deferred Inflows of Resources Related to Pensions	2,028,113
Net Other Postemployment Benefits	(181,286)
Deferred Outflows of Resources Related to Other Postemployment Benefits	263,475
Deferred Inflows of Resources Related to Other Postemployment Benefits	309,986

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 182,210
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**FOREST PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local Sources	\$ 2,895,799	\$ 2,911,933	\$ 2,904,672	\$ (7,261)
State Sources	2,120,699	2,887,655	2,918,464	30,809
Federal Sources	285,070	339,299	337,347	(1,952)
Other Local Sources	148,353	138,692	138,691	(1)
Total Revenues	5,449,921	6,277,579	6,299,174	21,595
EXPENDITURES				
Instruction	3,454,451	4,014,779	3,939,451	75,328
Support Services	1,928,708	2,157,100	2,032,018	125,082
Community Services	1,000	1,000	1,000	-
Debt Service	-	86,315	86,312	3
Total Expenditures	5,384,159	6,259,194	6,058,781	200,413
EXCESS OF REVENUES OVER EXPENDITURES	65,762	18,385	240,393	222,008
OTHER FINANCING SOURCES (USES)				
Proceeds from Installment Note	78,200	78,200	78,200	-
Transfers In	-	5,665	-	(5,665)
Transfers Out	(97,329)	(122,000)	(119,620)	2,380
Total Other Financing Sources (Uses)	(19,129)	(38,135)	(41,420)	(3,285)
NET CHANGE IN FUND BALANCE	46,633	(19,750)	198,973	218,723
Fund Balance - July 1	1,814,563	1,814,563	1,814,563	-
FUND BALANCE - JUNE 30	<u>\$ 1,861,196</u>	<u>\$ 1,794,813</u>	<u>\$ 2,013,536</u>	<u>\$ 218,723</u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – COMMUNITY SERVICES FUND
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources	\$ 9,380	\$ 8,045	\$ 8,244	\$ 199
State Sources	175,393	176,062	172,994	(3,068)
Total Revenues	184,773	184,107	181,238	(2,869)
EXPENDITURES				
Instruction	143,805	143,805	140,738	3,067
Support Services	34,309	34,978	34,955	23
Community Services	5,380	4,122	4,031	91
Non-Program	-	82,301	-	82,301
Total Expenditures	183,494	265,206	179,724	85,482
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,279	(81,099)	1,514	82,613
OTHER FINANCING USES				
Transfers Out	-	82,301	-	(82,301)
Total Other Financing Sources (Uses)	-	82,301	-	(82,301)
NET CHANGE IN FUND BALANCE	1,279	1,202	1,514	312
Fund Balance - July 1	10,153	10,153	10,153	-
FUND BALANCE - JUNE 30	<u>\$ 11,432</u>	<u>\$ 11,355</u>	<u>\$ 11,667</u>	<u>\$ 312</u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources	\$ 48,760	\$ 48,760	\$ 47,474	\$ (1,286)
State Sources	18,800	18,800	18,793	(7)
Federal Sources	300,030	300,030	311,613	11,583
Other Sources	525	525	524	(1)
Total Revenues	368,115	368,115	378,404	10,289
EXPENDITURES				
Food Service	384,577	384,577	392,729	(8,152)
Non-Program	-	82,301	-	82,301
Total Expenditures	384,577	466,878	392,729	74,149
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(16,462)	(98,763)	(14,325)	84,438
OTHER FINANCING USES				
Transfers Out	-	82,301	-	(82,301)
Total Other Financing Sources (Uses)	-	82,301	-	(82,301)
NET CHANGE IN FUND BALANCE	(16,462)	(16,462)	(14,325)	2,137
Fund Balance - July 1	136,900	136,900	136,900	-
FUND BALANCE - JUNE 30	<u>\$ 120,438</u>	<u>\$ 120,438</u>	<u>\$ 122,575</u>	<u>\$ 2,137</u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	Scholarship Fund
ASSETS	
Cash and Investments	<u>\$ 28,458</u>
NET POSITION	
Restricted for Scholarships	<u><u>\$ 28,458</u></u>

See accompanying Notes to Basic Financial Statements.

**FOREST PARK SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2023**

	Scholarship Fund
ADDITIONS	
Revenue from Local Sources	\$ 220
Net Position - July 1	<u>28,238</u>
NET POSITION - JUNE 30	<u><u>\$ 28,458</u></u>

See accompanying Notes to Basic Financial Statements.

FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Forest Park School District, Crystal Falls, Michigan (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The District is organized as a common school district. The District, governed by an elected seven-member board, operates grades K through 12 and is comprised of all or parts of five taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. The District has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. District-Wide and Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Community Services Fund

This is the District's fund used to account for revenues and expenditures related to community services that the District provides the community.

Food Service Fund

This is the District's fund used to account for revenues and expenditures related to the food service department of the District.

Additionally, the District reports the following fund types:

Private-Purpose Trust Fund

The private purpose trust fund is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes

Property taxes are recognized as revenue in the General, and Capital Project funds on a levy year basis. The 2022 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within 60 days after year-end. Property taxes levied by the District are collected by the City of Crystal Falls, Crystal Falls Township, Mansfield Township, Hematite Township, and Mastodon Township and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and September 15 and are due upon receipt of the billing by the taxpayer and becomes a lien of the first day of the levy year. For the year ended June 30, 2023, the District levied the following amounts per \$1,000 of assessed valuation.

Funds	Mills
General Fund - Operating	18.0000
Capital Projects Fund - Sinking Fund	0.9877

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

7. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Governmental Activities
	Years
Buildings and Improvements	20 - 50
Land Improvements	5 - 25
Vehicles	5 - 10
Furniture and Equipment	5 - 20

8. Compensated Absences

Teachers can accumulate up to 200 days of sick leave. The District's policy allows teachers with at least 18 years of service upon termination of employment due to retirement or death to be paid for up to a maximum of 150 days of unused sick leave. Teachers with 18 years of service will be paid out at \$40 per unused sick day and teachers with over 30 years of service will be paid out at \$50 per sick day.

Administration employees can accumulate sick time and are eligible for a pay out if they reach at least 10 years of employment with the District. They are paid out a range from \$10 to \$50 per day upon retirement depending on the accumulated days.

Support staff employees with at least five years of service with the District can accumulate up to 810 hours of sick leave. Employees with 410 hours or less are paid at a rate of \$20 per 8-hour day; employees with more than 410 hours are paid at a rate of \$30 per 8-hour day, up to a maximum of 810 hours.

Sick Leave Bank: The District maintains a reserve of sick leave to provide for long-term teacher illness in special instances when teachers have accumulated their accumulated benefits. Eligible teachers receive their current contractual rate of pay for a period of up to 180 days. The bank is limited to a maximum of 270 days. Because the privilege to draw from the sick leave bank is granted on a case-by-case basis at the discretion of the board of education, and is not an automatic benefit, benefits accumulated in the sick leave bank are not considered to be a liability of the District.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

10. 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), 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.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (revenue), 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.

13. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance.** Amounts that are constrained for specific purposes by action of the board of education. These constraints can only be removed or changed by the board of education using the same action that was used to create them.
- **Assigned fund balance.** Amounts that are constrained for specific purposes by action of District management. The board of education has authorized the financial manager to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

The District has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

District-Wide and Proprietary Fund Statements

Equity is classified as net position and displayed in three components:

- **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue funds. All annual appropriations lapse at fiscal year-end.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the board of education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is approved by the board of education.
- d. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the board of education.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Invested cash consists of deposits and investments that are restricted by Michigan Statutes to the following:

Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth-class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days' notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.

Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.

Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

External Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The carrying amount of the District's cash and investments totaled \$2,270,081 on June 30, 2023 as summarized below:

Petty Cash and Cash on Hand	\$ 150
Deposits with Financial Institutions	2,269,931
Total	<u>\$ 2,270,081</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 2,241,623
Fiduciary Fund Statement of Net Position:	
Private Purpose Trust	28,458
Total	<u>\$ 2,270,081</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District currently has no investments that are subject to fair value measurement.

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the state of Michigan are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Michigan are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution.

As of June 30, 2023, \$2,115,657 of the District's deposits with financial institutions were in excess of federal depository insurance limits. No amounts were collateralized.

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in Progress	45,518	34,139	-	79,657
Total Capital Assets, Nondepreciable	50,518	34,139	-	84,657
Capital Assets, Depreciable:				
Buildings and Improvements	13,674,526	50,678	-	13,725,204
Land Improvements	287,270	-	-	287,270
Vehicles	472,790	84,200	124,687	432,303
Furniture and Equipment	1,163,814	42,400	10,182	1,196,032
Subtotals	15,598,400	177,278	134,869	15,640,809
Less Accumulated Depreciation for:				
Buildings and Improvements	7,588,303	296,648	-	7,884,951
Land Improvements	280,323	1,837	-	282,160
Vehicles	318,383	33,655	124,218	227,820
Furniture and Equipment	865,617	58,704	10,182	914,139
Subtotals	9,052,626	390,844	134,400	9,309,070
Total Capital Assets, Depreciable, Net	6,545,774	(213,566)	469	6,331,739
Governmental Activities Capital Assets, Net	<u>\$ 6,596,292</u>	<u>\$ (179,427)</u>	<u>\$ 469</u>	6,416,396
Less: Capital Related Debt				109,735
Net Investment in Capital Assets				<u>\$ 6,306,661</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund receivables for the year ended June 30, 2023 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Operating Accounts Between Funds:		
Operating Cash Deficits:		
Governmental Funds:		
General	\$ 331,099	\$ -
Community Service	-	174,273
Food Service	-	156,826
Total	<u>\$ 331,099</u>	<u>\$ 331,099</u>

Interfund transfers for the year ended June 30, 2023 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 119,620
Athletic Activity	119,620	-
Total	<u>\$ 119,620</u>	<u>\$ 119,620</u>

Interfund transfers were made for the following purposes:

Transfers from General Fund to Cover Fund Deficit:	
Athletic Activity	<u>\$ 119,620</u>

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
Installment Purchase					
Contracts	\$ 114,310	\$ 78,200	\$ 82,775	\$ 109,735	\$ 83,061
Compensated Absences	65,135	2,813	25,809	42,139	-
Governmental Activities					
Long-Term Obligations	<u>\$ 179,445</u>	<u>\$ 81,013</u>	<u>\$ 108,584</u>	<u>\$ 151,874</u>	<u>\$ 83,061</u>

Total interest paid during the year on long-term debt totaled \$3,537.

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiemployer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan (the 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.

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% to 1.50%. 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.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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, 2021, valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2022.

Pension Contribution Rates			
Benefit Structure	Employee	Employer	
		Universities	Non-Universities
Basic	0.0 - 4.0%	26.38%	20.14%
Member Investment Plan	3.0 - 7.0%	26.38%	20.14%
Pension Plus	3.0 - 6.4%	N/A	17.22%
Pension Plus 2	6.2%	N/A	19.93%
Defined Contribution	0.0%	19.86%	13.73%

Required contributions to the pension plan from the District were \$889,004 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of \$9,823,251 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The 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, 2022, the District's proportion was .02611961%, which was an increase of .0004710% from its proportion measured as of September 30, 2021.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ending June 30, 2023, the District recognized pension expense of \$1,227,518.

At June 30, 2023, the 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
Differences Between Actual and Expected Experience	\$ 98,267	\$ 21,964
Changes of Assumptions	1,687,986	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,036	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	139,028	197,321
Employer Contributions Subsequent to the Measurement Date	843,155	-
Total	<u>\$ 2,791,472</u>	<u>\$ 219,285</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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2024	\$ 492,186
2025	337,305
2026	325,337
2027	574,204
Total	<u>\$ 1,729,032</u>

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00%, Net of Investment Expenses
- Pension Plus Plan:	6.00%, 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:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- 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, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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 in years: 4.3922.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

- Recognition period for assets in years: 5.000.
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0	8.7
International Equity Pools	15.0	6.7
Fixed Income Pools	13.0	-0.2
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short-Term Investment Pools	2.0	-0.5
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return. For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate. A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, 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 6.00% (6.00% for the Pension Plus plan, 6.00% 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what [the employer]'s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease to (Non- Hybrid/Hybrid) 5.0%/5.0%/5.0%	Current Single Discount Rate (Non-Hybrid/Hybrid) 6.0%/6.0%/6.0%	1% Increase to (Non- Hybrid/Hybrid) 7.0%/7.0%/7.0%
District's Proportionate Share of the Net Pension Liability	<u>\$ 12,963,042</u>	<u>\$ 9,823,251</u>	<u>\$ 7,235,922</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in MPERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of \$36,245 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiemployer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of 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.

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.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Benefits Provided (Continued)

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Contributions (Continued)

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022.

Benefit Structure	OPEB Contribution Rates		
	Member	Employer	
		Universities	Non-Universities
Premium Subsidy	3.00 %	6.79 %	8.09 %
Personal Healthcare Fund (PHF)	-	5.87	7.23

Required contributions to the OPEB plan from the Forest Park Schools were \$204,470 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of \$568,546 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employers 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, 2022, the District's proportion was 0.02684272%, which was an increase of .14715600% from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, the District recognized OPEB expense (revenue) of (\$195,354). At June 30, 2023, the 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
Differences Between Actual and Expected Experience	\$ -	\$ 1,113,563
Changes of Assumptions	506,763	41,264
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	44,436	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	122,224	105,613
Employer Contributions Subsequent to the Measurement Date	157,991	-
Total	<u>\$ 831,414</u>	<u>\$ 1,260,440</u>

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2024	\$ (196,628)
2025	(191,420)
2026	(187,213)
2027	(14,709)
2028	100
Thereafter	2,853
Total	<u>\$ (587,017)</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.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Actuarial Assumptions (Continued)

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate	2.75%
Investment Rate of Return:	6.00%, Net of Investment Expenses
Projected Salary Increases:	2.75 - 11.55%, Including Wage Inflation at 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 Members:	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 one or more dependents.

Notes:

- 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 OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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 in years: 6.2250 for non-university employers.
- Recognition period for assets in years: 5.0000.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Actuarial Assumptions (Continued)

- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at 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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0	8.7
International Equity Pools	15.0	6.7
Fixed Income Pools	13.0	-0.2
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	-0.5
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return. For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Actuarial Assumptions (Continued)

Discount Rate. A discount rate of 6.00% 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 6.00%. 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 District's Proportionate Share of the Net OPEB Liability to Change in the Discount Rate. The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as the 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-point higher:

	1% Decrease to Discount Rate (5.00%)	Current Discount Rate (6.00%)	1% Increase to Discount Rate (7.00%)
District's Proportionate Share of the OPEB Liability	\$ 953,681	\$ 568,546	\$ 244,214

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate. The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the 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 to Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase to Healthcare Cost Trend Rate
District's Proportionate Share of the OPEB liability	\$ 238,080	\$ 568,546	\$ 969,500

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Actuarial Assumptions (Continued)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payable to the OPEB Plan

At June 30, 2023, the District reported no payable to the defined OPEB Plan.

G. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2023, nonspendable fund balance was as follows:

	<u>General</u>	<u>Food Service</u>
Nonspendable:		
Inventories	<u>\$ 19,789</u>	<u>\$ 2,906</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2023, restricted fund balance was as follows:

Special Revenue Funds:		
Restricted for:		
Food Service	\$ 119,669	
Student Activities	164,411	
Capital Projects Fund:		
Restricted for:		
Capital Projects	<u>174,862</u>	
Total Restricted Fund Balance	<u>\$ 458,942</u>	

**FOREST PARK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Assigned Fund Balance

In the fund financial statements, portions of government fund balances are assigned by the District. At June 30, 2023 fund balance was assigned as follows:

Special Revenue Funds:

Assigned for:

Athletic Activity	\$ 3,887
Community Service	11,667
Total	<u>\$ 15,554</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded insurance coverage in the past three years.

B. Contingencies

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

From time-to-time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

**FOREST PARK SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFIT PLAN –
MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT PLAN
LAST 10 MEASUREMENT PERIODS**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Plan Fiscal Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
September 30, 2017	0.02489540 %	\$ 2,204,605	\$ 2,124,771	103.76%	36.39 %
September 30, 2018	0.02616370	2,079,738	2,222,210	93.59	42.95
September 30, 2019	0.02744420	1,969,878	2,390,646	82.40	48.46
September 30, 2020	0.02636640	1,412,520	2,336,948	60.44	59.44
September 30, 2021	0.02537116	387,260	2,316,699	16.72	87.33
September 30, 2022	0.02684272	568,546	2,650,000	21.45	83.09

SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFIT PLAN

District Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
June 30, 2018	\$ 193,821	\$ 193,821	\$ -	\$ 2,188,123	8.86 %
June 30, 2019	184,190	184,190	-	2,359,144	7.81
June 30, 2020	188,434	188,434	-	2,368,608	7.96
June 30, 2021	188,804	188,804	-	2,330,339	8.10
June 30, 2022	188,341	188,341	-	2,441,293	7.71
June 30, 2023	207,768	207,768	-	2,690,543	7.72

**FOREST PARK SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSION PLAN –
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 MEASUREMENT PERIODS**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Plan Fiscal Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
September 30, 2014	0.02441000 %	\$ 5,377,346	\$ 1,983,338	271.13%	66.20 %
September 30, 2015	0.02423000	5,917,278	1,694,999	349.10	63.17
September 30, 2016	0.02409100	6,010,507	1,939,363	309.92	63.01
September 30, 2017	0.02499990	6,478,545	2,124,771	304.91	64.21
September 30, 2018	0.02570030	7,725,974	2,222,210	347.67	62.36
September 30, 2019	0.02682758	8,884,393	2,390,646	371.63	60.31
September 30, 2020	0.02652519	9,111,691	2,336,948	389.90	59.72
September 30, 2021	0.02564860	6,072,419	2,316,699	262.12	72.60
September 30, 2022	0.02611960	9,823,251	2,650,000	370.69	60.77

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN

District Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 379,150	\$ 379,150	\$ -	\$ 1,983,338	19.12 %
June 30, 2016	467,357	467,357	-	1,694,999	27.57
June 30, 2017	540,976	540,976	-	1,939,363	27.89
June 30, 2018	586,381	586,381	-	3,184,130	18.42
June 30, 2019	706,102	706,102	-	2,359,144	29.93
June 30, 2020	732,287	732,287	-	2,368,608	30.92
June 30, 2021	771,513	771,513	-	2,330,339	33.11
June 30, 2022	850,396	850,396	-	2,441,293	34.83
June 30, 2023	961,382	961,382	-	2,690,543	35.73

FOREST PARK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiemployer, state-wide, defined benefit public employee retirement plan, which provides retirement and postemployment healthcare benefits to District retirees.

NOTE 2 PENSION PLAN

Changes of benefit terms: There were no changes of benefit terms in fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in fiscal year 2022.

NOTE 3 OTHER POSTEMPLOYMENT BENEFITS

Changes of benefit terms: There were no changes of benefit terms in fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in fiscal year 2022.

The District is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

**FOREST PARK SCHOOL DISTRICT
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 2,867,979	\$ 2,867,979	\$ 2,860,076	\$ (7,903)
Interest and Penalties	2,800	2,800	3,016	216
Interest Income	1,700	7,000	7,949	949
Rentals	12,720	14,300	14,278	(22)
Miscellaneous Revenue	10,600	19,854	19,353	(501)
Total Local Sources	2,895,799	2,911,933	2,904,672	(7,261)
State Sources:				
Unrestricted Grants	1,235,075	1,430,567	1,470,367	39,800
Restricted Grants	885,624	1,457,088	1,448,097	(8,991)
Total State Sources	2,120,699	2,887,655	2,918,464	30,809
Federal Sources:				
Title I	95,053	107,195	107,195	-
Title II	14,696	17,152	17,151	(1)
Flowthrough	19,219	20,800	20,800	-
Medicaid	6,000	6,000	6,301	301
REAP	34,686	31,148	31,148	-
Title IV	10,000	10,000	9,999	(1)
Other Federal Grants	105,416	147,004	144,753	(2,251)
Total Federal Sources	285,070	339,299	337,347	(1,952)
Other Local Sources:				
Special Education Millage from ISD	77,255	113,012	113,012	-
Payments Received from Other Districts	14,771	17,545	17,544	(1)
Other Revenue	56,327	8,135	8,135	-
Total Other Local Sources	148,353	138,692	138,691	(1)
Total Revenues	5,449,921	6,277,579	6,299,174	21,595
OTHER FINANCING SOURCES				
Transfers In	-	5,665	-	(5,665)
Proceeds from Installment Note	78,200	78,200	78,200	-
Total Other Financing Sources	78,200	83,865	78,200	(5,665)
Total Revenues and Other Financing Sources	<u>\$ 5,528,121</u>	<u>\$ 6,361,444</u>	<u>\$ 6,377,374</u>	<u>\$ 15,930</u>

**FOREST PARK SCHOOL DISTRICT
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
AND OTHER FINANCING USES – GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Instruction:				
Elementary School	\$ 1,483,790	\$ 1,680,288	\$ 1,657,802	\$ 22,486
High School	1,235,431	1,428,655	1,380,624	48,031
Special Education	411,896	500,268	496,433	3,835
At-Risk	207,284	273,396	272,422	974
Compensatory Education	116,050	132,172	132,170	2
Total Instruction	3,454,451	4,014,779	3,939,451	75,328
Support Services:				
Guidance	47,517	61,708	61,420	288
Health	80,763	49,182	49,182	-
Other Pupil Services Support	27,650	24,673	24,389	284
Computer Assisted Instruction	136,686	144,086	128,665	15,421
Board of Education	59,688	52,388	47,356	5,032
Executive Administration	248,629	293,086	281,600	11,486
Office of Principals	221,669	273,955	256,818	17,137
Business Services	121,396	165,064	154,999	10,065
Insurance	72,582	72,582	66,015	6,567
Buildings and Grounds	438,871	539,207	507,581	31,626
Pupil Transportation	443,372	453,502	427,002	26,500
Pupil Activities	29,885	27,667	26,991	676
Total Support Services	1,928,708	2,157,100	2,032,018	125,082
Community Services:				
Other	1,000	1,000	1,000	-
Debt Service:				
Principal	-	82,301	82,775	(474)
Interest and Fiscal Charges	-	4,014	3,537	477
Total Debt Service	-	86,315	86,312	3
Total Expenditures	5,384,159	6,259,194	6,058,781	200,413
OTHER FINANCING SOURCES				
Transfer to Athletic Activity	97,329	122,000	119,620	2,380
Total Expenditures and Other Financing Uses	<u>\$ 5,481,488</u>	<u>\$ 6,381,194</u>	<u>\$ 6,178,401</u>	<u>\$ 202,793</u>

**FOREST PARK SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue		Capital	Total
	Athletic	Student	Projects	Nonmajor
	Activity	Activities		Governmental
				Funds
ASSETS				
Cash and Investments	\$ 3,887	\$ 164,411	\$ 209,001	\$ 377,299
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 34,139	\$ 34,139
FUND BALANCE				
Restricted	-	164,411	174,862	339,273
Assigned	3,887	-	-	3,887
Total Fund Balance	3,887	164,411	174,862	343,160
Total Liabilities and Fund Balance	\$ 3,887	\$ 164,411	\$ 209,001	\$ 377,299

FOREST PARK SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Special Revenue		Capital	Total
	Athletic	Student	Projects	Nonmajor
	Activity	Activities		Governmental
				Funds
REVENUES				
Local Sources	\$ 49,814	\$ 207,551	\$ 287,354	\$ 544,719
Other Sources	-	-	22,275	22,275
Total Revenues	49,814	207,551	309,629	566,994
EXPENDITURES				
Support Services	-	207,582	-	207,582
Athletic Activities	174,775	-	-	174,775
Capital Outlay	-	-	256,106	256,106
Total Expenditures	174,775	207,582	256,106	638,463
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(124,961)	(31)	53,523	(71,469)
OTHER FINANCING SOURCES				
Transfers In	119,620	-	-	119,620
NET CHANGE IN FUND BALANCE	(5,341)	(31)	53,523	48,151
Fund Balance - July 1	9,228	164,442	121,339	295,009
FUND BALANCE - JUNE 30	<u>\$ 3,887</u>	<u>\$ 164,411</u>	<u>\$ 174,862</u>	<u>\$ 343,160</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Forest Park School District
Crystal Falls, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Forest Park School District, Crystal Falls, Michigan (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under government auditing standards.

Forest Park School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Green Bay, Wisconsin
October 6, 2023

**FOREST PARK SCHOOL DISTRICT
CRYSTAL FALLS, MICHIGAN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023**

Internal Control Over Financial Reporting

2023-001

Preparation of Annual Financial Report

Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect, and correct a potential omission or misstatement in the financial statements or notes.
Effect:	Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Repeat Finding:	Repeat of finding 2022-001
Recommendation:	We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.
Views of Responsible Official and Planned Corrective Actions:	Management will continue to review and approve the annual financial report prior to issuance.

**FOREST PARK SCHOOL DISTRICT
CRYSTAL FALLS, MICHIGAN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Internal Control Over Financial Reporting (Continued)

2023-002

Segregation of Duties

Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	The District has one accounting position to essentially complete all financial and recordkeeping duties of the general District's operations. The Business Manager has the capability of doing all functions of the general receipts, general disbursement, journal entries, and payroll processes. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the District's operations. The District has recently completed a full risk assessment and review of internal controls to identify additional mitigating and compensating controls to implement to reduce the risk of errors or intentional fraud.
Repeat Finding:	Repeat of finding 2022-002.
Recommendation:	We recommend the District perform a risk assessment of its operations to identify and implement mitigating and compensating controls to reduce the risk of errors or intentional fraud. We recommend the District continue to monitor and re-evaluate controls as duties shift and new individuals are hired. We also recommend the board of education continue to monitor the transactions and the financial records of the District. Furthermore, we recommend the board of education develop a process for proper approval of journal entries posted by the business manager, some small governments have administration or a member of the board review and approve all journal entries.
Views of Responsible Official and Planned Corrective Actions:	Management continues to believe the cost to hire additional staff to eliminate the deficiency outweigh the benefits to be received.

**FOREST PARK SCHOOL DISTRICT
CRYSTAL FALLS, MICHIGAN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Internal Control Over Financial Reporting (Continued)

2023-003

Adjustments to the District's Financial Records

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: As part of our audit, we proposed adjusting journal entries to the District's financial statements.

Criteria: Adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect: Year-end financial records prepared by the District may contain misstatements.

Cause: While District staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Repeat Finding: No.

Recommendation: We recommend the District designate an individual to obtain additional training in order to prepare the adjusting and closing entries. In addition, we recommend the District consider developing financial policies and procedures manual to document and assist in completing the year-end close process. We are available to assist the individual in obtaining the understanding to prepare these entries.

Views of Responsible Official and Planned Corrective Actions: Management agrees with the finding and has developed a plan to correct the finding.



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Board of Education
Forest Park School District
Crystal Falls, Michigan

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the Board of Education. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation, and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

Scott Sternhagen, CPA
Principal

FOREST PARK SCHOOL DISTRICT
EXECUTIVE AUDIT SUMMARY AND
BOARD COMMUNICATIONS
YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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**FOREST PARK SCHOOL DISTRICT
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**FOREST PARK SCHOOL DISTRICT
EXECUTIVE AUDIT SUMMARY AND BOARD COMMUNICATIONS
YEAR ENDED JUNE 30, 2023**

We prepared this Executive Audit Summary in conjunction with our audit of the District's financial statements for the year ended June 30, 2023.

Audit Opinion

The financial statements are fairly stated in all material respects. We issued what is known as a "clean" audit report.

Internal Controls

Our report on internal control included the following deficiencies in internal controls over financial reporting:

Significant Deficiencies:

- Finding 2023-001 Preparation of Annual Financial Report
- Finding 2023-002 Segregation of Duties
- Finding 2023-003 Adjustments to District's Financial Records

Yellow Book Compliance Finding

There were no separate compliance findings reported.

General Fund Balance

The District's General Fund experienced an increase in fund balance of \$198,973 for the year ending June 30, 2023. The ending fund balance of \$2,013,536 at June 30, 2023 represents 32.27% of expenditures included for the year and is an important aspect in the District's financial well-being since a healthy fund balance represents things such as cash flow and as a cushion against unanticipated expenditures, enrollment fluctuations, and state aid changes.

Budget

The District's General Fund revenues and other financing sources were \$6,377,374, or \$15,930 more than the final budget, while total expenditures and transfers out were \$6,178,401, or \$202,793 less than the District's final general fund budget.



FORMAL REQUIRED COMMUNICATIONS

Board of Education
Forest Park School District
Crystal Falls, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forest Park School District as of and for the year ended June 30, 2023, and have issued our report thereon dated October 6, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated May 24, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

The District changed accounting policies related to lease by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The impact of the adoption was immaterial to the financial statements.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of useful lives for depreciable assets is based upon analysis of the expected useful life of the capital assets. The useful life of a depreciable asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

- Management's estimate of the net pension asset/liability and net other postemployment benefits liability and related deferred inflows and deferred outflows of resources is based on an actuarially determined calculation of the District's proportionate share of the net pension liability and net other postemployment benefits liability of cost-sharing multiple-employer pension and other postemployment benefit plans sponsored by the Michigan Public School Employees' Retirement System in which the District participates.
- Management's estimate of the compensated absences liability is based upon an assumption of employees who are currently employed at the district and have accumulated sick time to be paid out upon retirement.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Corrected Misstatements

The following misstatements detected as a result of audit procedures were corrected by management:

- Recording Accounts Payable in the amount of \$34,139.
- Recording food service commodity revenue in the amount of \$12,256

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated October 6, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Issues Discussed with Management Prior to Engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other Audit Findings or Issues

We have provided a separate communication to you dated October 6, 2023, communicating internal control related matters identified during the audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the combining statements for the nonmajor governmental funds (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated October 6, 2023.

* * *

Board of Education
Forest Park School District

This communication is intended solely for the information and use of the Board of Education and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
October 6, 2023

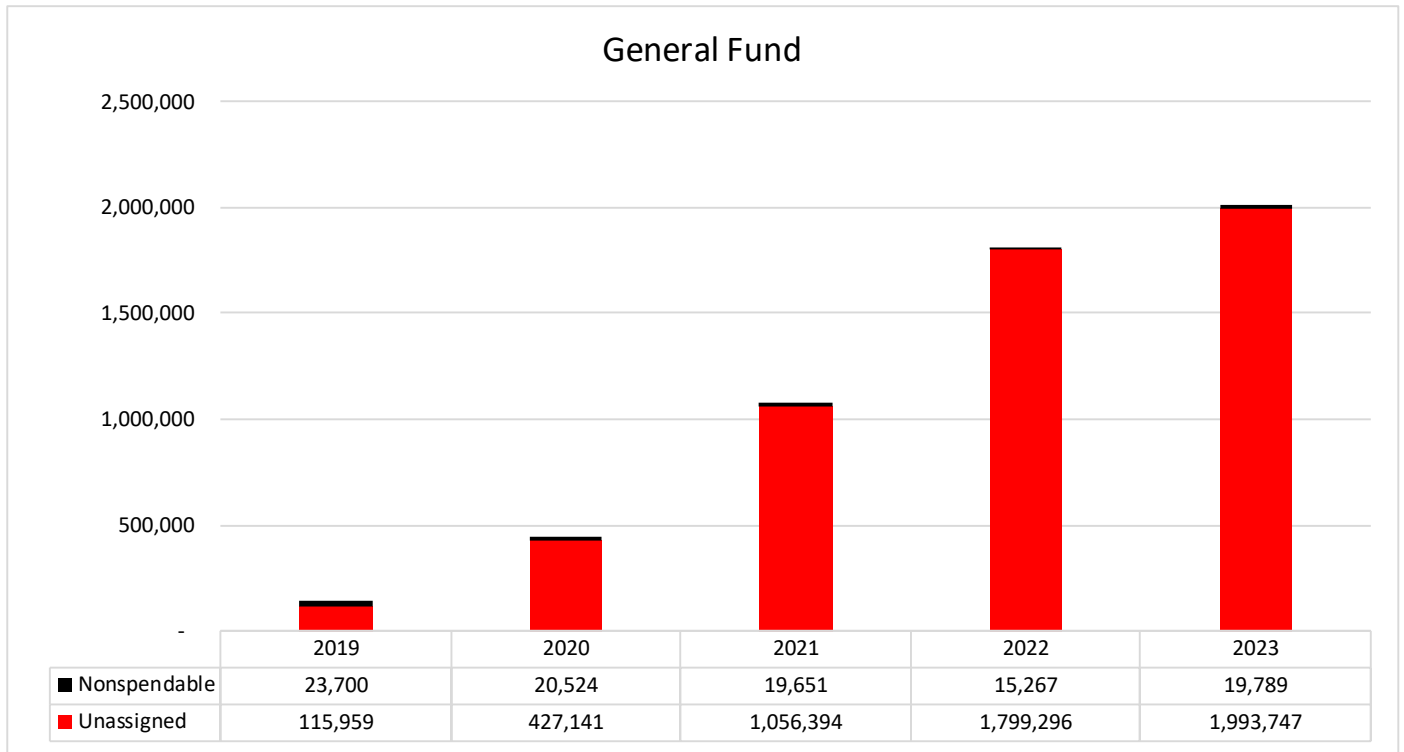
**FOREST PARK SCHOOL DISTRICT
APPENDIX A – FINANCIAL TRENDS OF YOUR DISTRICT
YEAR ENDED JUNE 30, 2023**

The following graphs reflect financial trends of Forest Park School District. Information related to fund balances, and revenues and expenditures on pages 7 through 9 were obtained from current and prior year audit reports.

FOREST PARK SCHOOL DISTRICT
APPENDIX A – FINANCIAL TRENDS OF YOUR DISTRICT (CONTINUED)
YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Student Activities</u>	<u>Athletic Activity</u>	<u>Community Service</u>	<u>Food Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues	\$ 6,299,174	\$ 207,551	\$ 49,814	\$ 181,238	\$ 378,404	\$ 309,629	\$ 7,425,810
Expenditures	<u>6,058,781</u>	<u>207,582</u>	<u>174,775</u>	<u>179,724</u>	<u>392,729</u>	<u>256,106</u>	<u>7,269,697</u>
Excess (Deficit) Revenues Over Expenditures	240,393	(31)	(124,961)	1,514	(14,325)	53,523	156,113
Transfers (Net)	(119,620)	-	119,620	-	-	-	-
Proceeds from Borrowing	<u>78,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,200</u>
Fund Balance - June 30, 2022	<u>1,814,563</u>	<u>164,442</u>	<u>9,228</u>	<u>10,153</u>	<u>136,900</u>	<u>121,339</u>	<u>2,256,625</u>
Fund Balance - June 30, 2023	<u><u>\$ 2,013,536</u></u>	<u><u>\$ 164,411</u></u>	<u><u>\$ 3,887</u></u>	<u><u>\$ 11,667</u></u>	<u><u>\$ 122,575</u></u>	<u><u>\$ 174,862</u></u>	<u><u>\$ 2,490,938</u></u>

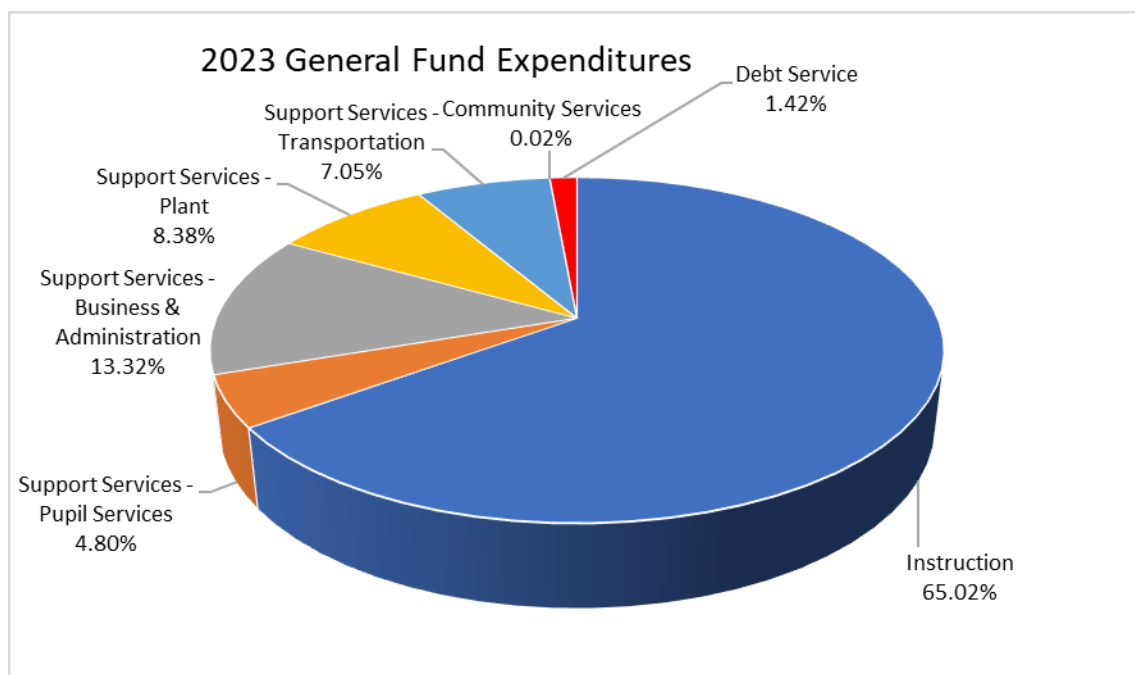
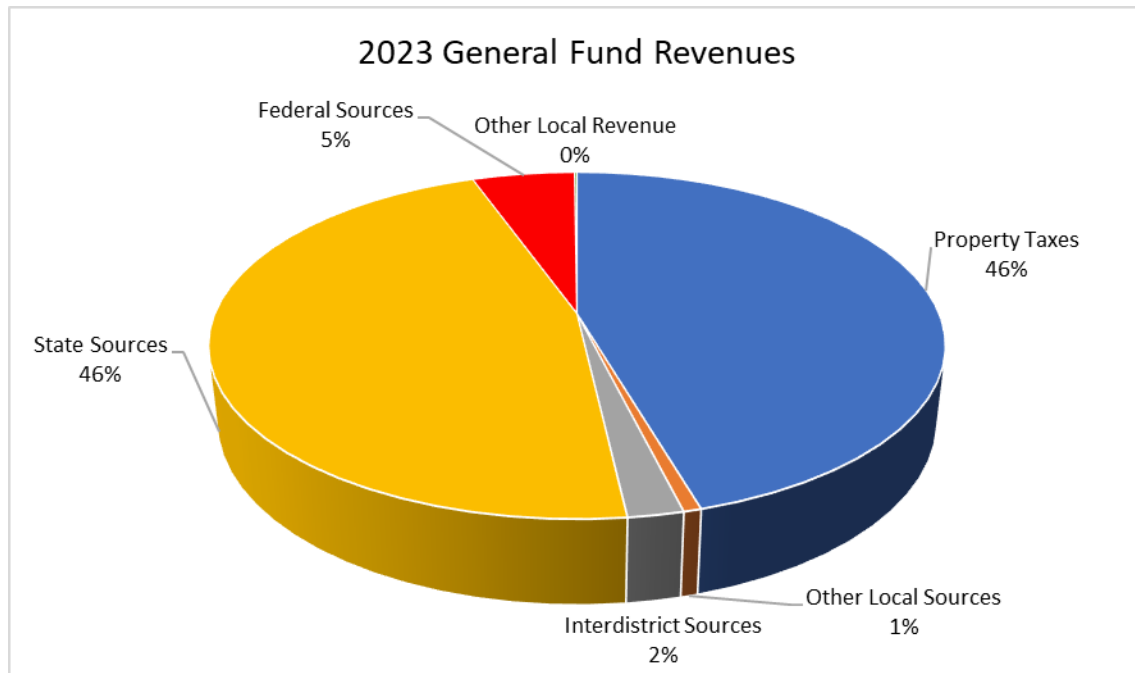
**FOREST PARK SCHOOL DISTRICT
APPENDIX A – FINANCIAL TRENDS OF YOUR DISTRICT (CONTINUED)
YEAR ENDED JUNE 30, 2023**



As indicated above, the District's unassigned General Fund balance totaled \$1,993,747 on June 30, 2023. This amount essentially represents cash available for use during the 2023 - 2024 school year

The District's unassigned fund balance is 32% of the 2023 Operating Expenditures and Transfers out.

**FOREST PARK SCHOOL DISTRICT
APPENDIX A – FINANCIAL TRENDS OF YOUR DISTRICT (CONTINUED)
YEAR ENDED JUNE 30, 2023**





FOREST PARK SCHOOL DISTRICT

Partners in Your Child's Success

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49920-1199

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Superintendent:
Christy Larson
K-12 Principal
Jackie Giuliani
Business Manager:
Kathy Stankewicz

Board of Education

Mr. Jim Nocerini
Mr. William St. John
Mr. William Leonoff
Dr. Debra Divoky
Mr. Michael Bjork
Mr. Mike Brzoznowski
Mr. Troy Margoni

October 6, 2023

CliftonLarsonAllen LLP
1175 Lombardi Avenue, Suite 200
Green Bay, Wisconsin 54304

This representation letter is provided in connection with your audit of the financial statements of Forest Park School District, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of October 6, 2023, the following representations made to you during your audit of the financial statements as of and for the year ended June 30, 2023.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated May 24, 2023, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.



5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. We have not identified or been notified of any uncorrected financial statement misstatements. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
12. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
13. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
14. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
15. We are unable to determine the possibility of a withdrawal liability in a multiple-employer benefit plan.
16. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

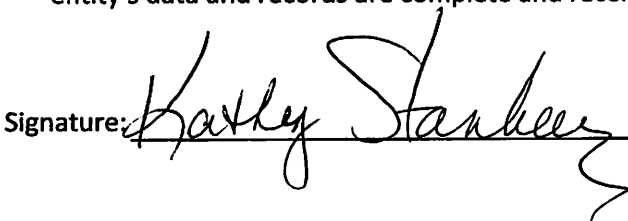
1. We have provided you with:

- a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with U.S. GAAP.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Forest Park School District, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
19. The financial statements properly classify all funds and activities.
20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
21. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
22. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
30. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
31. We acknowledge our responsibility for presenting the combining nonmajor fund statements and supporting schedules (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
32. As part of your audit, you prepared the draft financial statements, related notes, and supplementary information. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, and supplementary information. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
33. We understand that as part of your audit, you prepared the adjusting journal entries necessary to convert our cash basis records to the accrual basis of accounting and acknowledge that we have reviewed and approved those entries and accepted responsibility for them. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
34. We have evaluated the adequacy and results of the depreciation services performed and accept responsibility for the results. We acknowledge our responsibility for our depreciation schedules and have determined the methods and rates of depreciation and the salvage values used in the calculations. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your depreciation services; have made all significant management judgments and decisions; and have assumed all management responsibilities. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature: _____



Title: Business Manager