

FOREST PARK SCHOOL DISTRICT

**Financial Report
with Supplemental Information
Prepared in Accordance with GASB 34**

June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Rostagno & Haukkala, CPAs, P.C.

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Tel (906) 265-1040 Fax (906) 265-1042

Board of Education

Forest Park School District

801 Forest Parkway

Crystal Falls, Michigan 49920

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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** as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with the standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinions, 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 **Forest Park School District** as of June 30, 2017, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Forest Park School District's** basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017 on our consideration of the **Forest Park School District**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 **Forest Park School District**'s internal control over financial reporting and compliance.

Rostagno & Haukkala, CPAs, P.C.

ROSTAGNO & HAUKKALA, CPAs, P.C.

October 5, 2017

ADMINISTRATION'S DISCUSSION AND ANALYSIS

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-1199
Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

The **Forest Park School District** is a K-12 school district located in Iron County, Michigan. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the **Forest Park School District's** discussion and analysis of the financial results for the fiscal year ended June 30, 2017.

Generally accepted accounting principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and non-instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds, including Debt Service, Capital Projects, and the School Service Funds, which are comprised of Food Service and Athletics.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term debt obligations are recorded as expenditures. Future years' debt obligations are not recorded.

District-wide Financial Statements

The *District-wide Financial Statements* are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Fund solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Position on the *District-wide Financial Statements*.

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

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

The notes to the financial statements are an integral part of this report.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-1199
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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Summary of Net Position:

The following summarizes the net position at fiscal years ended June 30, 2017 and 2016:

<u>ASSETS</u>	<u>June 30, 2017</u>
Current Assets	\$ 709,939
Capital Assets	15,652,446
Less: Accumulated Depreciation	<u>(8,194,909)</u>
Capital assets, net book value	<u>7,457,537</u>
TOTAL ASSETS	\$ 8,167,476
DEFERRED OUTFLOWS	
Deferred Outflows of Resources Related to Pensions	\$ 659,991
LIABILITIES	
Current Liabilities	<u>609,933</u>
Noncurrent Liabilities	<u>7,099,728</u>
TOTAL LIABILITIES	\$ 7,709,661
DEFERRED INFLOWS	
Cash Inflows Related to Future Periods	
Deferred Inflows of Resources Related to Pensions	\$ 490,631
NET POSITION	
Net investment in Capital Assets	6,592,537
Restricted	18,121
Unrestricted	<u>1,542,657</u>
TOTAL NET POSITION	\$ 627,175

The notes to the financial statements are an integral part of this report.

Forest Park School District

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Summary of Net Position: (Continued)

NET POSITION SUMMARY

June 30, 2016

Assets

Current Assets	\$ 780853
Capital Assets	15629446
Less: Accumulated Depreciation	<u>(7762670)</u>
Capital assets, net book value	7866776

Total Assets \$ **8647629**

Deferred Outflows **546553**

Liabilities

Current Liabilities	970520
Long-term Liabilities	<u>7342825</u>

Total Liabilities **8313345**

Deferred Inflows

Cash inflows related to future periods and pensions **477128**

Net Position

Net investment in capital assets	6331776
Restricted	250591
Unrestricted	<u>(6178658)</u>

Total Net Position **403709**

Analysis of Financial Position

During fiscal year ended June 30, 2017, the District's net position increased by \$223,466.

The notes to the financial statements are an integral part of this report.

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Analysis of Financial Position (Continued)

A. General Operating Fund Operations

The District's revenues from General Operating Fund operations exceeded expenditures (after transfers out) by \$ 96,934. General Operating Fund revenues decreased by \$ 12,023 from the last fiscal year, while General Operating Fund expenditures decreased by \$ 4,404 from the prior year.

B. Debt, Principal Payments

The District made principal payments on bonded and other long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

	<u>Balance</u> <u>06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/17</u>	<u>Short-</u> <u>Term</u>	<u>Long-</u> <u>Term</u>
FNB 2012 Building & Site Bonds	\$ 835000	\$ -0-	\$ 85000	\$ 750000	\$ 250000	\$ 500000
First National Bank of Crystal Falls 2008 Building & Site Bonds	230000	-0-	115000	115000	115000	-0-
Long-term Employee Benefits Payable	<u>141131</u>	<u>-0-</u>	<u>7319</u>	<u>133812</u>	<u>-0-</u>	<u>133812</u>
Totals	\$ 1676131	\$ <u>-0-</u>	\$ <u>207319</u>	\$ <u>998812</u>	\$ <u>365000</u>	\$ <u>633812</u>

The notes to the financial statement are an integral part of this report.

Forest Park School District

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Analysis of Financial Position (Continued)

C. Results of Operations:

For the fiscal years ended June 30, 2017 and 2016, District-wide results of operations were as follows:

	<u>June 30, 2017</u>
Revenues	
General Revenues:	
Taxes:	
Property taxes levied for general operations	\$ 2,587,139
Property taxes levied for debt service	648,677
Other Taxes	43,181
State Aid, Unrestricted	946,393
Operating grants	795,225
Interest and Investment Earnings	1,812
Charges for service	158,341
Other	177,167
	<u>5,357,935</u>
Expenses	
Government Activities:	
Instruction	2,674,217
Support Services	1,438,282
Food Services	314,982
Athletics	111,240
Community Schools	12,619
Interest/Fees on Long-Term Debt	42,218
Other Costs	131,672
Depreciation (Unallocated)	409,239
	<u>5,134,469</u>
Change in net position	<u>\$ 223,466</u>

The notes to the financial statements are an integral part of this report.

Forest Park School District

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Results of Operations: (Continued)

	<u>June 30, 2016</u>
Revenues	
General Revenues:	
Taxes:	
Property taxes levied for general operations	\$ 2,395,398
Property taxes levied for debt service	661,909
Other Taxes	83,645
State Aid, Unrestricted	773,989
Operating grants	1,033,901
Interest and Investment Earnings	1,895
Charges for service	160,596
Other	52,127
	<u>5,163,460</u>
Expenses	
Government Activities:	
Instruction	2,853,633
Support Services	1,468,412
Food Services	325,227
Athletics	103,737
Community Schools	11,925
Interest/Fees on Long-Term Debt	68,800
Other Costs	-
Depreciation (Unallocated)	416,679
	<u>5,248,413</u>
Change in net position	<u>\$ (84,953)</u>

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Results of Operations: (Continued)

1. 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 percent of current year's fall count and 20 percent of prior year's winter count.
- c. The District's non-homestead levy.

Per Student, Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The **Forest Park School District's** foundation allowance was \$ 7,391 per student for the 2015-2016 school year.

Student Enrollment

The District's enrollment decreased somewhat from the prior year's student count. The following summarizes fall student enrollments for the past five years:

	Student FTE
2016-2017	438
2015-2016	434
2014-2015	455
2013-2014	448
2012-2013	469

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

The District levies 17.6874 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase, or five percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2016-2017 fiscal year was \$ 2,424,740, which was an increase of 1.22% over the prior year.

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Forest Park School District

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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

The following summarizes the District's non-homestead property tax levy for the past five years:

	Non-Homestead Tax Levy	Percent Change From Prior Year
2016-2017	2424740	1.2249
2015-2016	2395399	1.5000
2014-2015	2359132	(1.4249)
2013-2014	2393232	1.760
2012-2013	2351798	(0.0060)
2011-2012	2365081	3.3200

3. Debt Service Fund Levy

The District's debt service fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties - both homestead and non-homestead. For the fiscal year ended June 30, 2017, the District's debt millage levy was 2.90 mills, which generated revenue of \$636,449.

4. General Fund Budget

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. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in Required Supplemental Information of these financial statements.

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:

Forest Park School District
School Business Office
801 Forest Parkway
Crystal Falls, Michigan

The notes to the financial statements are an integral part of this report.

BASIC FINANCIAL STATEMENTS

FOREST PARK SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 401,808
Receivables	
Delinquent Taxes Receivable	16,618
Accounts Receivable	9,420
Due from Other Governmental Units	257,604
Inventories	24,489
Total Current Assets	709,939
<i>Noncurrent Assets</i>	
Capital Assets	15,652,446
Less: Accumulated Depreciation (Note 5)	(8,194,909)
Total Noncurrent Assets	7,457,537
TOTAL ASSETS	\$ 8,167,476
DEFERRED OUTFLOWS	
Deferred Outflows of Resources Related to Pensions	\$ 659,991
LIABILITIES	
<i>Current Liabilities</i>	
Accrued Salaries and Benefits	\$ 235,634
Deferred Revenue	9,299
Bonds Payable, Due within one year	365,000
Total Current Liabilities	609,933
<i>Noncurrent Liabilities</i>	
Bonds Payable	500,000
Compensated Absences Payable	133,812
Due to other governmental units	32,892
Net Pension Liability	6,433,024
Total Noncurrent Liabilities	7,099,728
TOTAL LIABILITIES	\$ 7,709,661
DEFERRED INFLOWS	
Cash Inflows Related to Future Periods	
Deferred Inflows of Resources Related to Pensions	\$ 490,631
NET POSITION	
Net investment in Capital Assets	6,592,537
Restricted	18,121
Unrestricted	1,542,657
TOTAL NET POSITION	\$ 627,175

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

Functions/Programs	Program Revenues			Governmental Activities
Primary Government -	Expenses	Charges for Services	Operating Grants	Net(Expense) Revenue and Changes in Net Position
Government Activities:				
Instruction	2,674,217	1,909	\$ 562,606	\$ (2,109,702)
Support Services	1,438,282	-	54,824	(1,383,458)
Food Services	314,982	100,539	177,795	(36,648)
Athletics	111,240	40,124		(71,116)
Community Schools	12,619	15,769		3,150
Interest/Fees on Long-Term Debt	42,218	-		(42,218)
Other Costs	131,672	-		(131,672)
Depreciation (Unallocated)	409,239	-	-	(409,239)
Total Governmental Activities	\$ 5,134,469	\$ 158,341	\$ 795,225	\$ (4,180,903)
General Revenues:				
Taxes:				
Property taxes levied for general operations				2,587,139
Property taxes levied for debt service				648,677
Other Taxes				43,181
State Aid, Unrestricted				946,393
Interest and Investment Earnings				1,812
Other				177,167
Total General Revenues				4,404,369
Change in Net Position				223,466
Net Position - Beginning of year				403,709
Net Position - End of year				\$ 627,175

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2017

	<u>General Operating Funds</u>	<u>Debt Service Fund</u>
<u>ASSETS</u>		
Cash and Investments	\$ 212,191	\$ 151,469
Receivables:		
Delinquent Taxes Receivable	3,017	13,601
Accounts Receivable	2,800	-
Due from Other Funds	197,453	31,745
Due from Other Governmental Units	255,420	-
Inventories	18,120	-
TOTAL ASSETS	<u><u>\$ 689,001</u></u>	<u><u>\$ 196,815</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accrued Salaries and Benefits	\$ 251,315	-
Deferred Revenue	5,366	-
Due to Other Funds	196,988	-
TOTAL LIABILITIES	453,669	-
<u>FUND BALANCES</u>		
Nonspendable	18,121	-
Restricted for Debt Service		196,815
Restricted for Capital Projects		-
Unassigned	217,211	-
TOTAL FUND BALANCES	<u><u>235,332</u></u>	<u><u>196,815</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 689,001</u></u>	<u><u>\$ 196,815</u></u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2017

Interscholastic Athletic Fund	Non-major Governmental Funds	Total Governmental Funds
\$ 5,220	\$ 32,928	\$ 401,808
-	-	16,618
-	6,620	9,420
78,292	10,957	318,447
-	2,184	257,604
-	6,369	24,489
\$ 83,512	\$ 59,058	\$ 1,028,386
-	-	251,315
-	3,933	9,299
83,512	37,947	318,447
83,512	41,880	579,061
-	-	18,121
-	-	196,815
-	15,498	15,498
-	1,680	218,891
-	17,178	449,325
\$ 83,512	\$ 59,058	\$ 1,028,386

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

June 30, 2017

Total Fund Balances - Governmental Funds	\$	-
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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 financial resources and are not reported in the funds.		
The cost of capital assets is:		15,652,446
Accumulated depreciation is:		(8,194,909)
Long term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds/Loans Payable		(865,000)
Compensated Absences/Other Benefits		(151,023)
Net Pension Liability		(6,433,024)
Deferred inflows of resources related to pensions		(490,631)
Deferred outflows of resources related to pensions		659,991
Other long term assets not available to pay current period expenditures therefore deferred in the funds		-
Accrued interest is not included as a liability in governmental funds		-
Amounts due from other non-governmental funds		-
Amounts due to other non-governmental funds		-
		-
Total Net Position - Governmental Activities	\$	<u>177,850</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2017

	General Operating Funds	Debt Service
<u>REVENUE</u>		
Local Revenue	\$ 2,604,762	\$ 691,858
State Revenue	1,462,356	-
Federal Revenue	128,504	-
Other Revenue	34,858	902
TOTAL REVENUE	4,230,480	692,760
<u>EXPENDITURES</u>		
Current:		
Instruction	2,674,679	-
Support Services	1,438,282	-
Community Services	12,619	-
Food Services	-	-
Athletics	-	-
Debt Service		
Principal	-	670,000
Interest and Fees	-	43,442
Other costs	-	-
Capital Outlay	23,000	-
Intergovernmental Payments	-	-
TOTAL EXPENDITURES	4,148,580	713,442
Excess (Deficiency) of Revenues Over Expenditures	81,900	(20,682)
<u>Other Financing Sources (Uses)</u>		
Operating transfers in	764	-
Operating transfers out	(95,607)	-
Total Other Financing Sources (Uses)	(94,843)	-
Net Change in Fund Balances	(12,943)	(20,682)
FUND BALANCE - BEGINNING OF YEAR	248,275	217,497
FUND BALANCE - END OF YEAR	\$ 235,332	\$ 196,815

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2017

<u>Interscholastic Athletic Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 40,124	\$ 112,487	\$ 3,449,231
-	12,619	1,474,975
-	165,176	293,680
-	16,866	52,626
<hr/>	<hr/>	<hr/>
40,124	307,148	5,270,512
-	-	2,674,679
-	-	1,438,282
-	-	12,619
-	308,399	308,399
110,269	-	110,269
-	-	-
-	-	670,000
-	-	43,442
-	-	-
-	17,687	40,687
-	-	-
<hr/>	<hr/>	<hr/>
110,269	326,086	5,298,377
<hr/>	<hr/>	<hr/>
(70,145)	(18,938)	(27,865)
-	-	-
70,145	24,698	95,607
-	-	(95,607)
<hr/>	<hr/>	<hr/>
70,145	24,698	-
-	5,760	(27,865)
<hr/>	<hr/>	<hr/>
-	11,418	477,190
<hr/>	<hr/>	<hr/>
\$ -	\$ 17,178	\$ 449,325

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GOVERNMENTAL FUNDS - RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (27,865)
---	--------------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(409,239)
Capital Outlay	23,000

Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	-
---	---

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	-
--	---

Repayment of bond/loan principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	670,000
--	---------

Proceeds from loans and the issuance of bonds are considered to be other financing sources in the fund statements, but are not reported in the statement of activities	-
--	---

Adjustment to account for (increase) decrease in long-term employee benefits, which is not reflected in the fund statements	(118,131)
---	-----------

Adjust to account for IFT payable to Hematite Township, not reflected in the fund statements	(32,892)
--	----------

Adjust to reflect pension expense per GASB 68 implementation, not reflected in the fund statements	(132,738)
--	-----------

Rounding adjustment	-
---------------------	---

Change in Net Position of Governmental Activities	<u>\$ (27,865)</u>
--	---------------------------

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2017

	Scholarship Fund	Revolving Fund	Totals
<u>ASSETS</u>			
Cash, Deposits, and Investments	\$ 47,776	\$ 24,038	\$ 71,814
TOTAL ASSETS	\$ 47,776	\$ 24,038	\$ 71,814
<u>NET POSITION</u>			
Restricted for Scholarships	\$ 47,776	\$ -	\$ 47,776
Restricted for Revolving Fund Expenses	-	24,038	24,038
TOTAL NET POSITION	\$ 47,776	\$ 24,038	\$ 71,814

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended June 30, 2017

	Private Purpose Trust Funds		Totals
	Scholarship Fund	Revolving Fund	
<u>ADDITIONS</u>			
Gifts and Contributions	\$ 3,264	\$ 38,026	\$ 41,290
Returned Scholarship	500	-	500
Investment Earnings	590	13	603
TOTAL ADDITIONS	\$ 4,354	\$ 38,039	\$ 42,393
<u>DEDUCTIONS</u>			
Scholarships Awarded	7,428	-	7,428
Elementary and High School Science Expenses	-	-	-
Other	-	41,207	41,207
TOTAL DEDUCTIONS	\$ 7,428	\$ 41,207	\$ 48,635
Transfer In (Out)	-	-	-
<i>Change in Net Position</i>	(3,074)	(3,168)	(6,242)
Net Position - Beginning of year	50,850	27,206	78,056
Net Position - End of year	\$ 47,776	\$ 24,038	\$ 71,814

The notes to the financial statements are an integral part of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the **Forest Park School District** conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies of the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. Based on the application of the criteria, the District does not contain any component units.

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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's district-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Annual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Position and the Statement of Program Activities.

The District has implemented the following pronouncements:

GASB Statement 62

Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement 63

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement 65 – Items previously reported as Assets and Liabilities.

These Statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources, defined as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

**District-wide and Fund Financial Statements
(Continued)**

GASB Statement 63 (Continued)

The Statement also identifies net position as the residual of all other elements presented in a statement of financial position.

This Statement amends the net asset reporting requirements in Statements No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has adopted the provisions of GASB Statement Number 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. In compliance with GASB 63, the Statement of Net Assets became the Statement of Net Position.

GASB 63 requires that deferred outflows be reported in a separate section following assets, and deferred inflows be reported in a separate section following liabilities. Net position includes the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Statement of Net Position

The Statement of Net Position displays the financial position of the primary government (government and business-type activities).

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities.

The net position of a government are broken down into three categories - 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

Statement of Program Activities

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

District-wide and Fund Financial Statements (Continued)

GASB 65 – The District has adopted the provisions of GASB Statement Number 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the reporting of deferred outflows of resources and deferred inflows or resources to provide consistency in financial reporting.

GASB Statement 65 also states that bond issuance costs should be expensed in the year in which they are incurred.

GASB 68

The District implemented the provisions of GASB Statement Number 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, in the current year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation of the net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries. Statement 68 requires cost-sharing employees to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement improves the comparability and consistency of how governments calculate the pension liabilities and expense.

Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

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

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-wide and Fund Financial Statements (Continued)

The criteria applied for designation as a major fund is as follows:

1. Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for a fund type.
2. Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.

Assets, or other element taken one at a time would have to pass both the 10% test and the 5% test for the fund to be required to be reported as a major fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide Statements

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

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

Fund-based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is measurable and available.

Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government 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 severance pay, are recorded only when payment is due.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund-based Statements (Continued)

Property taxes, unrestricted State aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following governmental funds:

General Fund

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Forest Park Community School Fund

This fund is used to account for all financial resources collected for the Community School program.

For reporting purposes, the General Fund and the Community School Fund are combined to form the School District's General Operating Fund. This is reported as a major fund.

Capital Project Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

The Capital Project Fund is considered a non-major fund.

Debt Retirement Fund

These funds are used to account for the accumulated resources for, and the payment of, general long-term principal, interest, and related cost.

The Debt Retirement Fund is a major fund.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund-based Statements (Continued)

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Food Services Fund and Interscholastic Athletic Fund. The Food Service Fund is considered to be a non-major fund. The Interscholastic Athletic Fund is a major fund.

Fiduciary Funds

These funds are used to account for assets held by the School District in a trustee capacity or as an agent.

Fiduciary Fund net position and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The School District presently maintains a Student Activities Fund, a Scholarship Fund, and a Revolving Fund. The Student Activity Fund is an Agency Fund; the Scholarship Fund and the Revolving Fund are private-purpose trust funds.

Deposits and Investments

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

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

Property Taxes

Property taxes are levied on July 01 and payable by September 15 each year. They are considered delinquent if unpaid as of March 01 of the following year. Property taxes are recognized when they become available. The County of Iron purchases all delinquent real property taxes during the second quarter of each year, resulting in total collection of real property taxes each year.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property Taxes (Continued)

Delinquent personal property taxes are recorded as receivable if considered to be collectible within 60 days after year-end. For the year ended June 30, the School District had a taxable value of \$229,386,669, on which was levied 17.6874 operating mills (non-homestead only), and 2.90 mills for debt retirement.

State Revenue

The State of Michigan uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula.

The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts.

The State portion of the foundation grant is provided primarily by a State education property tax millage of 6.00 mills (on both homestead and non-homestead property) and an allocated portion of the State sales and other taxes.

The local portion of the foundation grant is funded primarily by non-homestead property taxes levied at a rate of up to 18 mills.

The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2016 through August 2017.

The School District also receives revenue from the State to administer certain categorical education programs.

State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

State, general, and categorical aids are recognized as revenue in the entitlement year. Federal aids for reimbursement programs are recognized as revenues in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as both revenue and expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the district-wide financial statements.

Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings..... 20 - 50 years

Buses and other vehicles.....5 - 10 years

Furniture and Other

Equipment..... 5 - 20 years

Contingent Liabilities

Unemployment

Payroll and related withholding and expenses which have been earned by School District employees but not paid as of June 30 are recorded as a liability on the School District's balance sheet.

The School District is a reimbursing employer to the Michigan Employment Security Commission and as such is responsible to pay the Commission for those benefits paid and charged to its accounts. As of June 30, 2017, appropriate liabilities have been recorded for all claims paid by the Commission. However, no provision has been made for future payments that might result from claims in process or un-filed.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Contingent Liabilities

Compensated Absences

Sick Leave

The various employment contracts and agreements covering the School District's personnel allow for the accumulation of sick leave as defined.

Although cumulative, the benefit does not vest, i.e., it is forfeited if the employee retires or leaves the employment of the District. The details of each contract/agreement as they relate to the accumulation of sick leave benefits and the corresponding contingent liability as of June 30, 2017 are summarized as follows:

Teaching staff can accumulate up to 200 days of sick leave. Upon retirement, employees with at least (14) years of service are paid for up to a maximum of 110 days of unused sick leave.

Employees with 50 or less days accrued but unused sick leave days are paid at a rate of \$ 25 per day; employees with more than 50 days accrued sick leave are paid at a rate of \$ 40 per day up to a maximum of 110 days.

Support staff employees with at least 5 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.

Administration can accumulate unlimited sick days and can receive, at retirement, total accrual according to variable rates.

At June 30, 2017, the accumulated sick leave liability for all employees, including the related costs of FICA and retirement is estimated at \$146,736. Short-term benefits likely to be paid within the next 12-month period would result in a current liability of \$15,681. It is estimated that the long-term liability (calculated at the applicable percentage and rate at retirement) is approximately \$131,155.

Based on actual prior year activity and as prescribed by GASB 16, that which could reasonably be expected to be used has been recognized and expended in the current period. The balance, or long-term portion, has been reported as long-term debt in the Statement of Net Position.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Contingent Liabilities (Continued)

Compensated Absences (Continued)

Sick Leave Bank

The School District maintains a reserve of sick leave to provide for long-term teacher illness in special instances when teachers have exhausted 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 **Forest Park School District**.

Non-Monetary Transactions

Federal financial assistance received by school districts may include claims for reimbursement on reimbursable meals and milk served, cash in lieu of commodities, USDA donated commodities (both bonus and entitlement), discounts and rebates for the value of USDA donated commodity ingredients contained in processed foods (end products) provided by the state and federal processing program, respectively, and other payments for administrative costs, etc.

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

On this basis, the District recognizes the USDA value of donated commodities received and expended in the amount of \$6,009 for entitlement commodities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Long-Term Obligations (Continued)

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, make significant changes to the reporting fund balance and financial statement classification of various governmental funds.

Upon adoption of GASB Statement No. 54, the annual financial statements must report fund balance in the following five categories: Non-spendable, Restricted, Committed, Assigned, and Unassigned, as defined as follows:

Non-spendable Fund Balance

Amounts that are not in a spendable form, such as inventory, or required to be maintained intact (such as the corpus of an endowment fund).

Restricted Fund Balance

Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed Fund Balance

Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Balance Reporting (Continued)

Assigned Fund Balance

Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance

Amounts that are available for any purpose; these amounts are reported only in the General Fund.

At June 30, the District had the following fund balance designations:

Debt Retirement Fund – Restricted, \$196,815.

Capital Projects Fund – Restricted, \$15,498.

Food Services Fund – \$1,680.

Community Schools Fund – Committed, \$0.

Athletic Fund – Committed, \$0.

General Fund – Non-spendable, \$18,121 / Unassigned, \$217,211.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

State law requires the District to have its budget in place by July 01. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

Excess of Expenditures Over Appropriations in Budgetary Funds

Budget Violations

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

The **Forest Park School District's** actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the **Forest Park School District** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements. See the supplementary information for detailed budget data.

Fund Deficits

At June 30, 2017, the District had no fund deficit in any fund.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS

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

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk. These three levels of risk are as follows:

Category 1

Deposits which are insured or collateralized with securities held by the District or its agent in the District's name.

Category 2

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3

Deposits which are not collateralized or insured.

Based on these three levels of risk, the District's cash deposits are classified as follows:

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

	Category 1	Category 2	Category 3	Totals
Cash and Deposits	\$ 256800	\$ -0-	\$ 216822	\$ 473622
		Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 401808	\$ 71814	\$ 473622	\$ 473622
Investments	-0-	-0-	-0-	-0-
Total	\$ 401808	\$ 71814	\$ 473622	\$ 473622

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

Deposits (checking and savings accounts, certificates of deposit)	\$ 473622
Investments in securities, mutual funds, and similar vehicles	-0-
Total	\$ <u>473622</u>

The deposits of the School District were reflected in the accounts of financial institutions at \$473,622 of which \$256,800 is covered by federal depository insurance.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 4 - RECEIVABLES

Receivables are recorded at net realizable value. There is no allowance for uncollectible accounts, as all are considered collectable.

Governmental funds report deferred revenue in the fund statements in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

NOTE 5 - CAPITAL ASSETS

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

	Balance June 30, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Assets not being depreciated:				
Land	\$ 5000	\$ -0-	\$ -0-	\$ 5000
Total Assets not being depreciated	5000	-0-	-0-	5000
Capital assets being depreciated:				
Land Improvements	334660	-0-	-0-	334660
Building and building improvements	13157889	-0-	-0-	13157889
Buses and other vehicles	830850	23000	-0-	853850
Furniture and equipment	1301047	-0-	-0-	1301047
Subtotal	\$ 15624446	\$ 23000	\$ -0-	\$ 15647446
Accumulated Depreciation	(7785670)	(409239)		(8194909)
Net capital assets being Depreciated	7838776	(386239)	-0-	7452537
Net capital assets	\$ 7843776	\$ (386239)	\$ -0-	\$ 7457537

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Due To/From Other Funds:

The amounts of inter-fund receivables and payables as of June 30, 2017 were as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General Fund	\$ 196989	\$ 120994
Food Service	10657	37947
Debt Retirement	31745	-0-
Community Schools	764	75994
Athletic	78292	83512
Capital Projects	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>318447</u>	\$ <u>318447</u>

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended June 30, 2017 the District authorized the following transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -0-	\$ 95607
Athletic Fund	70145	-0-
Community Schools	764	-0-
Food Service	<u>24698</u>	<u>-0-</u>
Totals	\$ <u>95607</u>	\$ <u>95607</u>

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers (Continued)

General Fund transfers monies as needed to the Athletic Fund, Food Service, and the Debt Retirement Fund to support those fund activities.

Other Financing Sources (Uses)

The transfers of cash between various District funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

NOTE 7 - DEFERRED REVENUE

Governmental funds report deferred revenue in the fund statements in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2016, the District reported deferred revenue in the fund statements in the amount of \$3,143, consisting entirely of pre-payment received for student lunches.

NOTE 8 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk obligations.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Long-term obligation activity can be summarized as follows:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17	Short- Term	Long- Term
FNB 2012 Building & Site Bonds	\$ 835000	\$ -0-	\$ 85000	\$ 750000	\$ 250000	\$ 500000
2005 Refunding Bods	470000	-0-	470000	-0-	-0-	-0-
First National Bank of Crystal Falls 2008 Building & Site Bonds	230000	-0-	115000	115000	115000	-0-
Long-term Employee Benefits Payable	<u>141131</u>	<u>-0-</u>	<u>7319</u>	<u>133812</u>	<u>-0-</u>	<u>133812</u>
Totals	\$ 1676131	\$ -0-	\$ <u>6777319</u>	\$ <u>998812</u>	\$ <u>365000</u>	\$ <u>633812</u>

2008 BUILDING AND SITE BONDS

On October 09, 2008, the **Forest Park School District** issued \$775,000 in general obligation, unlimited tax bonds for the purpose of paying the cost of remodeling, equipping, and re-equipping school buildings; preparing, developing and improving sites at school buildings; erecting, remodeling, equipping and re-equipping athletic facilities and playgrounds; and preparing, developing and improving sites for athletic facilities and playgrounds.

The bonds pledge the full faith and credit of the School District for payment of the principal and interest on the bonds, and will be payable from ad valorem taxes, levied without limitation as to rate or amount, in such amounts as shall be necessary to pay when due the principal and interest on the bonds.

The bonds are fully qualified for the Michigan School Loan Revolving Fund Program pursuant to Act 92, Public Acts of Michigan, 2005, as amended.

Under the terms of the Constitution of the State of Michigan and Act 92, if for any reason the Issuer will be or is unable to pay the principal and interest on the bonds when due, then the Issuer shall borrow, and the State of Michigan shall lend to it, an amount sufficient to enable the Issuer to make the payment.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2008 BUILDING AND SITE BONDS (Continued)

The principal and interest requirements are as follows:

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Payment</u>
11/01/2017			2,587.50	2,587.50
05/01/2018	<u>115,000.00</u>	4.500%	<u>2,587.50</u>	<u>117,587.50</u>
	\$ <u>115,000.00</u>		\$ <u>5,175.00</u>	\$ <u>120,175.00</u>

2012 BUILDING AND SITE BONDS

On November 01, 2012, the **Forest Park School District** issued \$995,000 in general obligation, unlimited tax bonds for the purpose of paying for the cost of equipping and re-equipping school facilities for technology equipment and systems; and remodeling, equipping, and furnishing school facilities, including lighting, security, and energy improvements, preparing, developing and improving sites at school facilities and the purchase of school buses.

The bonds pledge the full faith and credit of the School District for payment of the principal and interest on the bonds, and will be payable from ad valorem taxes, levied without limitation as to rate or amount, in such amounts as shall be necessary to pay when due the principal and interest on the bonds.

The bonds are fully qualified for the Michigan School Loan Revolving Fund Program pursuant to Act 92, Public Acts of Michigan, 2005, as amended.

Under the terms of the Constitution of the State of Michigan and Act 92, if for any reason the Issuer will be or is unable to pay the principal and interest on the bonds when due, then the Issuer shall borrow, and the State of Michigan shall lend to it, an amount sufficient to enable the Issuer to make the payment.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2012 BUILDING AND SITE BONDS (Continued)

The principal and interest requirements are as follows:

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Payment</u>
11/01/2017			6,093.75	6,093.75
05/01/2018	250,000.00	1.500%	6,093.75	256,093.75
11/01/2018			4,218.75	4,218.75
05/01/2019	250,000.00	1.625%	4,218.75	254,218.75
11/01/2019			2,187.50	2,187.50
05/01/2020	250,000.00	1.750%	2,187.50	252,187.50
	<u>\$ 750,000.00</u>		<u>\$ 25,000.00</u>	<u>\$ 775,000.00</u>

NOTE 8 - LONG-TERM DEBT (CONTINUED)

ACCRUED LONG-TERM SICK LEAVE

On June 30, 2017 the District's estimated liability for long-term sick leave payable, plus the related costs of FICA, Medicare, and retirement was \$133,812.

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District.

Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three years.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pension

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

Plan Description

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

The System 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 System resides. The State Treasurer serves as the investment officer and custodian for the System.

The system's financial statements are available at www.michigan.gov/mpers-cafr.

Benefits Provided

Benefit provisions of the defined pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The system also provides disability and survivor benefits to DB plan members.

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

Contributions and Funded Status

Employees 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 an action of the State Legislature.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Description (Continued)

Contributions and Funded Status (Continued)

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, 2016 valuation will be amortized over a 21-year period for the 2016 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2016.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 – 4.0%	22.52 - 23.07%
Member Investment Plan	3.0 - 7.0	22.52 - 23.07
Pension Plus	3.0 - 6.4	21.99
Defined Contribution	0.0	17.72 - 18.76

Required contributions to the pension plan from the Forest Park School District were \$540,976 for the year ended September 30, 2016.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

At June 30, 2017, The Forest Park School District reported a liability of \$6,010,507 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2015. The Forest Park School District’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2016, the Forest Park School District’s proportion was .024091 percent, which was a decrease of .00013529 percent from the proportion measured as of September 30, 2015.

For the year ended June 30, 2017, the Forest Park School District recognized pension expense of \$575,442. At June 30, 2017, the Forest Park School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$74907	\$14245
Changes of Assumptions	\$93970	\$-0-
Net difference between projected and actual earnings on pension plan investments	\$99895	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	\$-0-	\$53869
Employer contributions subsequent to the measurement date	\$391219	\$422517
Total	\$659991	\$490631

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

\$659,991 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, 2018. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ending September 30	Amount
2017	\$47339
2018	\$39483
2019	\$144573
2020	\$23130

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 the 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:

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.5%
Investment Rate of Return:	
-MIP and Basic (Non-Hybrid):	8.0%
-Pension Plan Plus (Hybrid):	7.0%
Projected Salary Increases:	3.5 – 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- *Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 2014 valuation. The total pension liability as of September 30, 2015, is based on the results of an actuarial valuation date of September 30, 2015, 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: 4.7158 for non-university employers.*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2016 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/mpsers-cafr).*

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.0%	5.9%
% Alternative Investment Pools	18.0	9.2
International Equity	16.0	7.2
Fixed Income Pools	10.5	.9
Real Estate and Infrastructure Pools	10.0	4.3
Absolute Return Pools	15.5	6.0
Short-Term Investment Pools	2.0	0.0
TOTAL	100.0%	

*Long-term rate of return does not include 2.1% inflation.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus 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 total pension liability.

Sensitivity of the Forest Park School District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Forest Park School District’s proportionate share of net pension liability calculated using the discount rate of 8.0% (7.0% for the Hybrid Plan), as well as what the Forest Park School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease (Non-Hybrid/Hybrid)* 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0% / 8.0%
\$7,980,931	\$6,010,507	\$4,552,361

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN
(CONTINUED)**

Sensitivity of the Forest Park School District’s proportionate share of the net pension liability to changes in the discount rate (Continued)

For non-university employers, the Basic plan and Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.

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

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS CAFR. See the 2016 MPSERS CAFR.

www.michigan.gov/documents/orsschools/MPSERS_CAFR_2016_Final_550678_7.pdf

Payables to the Michigan Public School Employees’ Retirement System.

The amount of payables to a defined benefit pension plan outstanding at the end of the reporting period was \$33,026, due in July and August, 2017, representing amounts due from accrued salaries from fiscal year ended June 30 to the current year contract period end.

NOTE 11 - POST-EMPLOYMENT BENEFITS

In addition to the pension benefits, MPSERS provides comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of the retiree. The portion provided by MPSERS is factored into the pension contribution rate.

NOTE 12 - RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers the potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 12 - RELATED PARTY TRANSACTIONS (CONTINUED)

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there were no related party transactions reported in the financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

As of October 5, 2017, the date the financial statements were available to be issued, there were no other subsequent events that would have a significant effect on the District's operations.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectibility of any related receivable at June 30, 2017 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTAL INFORMATION

FOREST PARK SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL OPERATING FUNDS

FISCAL YEAR ENDED June 30, 2017

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL
<u>REVENUE</u>			
Local Sources	\$ 2,504,680	2,608,285	2,604,762
State Sources	1,398,037	1,458,986	1,462,356
Federal Sources	132,840	130,355	128,504
Other Sources	131,532	34,874	34,858
TOTAL REVENUE	\$ 4,167,089	\$ 4,232,500	\$ 4,230,480
 <u>EXPENDITURES - CURRENT</u>			
<i>Instruction :</i>			
Basic Programs	2,023,799	2,117,738	2,091,713
Added Needs	571,906	586,042	582,966
<i>Supporting Services :</i>			
Pupil	96,050	98,640	97,066
General Administration	174,358	177,397	170,257
School Administration	268,949	267,704	264,326
Business Services	140,995	144,433	141,908
Operation and Maintenance	459,717	488,802	472,457
Transportation	279,275	254,010	242,643
Other Supporting Services	8,906	53,079	49,625
Capital Outlay	-	23,000	23,000
Community Services	21,945	14,055	12,619
TOTAL EXPENDITURES	\$ 4,045,900	\$ 4,224,900	\$ 4,148,580
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	-	-	764
Operating Transfers Out	(84,800)	(99,950)	(95,607)
NET CHANGE IN FUND BALANCE	36,389	(92,350)	(12,943)
FUND BALANCE - BEGINNING OF YEAR	248,275	248,275	248,275
FUND BALANCE - END OF YEAR	\$ 284,664	\$ 155,925	\$ 235,332

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE – INTERSCHOLASTIC ATHLETIC FUND

FISCAL YEAR ENDED June 30, 2017

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL
<u>REVENUE</u>			
Local Sources	\$ 42,804	\$ 46,849	40,124
Interdistrict and Other Sources	-	-	-
TOTAL REVENUE	\$ 42,804	\$ 46,849	\$ 40,124
 <u>EXPENDITURES</u>			
Salaries	49,861	48,692	47,768
Taxes and Benefits	14,916	14,221	11,801
Purchased Services	29,251	37,577	34,879
Supplies and Materials	10,820	9,630	8,045
Other Costs	8,180	8,620	7,776
TOTAL EXPENDITURES	\$ 113,028	\$ 118,740	\$ 110,269
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	70,500	72,000	70,145
Operating Transfers Out			
NET CHANGE IN FUND BALANCE	276	109	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	\$ 276	\$ 109	\$ -

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

**SCHEDULE OF FOREST PARK SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION PENALTY**

FISCAL YEAR ENDED June 30, 2017

Michigan Public School Employee Retirement Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Reporting unit's proportion of net pension liability (%)								.024091	.02423	.02441
B. Reporting unit's proportionate share of net pension liability								\$6,010,507	\$5,917,278	\$5,377,346
C. Reporting unit's covered-employee payroll								\$1,939,363	\$1,694,999	\$1,983,338
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)								309%	349%	271%
E. Plan fiduciary net position as a percentage of total pension liability ORS to provide each year								63.27%	63.17%	66.20%

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF FOREST PARK SCHOOL DISTRICT'S CONTRIBUTIONS

FISCAL YEAR ENDED June 30, 2017

Michigan Public School Employee Retirement Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Statutorily required contributions								\$540,976	\$ 467,357	\$ 379,150
B. Contributions in relation to statutorily required contributions*								\$575,442	\$ <u>516,870</u>	\$ <u>518,464</u>
C. Contribution deficiency (excess)								\$(34,466)	\$ <u>(49,513)</u>	\$ <u>(139,314)</u>
D. Employer's covered-employee payroll								\$1,939,363	\$1,694,999	\$1,983,338
E. Contributions as a percentage of covered-employee payroll								30%	30%	26%

*Contributions in relation to statutorily required contributions are the contributions an employer actually makes to the System, as distinct from the statutorily required contributions.

Changes of benefit terms: There were no changes of benefit terms in 2016.

Changes of assumptions: There were no changes of benefit assumptions in 2016.

The notes to the financial statements are an integral part of this report.

OTHER SUPPLEMENTAL INFORMATION

FOREST PARK SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Food Service	Capital Projects Fund	Total
<u>ASSETS</u>			
Cash	\$ 17,430	\$ 15,498	\$ 32,928
Receivables :			
Accounts Receivable	6,620	-	6,620
Accounts Receivable-Federal/State Aid	2,184	-	2,184
Due from Other Funds	10,957	-	10,957
Inventories	6,369	-	6,369
TOTAL ASSETS	\$ 43,560	\$ 15,498	\$ 59,058
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ 3,933	\$ -	\$ 3,933
Due to Other Funds	37,947	-	37,947
TOTAL LIABILITIES	41,880	-	41,880
<u>FUND BALANCES</u>			
Food Service, Nonspendable		-	-
Food Service, Restricted	1,680	-	1,680
Capital Projects, Restricted	-	15,498	15,498
TOTAL FUND BALANCES	1,680	15,498	17,178
TOTAL LIABILITIES AND FUND EQUITY	\$ 43,560	\$ 15,498	\$ 59,058

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**

YEAR ENDED June 30, 2017

	Food Service Fund	Capital Projects Fund	Total
<u>Revenue</u>			
Local Revenue	\$ 112,513	\$ 16,840	\$ 129,353
State Revenue	12,619	-	12,619
Federal Revenue	165,176	-	165,176
Total Revenue	290,308	16,840	307,148
<u>Expenditures</u>			
<i>Current:</i>			
Salaries	84,082	-	84,082
Insurance	34,624	-	34,624
Fringe Benefits	30,871	-	30,871
Purchased Services	9,403	-	9,403
Supplies and Materials	145,815	-	145,815
Capital Outlay	4,927	12,760	17,687
Other	3,604	-	3,604
Total Expenditures	313,326	12,760	326,086
Excess (Deficiency) of Revenues Over Expenditures	(23,018)	4,080	(18,938)
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	24,698	-	24,698
Operating transfers out	-	-	-
Total Other Financing Sources (Uses)	24,698	-	24,698
Net Change in Fund Balances	1,680	4,080	5,760
FUND BALANCE - BEGINNING OF YEAR	-	11,418	11,418
FUND BALANCE - END OF YEAR	\$ 1,680	\$ 15,498	\$ 17,178

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

ALL GENERAL OPERATING FUNDS – COMBINING BALANCE SHEET

June 30, 2017

	General Fund	Community School Fund	Total
<u>ASSETS</u>			
Cash	\$ 131,600	\$ 80,592	\$ 212,192
Delinquent Taxes Receivable	3,017	-	3,017
Accounts Receivable :			
State	255,416	-	255,416
Other	2,800	4	2,804
Due From Other Funds	196,689	764	197,453
Inventory	18,120	-	18,120
TOTAL ASSETS	<u>\$ 607,642</u>	<u>\$ 81,360</u>	<u>\$ 689,002</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accrued Salaries/Benefits	\$ 251,315	\$ 5,366	\$ 256,681
Due To Other Funds	120,994	75,994	196,988
TOTAL LIABILITIES	372,309	81,360	453,669
 <u>FUND EQUITY</u>			
Community Schools, Committed	-	-	-
General Fund, Nonspendable	18,121	-	18,121
General Fund, Unassigned	217,212	-	217,212
TOTAL FUND EQUITY	<u>235,333</u>	<u>-</u>	<u>235,333</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 607,642</u>	<u>\$ 81,360</u>	<u>\$ 689,002</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**ALL GENERAL OPERATING FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES**

June 30, 2017

	General Fund	Community School Fund	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Current Tax Levy	\$ 2,587,139	\$ -	\$ 2,587,139
Other Local Revenue	34,854	17,624	52,478
<u>State Sources</u>			
State Aid	946,393	-	946,393
Other State Revenue	439,497	76,466	515,963
<u>Federal Sources</u>			
Federal Grants	128,504	-	128,504
TOTAL REVENUE	4,136,387	94,090	4,230,477
<u>OTHER FINANCING SOURCES</u>			
Fund Modifications and Other Transactions	-	768	768
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,136,387	94,858	4,231,245
<u>EXPENDITURES</u>			
Educational			
Instructional	2,604,730	69,949	2,674,679
Supporting Services	1,447,205	14,077	1,461,282
Community Services	-	12,619	12,619
TOTAL EXPENDITURES	4,051,935	96,645	4,148,580
<u>OTHER FINANCING USES</u>			
Fund Modifications	95,607	-	95,607
Other Transactions	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES	4,147,542	96,645	4,244,187
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(11,155)	(1,787)	(12,942)
FUND BALANCE, JULY 1	246,488	1,787	248,275
FUND BALANCE, JUNE 30	\$ 235,333	\$ -	\$ 235,333

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

SPECIAL REVENUE FUNDS – COMBINING BALANCE SHEET

June 30, 2017

<u>ASSETS</u>	<u>Food Service Fund</u>	<u>Inter- Scholastic Athletic Fund</u>	<u>Total</u>
Cash	\$ 17,430	\$ 5,220	\$ 22,650
Inventory	6,369	-	6,369
Due from Other Funds	10,957	78,292	89,249
Accounts Receivable	6,620	-	6,620
Accounts Receivable National School Lunch	2,184	-	2,184
Accounts Receivable - State Aid	-	-	-
TOTAL ASSETS	<u><u>\$ 43,560</u></u>	<u><u>\$ 83,512</u></u>	<u><u>\$ 127,072</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 37,947	\$ 83,512	\$ 121,459
Deferred Revenue	3,933	-	3,933
TOTAL LIABILITIES	41,880	83,512	125,392
 <u>FUND EQUITY</u>			
Food Service, Nonspendable	-	-	-
Food Service, Restricted	1,680	-	1,680
Athletics, Committed	-	-	-
TOTAL FUND EQUITY	<u><u>1,680</u></u>	<u><u>-</u></u>	<u><u>1,680</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 43,560</u></u>	<u><u>\$ 83,512</u></u>	<u><u>\$ 127,072</u></u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED June 30, 2017

	Food Service Fund	Interscholastic Athletic Fund	Total
<u>REVENUES</u>			
School Service Activities :			
Student Lunches	\$ 69,282	\$ -	\$ 69,282
Adult Lunches	3,316	-	3,316
Ala Carte	27,941	-	27,941
Water Machine	1,909	-	1,909
General Admissions and Other	-	28,854	28,854
Athletic Participation Fees	-	11,270	11,270
Donations/Local Grants/Miscellaneous	10,039	-	10,039
Interest	26	-	26
Federal Sources :			
Federal Aid	159,167	-	159,167
USDA Commodities	6,009	-	6,009
State Sources :			
School Lunch Program	12,619	-	12,619
TOTAL REVENUES	290,308	40,124	330,432
<u>OTHER FINANCING SOURCES</u>			
Transfers From General Fund	24,698	70,145	94,843
TOTAL REVENUES AND OTHER FINANCING SOURCES	315,006	110,269	425,275
<u>EXPENDITURES</u>			
Professional Salaries	-	36,683	36,683
Nonprofessional Salaries	84,082	11,085	95,167
Insurance	34,624	-	34,624
FICA/Retirement	26,637	11,801	38,438
Other Benefits	4,234	-	4,234
Purchased Services	9,403	34,879	44,282
Supplies and Materials	145,815	8,045	153,860
Capital Outlay	4,927	-	4,927
Other	3,604	7,776	11,380
TOTAL EXPENDITURES	313,326	110,269	423,595
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	1,680	-	1,680
FUND BALANCE, JULY 1	-	-	-
FUND BALANCE, JUNE 30	\$ 1,680	\$ -	\$ 1,680

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

PROPERTY TAX DATA

For the Year Ended June 30, 2017

<u>YEAR LEVIED</u>	<u>LEVY</u>	<u>COLLECTIONS AND ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2017</u>
GENERAL FUND			
2016-17	\$ 2,424,740	\$ 2,422,940	\$ 1,800
2015-16	2,395,399	2,395,152	247
2014-15	2,359,132	2,358,746	386
2013-14	2,393,232	2,393,056	176
2012-13	2,351,798	2,351,625	173
TOTAL GENERAL FUND	\$ 11,924,301	\$ 9,498,579	\$ 982
DEBT RETIREMENT FUND			
2016-17	\$ 636,449	\$ 623,317	\$ 13,132
2015-16	661,909	661,876	33
2014-15	697,297	697,102	195
2013-14	678,115	677,911	204
2012-13	681,263	681,239	24
TOTAL DEBT RETIREMENT	\$ 3,355,033	\$ 3,341,445	\$ 13,588
TOTAL ALL FUNDS	\$ 15,279,334	\$ 12,840,024	\$ 14,570

The notes to the financial statements are an integral part of this report.

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

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Board of Education

Forest Park School District

801 Forest Parkway

Crystal Falls, Michigan 49920

INDEPENDENT AUDITOR'S 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

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, and the standards prescribed by the State Treasurer, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Forest Park School District**, Crystal Falls, Michigan, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise **Forest Park School District**, Crystal Falls, Michigan's basic financial statements, and have issued our report thereon dated October 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting (internal control) to determine the 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 **Forest Park School District**, Crystal Falls, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of **Forest Park School District**, Crystal Falls, Michigan'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 entity'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Forest Park School District**, Crystal Falls, Michigan'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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and is described in the accompanying Schedule of Findings and Reponses as items (2017-100) and (2017-200).

Forest Park School District's Response to Findings

The **Forest Park School District's** response to the findings in our audit is described in the accompanying Schedule of Findings and Responses. The **Forest Park School District's** response was not subjected to the auditing procedures in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Rostagno & Haukkala, CPAs, P.C.

ROSTAGNO & HAUKKALA, CPAs, P.C.

October 5, 2017

SCHEDULE OF FINDINGS AND RESPONSES

FOREST PARK SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2017

SIGNIFICANT DEFICIENCIES

(2017-100)

Ability to Prepare Financial Statements and Related Note Disclosures

Local units of government are required to possess the ability to prepare their financial statements and related disclosures in accordance with generally accepted accounting principles. Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available to Board members. The School District relies on its auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District.

The School District does not have staff with the time and the familiarity with all aspects of the reporting entity to be able to draft the financial statements and related note disclosures. Therefore, this condition is considered to be a significant deficiency.

Recommendation

The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions.

Response

The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

A similar deficiency was reported in the prior year.

(2017-200)

Audit Adjustments

The School District relies in its auditors to prepare year-end non-recurring journal entries to adjust its financial statements. Board members review and accept the adjusting entries on behalf of the District.

Recommendation

Members of the Board should continue to review and approve the non-recurring entries.

Response

School officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.