



**COMSTOCK PARK
PUBLIC SCHOOLS
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2020

COMSTOCK PARK PUBLIC SCHOOLS
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For the year ended June 30, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR’S REPORT

November 3, 2020

The Board of Education
Comstock Park Public Schools

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 Comstock Park Public Schools (the “District”) as of and for the year ended June 30, 2020, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds and the aggregate remaining fund information of Comstock Park Public Schools as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 Other Required Supplementary Information, as listed in the table of contents, 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 assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Comstock Park Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 on our consideration of Comstock Park Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Comstock Park Public Schools' internal control over financial reporting and compliance.



Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

As management of the Comstock Park Public Schools (“the District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

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

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

- Over time, increases or decreases in the District’s net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District’s overall health, one should consider additional non-financial factors such as changes in the District’s property tax-base and the condition of school buildings and other facilities.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	2020	2019
Assets		
Current assets	\$ 7,967,397	\$ 6,525,461
Net capital assets	36,269,841	38,254,668
Total Assets	44,237,238	44,780,129
Deferred Outflows of Resources	14,038,920	14,096,529
Liabilities		
Current liabilities	11,719,364	5,751,376
Long-term liabilities	43,784,818	52,471,884
Net pension liability	36,641,162	34,669,889
Net OPEB liability	7,851,888	8,886,215
Total Liabilities	99,997,232	101,779,364
Deferred Inflows of Resources	6,647,956	6,446,389
Net Position		
Net investment in capital assets	(14,749,572)	(15,391,133)
Restricted	937,859	541,074
Unrestricted (deficit)	(34,557,317)	(34,499,036)
Total Net Position	\$ (48,369,030)	\$ (49,349,095)



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

The Statement of Activities presents changes in net position from operating results:

	2020	2019
Program Revenues		
Charges for services	\$ 307,602	\$ 451,552
Operating grants	8,075,171	7,612,763
General Revenues		
Property taxes	7,123,777	6,838,470
State school aid, unrestricted	11,670,948	11,923,788
Interest earnings	90,807	73,769
Other	346,020	312,819
Total Revenues	27,614,325	27,213,161
Expenses		
Instruction	14,980,038	14,430,785
Supporting services	8,417,626	8,250,728
Community services	78,532	115,663
Food service	859,353	903,914
Other	217,890	92,273
Interest on long-term debt	2,080,821	2,264,881
Total Expenses	26,634,260	26,058,244
Increase in net position	980,065	1,154,917
Net Position, Beginning of Year	(49,349,095)	(50,504,012)
Net Position, End of Year	\$ (48,369,030)	\$ (49,349,095)

Financial Analysis of the District as a Whole

Total revenues exceeded expenses by \$980,605, increasing total net position from a deficit of \$49,349,095 to a deficit of \$48,369,030. Unrestricted net assets decreased by \$58,281 to a deficit of \$34,557,317 at June 30, 2020. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$2,051,005 during the fiscal year. In addition, the District's net OPEB liability, including outflows and inflows of resources, decreased by \$685,826 during the fiscal year.

The District's financial position is the product of many factors. In past years, the District's budget was offset by one-time revenues or the elimination of programs and personnel to balance its budget. As the District continues to decline in enrollment, it has become increasingly difficult to balance budgets. However, the District was able to achieve a sizeable operating surplus this year. A moderate per-pupil foundation allowance increase, combined with the results of long-term budget cuts contributed to the surplus. It is important to note that the District anticipates limited increases in per-pupil funding, along with exponential increases to the state pension system in future years. The District continues to work with employee groups to reduce future obligations to ensure the viability of the District.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

The District's total revenues increased by \$401,164. Property taxes and state aid accounted for 68% of the District's revenue. Another 29% came from state and federal aid for specific programs and the remainder from fees charged for services and miscellaneous sources.

The total cost of all programs and services increased by \$576,016. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students, amounting to 76 percent of total costs. The District's administrative and business activities accounted for 10 percent of total costs. Operation and maintenance expenses accounted for 8 percent.

- The cost of all governmental activities this year was \$26.6 million.
- Some of the cost was financed by the users of the District's programs (\$307,602).
- The federal and state governments subsidized certain programs with grants and contributions (\$8.1 million).
- The balance of the District's costs (\$18.2 million) were financed by District and State taxpayers and District net assets.
- This portion of governmental activities was primarily financed with \$7.1 million in property taxes and \$11.7 million of unrestricted state aid based on the state-wide education aid formula and investment earnings.
- Although the primary source of unrestricted revenue is tied to student enrollment, the District continues to creatively look for revenue enhancement. The District continues to be fiscally responsible by aligning its organizational structure and staffing, with student enrollment. Reducing costs, while maintain excellent educational programming, is a top priority. Cost reductions will be recognized by the addition of contracted services, utilization of governmental reimbursement programs where possible, and bidding for the best pricing. The administration will continue to push these and other cost saving programs for the next fiscal year.

Fund Financial Statements

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

The District utilizes two kinds of funds:

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



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, consisting of Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Comstock Park Public School's funds are described as follows:

Major Fund

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$21,230,543, and total expenditures of \$19,972,404. It ended the fiscal year with a fund balance of \$4,526,949, up from \$3,268,810 as of June 30, 2019.

Capital Projects Fund

The district has one Capital Projects Fund incorporated into the financial statements of the District. The Building and Site (Sinking) Fund had revenues of \$439,213 and expenditures of \$249,673, with an ending fund balance of \$866,575, up from \$677,035 at June 30, 2019.

Nonmajor Funds

Special Revenue Fund

The District operates one Special Revenue Fund for the food service program. Total revenues were \$941,944, and total expenditures were \$863,873. The ending fund balance was \$199,304, up from \$121,233 at June 30, 2019.

Debt Service Funds

The District operates seven Debt Service Funds. Total revenues were \$4,849,995, total financing sources of \$5,878,729 (including refunding bond proceeds of \$5,870,000), total expenditures were \$4,838,965, and other financing uses of \$5,776,192 (including payments to pay off bonds of \$5,767,463). Ending fund balances totaled \$215,438, up from \$101,871 at June 30, 2019.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2020 totaled \$148,763.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget two times. These budget amendments fell into two categories:

- Changes made to account for the preliminary and final student enrollment that determines the amount of foundation grant to be received through the State School Aid during the fiscal year.
- Final changes made in June for adjustments in appropriations to prevent budget overruns.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

Although the District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$360,941, the actual results for the year show an excess of revenues over expenditures of \$1,258,139.

State of Michigan, Unrestricted Aid

The State of Michigan aid, unrestricted, is determined by the following variables:

- State of Michigan State Aid Act per student foundation allowance.
- Student Enrollment – blended at 90% of the current year fall count and 10% of the prior year spring count.
- The District's non-homestead property tax levy.

Per Student Foundation Allowance

The State of Michigan sets the per student foundation allowance annually. The District's foundation allowance for 2019-20 was \$8,111 per student. The foundation allowance for 2020-21 is budgeted at \$7,561, which is a \$550 decrease per pupil. This figure is a conservative estimate, as the State of Michigan had yet to settle its School Aid Budget at the time of the initial 2019-20 budget.

Student Enrollment

The District's student enrollment for the fall count of 2018-19 was 1,835 students, which was a significant decrease from prior years. The 2019-20 original budget assumed a student enrollment of 1,815. Although the actual enrollment came in 20 students higher than projected, the overall enrollment fell 51 students from 1,886 during fall count in 2018-19.

Non-homestead Levy

The District levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the District had a \$74.1 million investment in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, furniture, equipment, and administrative offices.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

At June 30, 2020, the District's investment in capital assets (net of accumulated depreciation), was \$36,269,841. Net capital asset purchases totaled \$406,943 for the fiscal year with accumulated depreciation increasing \$2,391,770, leaving a net decrease in the book value of capital assets of \$1,984,827. Additional information regarding capital assets can be found in Note E of the Notes to the Basic Financial Statements.

Land	\$	650,554
Construction in progress		45,736
Land improvements		1,440,741
Buildings and improvements		33,752,028
Furniture and equipment		327,908
Vehicles		<u>52,874</u>
Net Capital Assets	\$	<u>36,269,841</u>

Long-Term Liabilities

At year end, the District had \$53 million in general obligation bonds and other long-term debt outstanding – a net decrease of \$2,506,090 from last year. The District continued to pay down its debt, retiring \$8.1 million of outstanding bonds, including \$5.5 million that was refunded. Debt added for the refunding amounted to \$5.9 million.

The District's bond rating for General Obligation, Unlimited Tax debt is "AA" with a negative outlook by Standard & Poors. The District's other obligations include severance pay, early retirement incentive and accumulated sick leave. There is more detailed information about our long-term liabilities in Note F of the Notes to the Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- A new two year labor agreement was approved in May of 2018 for certified, support and administrative staff. The new labor agreement provides steps for all certified staff, with certified staff on steps 1.5-11.5 receiving the other half of their corresponding pay given in 2017-2018. Steps 12-28 will be restored to their actual step and corresponding pay in 2019-2020.
- Certified staff is below the state hard cap for employer health insurance contributions, but they will receive a 1.0% medical CPI increase towards the medical hard cap limits for individual, two-person, and full family effective January 1, 2020. Two-person and full family insured also received a \$500 increase toward the hard cap in 2019-20. The 2019-20 certified hard caps began the school year at \$6,685.17, \$12,975.68, and \$16,949.72 for single, two-person, and full family respectively. They will increase on January 1, 2020. There is no increase on the wage schedule for certified staff.
- Support staff received a 1.5 percent increase on schedule and the 3.3% medical CPI increase to keep them at the state hard cap for employer health insurance contributions in 2018-19. They will move a step forward for the 2019-20 school year.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

- The Board of Education and administration considered many factors when setting the District's 2020-21 fiscal year budget. The Board of Education adopted a budget projecting an annual operating deficit of \$100,081 for fiscal year 2020-21. Declining student enrollment continues to be the primary critical factor impacting the budget. In addition, the State of Michigan had not projected a clear picture of their budget and foundation allowance by the time budgets were finalized in June. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2020-21 fiscal year budget was adopted in June 2020, based on an estimate of students that would be enrolled in October 2020. Approximately three-fourths of total General Fund revenue is received from the foundation allowance and other State sources. Under State law, a school district cannot access additional property tax revenue for general operations. As a result, funding is heavily dependent on the State's ability to fund local school operations. Additionally, Kent County voters did approve a county wide 10-year Enhancement Millage which will provide Comstock Park Public Schools with approximately \$425,000 in additional General Fund revenue in fiscal year 2020-21.
- Based on early enrollment data which is collected in May throughout the District and using past trend data, the District budgeted for 1,810 students for the 2020 fall count. This reflects an approximate 25 student decrease from the prior October count. Once the preliminary student count and related pupil funding is validated in October, State law requires a school district to amend the budget and to make adjustments if actual District resources were not sufficient to fund original appropriations.
- Since a school district's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue estimating conference to estimate revenues. The District's budget reflects a decrease in per pupil funding and categorical funding of approximately \$550 per pupil. This is a preliminary estimate, as the three branches of State government were still trying to reach an agreement on the School Aid Budget when the district's 2020-21 budget was approved by the Board of Education.
- The COVID-19 pandemic has left school districts around the State with a great deal of uncertainty regarding funding and pupil membership. The District will continue to monitor enrollment throughout the school year in order to ensure that projected revenues meet the approved amount of appropriations. The Board of Education will adopt mid-year and final amendments as necessary to provide appropriate oversight on the District's appropriations.
- Kent County continues to have a healthy economy and Comstock Park's proximity to a variety of employers continues to make it an attractive place to live. Taxable value growth in Kent County increased by 4.94% and continues to have a positive impact on Act 18 and enhancement millage rates, as well as sinking and debt fund revenues.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Comstock Park Public Schools, 101 School St. NE, Comstock Park, Michigan, 49321.

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BASIC FINANCIAL STATEMENTS

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash	\$ 3,535
Cash equivalents, deposits and investments (Note B)	4,900,405
Accounts receivable	3,096
Due from employees	32,912
Due from other governmental units (Note C)	2,994,494
Inventory	14,451
Deposits	13,701
Prepaid expenses	4,803
Capital assets not being depreciated (Note E)	696,290
Capital assets being depreciated, net (Note E)	<u>35,573,551</u>
Total Assets	<u>44,237,238</u>
Deferred Outflows of Resources	
Loss on advance bond refundings, net	1,549,287
Deferred pension amounts	10,125,956
Deferred OPEB amounts	<u>2,363,677</u>
Total Deferred Outflows of Resources	<u>14,038,920</u>
Liabilities	
Accounts payable	174,896
Due to other governmental units	953,107
Accrued interest payable	343,458
Salaries payable	959,202
Unearned revenue	71,926
Long-term liabilities (Note F):	
Due within one year	9,216,775
Due in more than one year	43,784,818
Net pension liability	36,641,162
Net OPEB liability	<u>7,851,888</u>
Total Liabilities	<u>99,997,232</u>
Deferred Inflows of Resources	
Deferred pension amounts	3,038,373
Deferred OPEB amounts	<u>3,609,583</u>
Total Deferred Inflows of Resources	<u>6,647,956</u>
Net Position	
Net investment in capital assets	(14,749,572)
Restricted for:	
Capital outlay	866,575
Debt service	(128,020)
Food service	199,304
Unrestricted (deficit)	<u>(34,557,317)</u>
Total Net Position	<u><u>\$ (48,369,030)</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 14,980,038	\$ 73,451	\$ 6,157,287	\$ (8,749,300)
Supporting services	8,417,626	97,664	454,862	(7,865,100)
Community services	78,532	-	-	(78,532)
Food service	859,353	136,487	805,457	82,591
Other	217,890	-	-	(217,890)
Interest on long-term debt	2,080,821	-	657,565	(1,423,256)
Total Governmental Activities	\$ 26,634,260	\$ 307,602	\$ 8,075,171	(18,251,487)
General Revenues				
Taxes:				
				2,533,030
				4,174,932
				415,815
				11,670,948
				90,807
				346,020
				19,231,552
				980,065
				(49,349,095)
				\$ (48,369,030)

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Building and Site Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash	\$ 3,535	\$ -	\$ -	\$ 3,535
Cash equivalents, deposits, and investments (Note B)	3,680,342	866,575	353,488	4,900,405
Accounts receivable	1,324	-	1,772	3,096
Due from employees	32,912	-	-	32,912
Due from other funds (Note D)	-	-	5,537	5,537
Due from other governmental units	2,908,294	-	86,200	2,994,494
Inventory	-	-	14,451	14,451
Deposits	13,701	-	-	13,701
Prepaid expenditures	4,803	-	-	4,803
Total Assets	<u>\$ 6,644,911</u>	<u>\$ 866,575</u>	<u>\$ 461,448</u>	<u>\$ 7,972,934</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 144,431	\$ -	\$ 30,465	\$ 174,896
Due to other funds (Note D)	5,537	-	-	5,537
Due to other governmental units	952,947	-	160	953,107
Salaries payable	959,202	-	-	959,202
Unearned revenue	55,845	-	16,081	71,926
Total Liabilities	<u>2,117,962</u>	<u>-</u>	<u>46,706</u>	<u>2,164,668</u>
Fund Balances (Note A)				
Nonspendable	18,504	-	14,451	32,955
Restricted	-	866,575	400,291	1,266,866
Unassigned	4,508,445	-	-	4,508,445
Total Fund Balances	<u>4,526,949</u>	<u>866,575</u>	<u>414,742</u>	<u>5,808,266</u>
Total Liabilities and Fund Balances	<u>\$ 6,644,911</u>	<u>\$ 866,575</u>	<u>\$ 461,448</u>	<u>\$ 7,972,934</u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2020

Total governmental fund balances		\$ 5,808,266
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 therefore are not reported as assets in governmental funds. The cost of assets is \$74,141,164, and accumulated depreciation is \$37,871,323.		36,269,841
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.		1,549,287
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$ (51,140,000)	
Bond premium	(1,252,878)	
State school bond loan	(3,079)	
Capital lease	(172,743)	
Severance pay	(24,600)	
Accumulated sick/vacation leave	<u>(408,293)</u>	(53,001,593)
Accrued interest is not included as a liability in governmental funds.		(343,458)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(36,641,162)	
Deferred outflows	10,125,956	
Deferred inflows	<u>(3,038,373)</u>	(29,553,579)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(7,851,888)	
Deferred outflows	2,363,677	
Deferred inflows	<u>(3,609,583)</u>	(9,097,794)
Total net position - governmental activities		<u><u>\$ (48,369,030)</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	General	Building and Site Capital Projects	Nonmajor	Total
Revenues				
Local sources	\$ 2,947,446	\$ 427,925	\$ 4,340,205	\$ 7,715,576
State sources	15,592,360	11,288	144,385	15,748,033
Federal sources	923,727	-	1,307,349	2,231,076
Interdistrict sources	1,767,010	-	-	1,767,010
Total Revenues	21,230,543	439,213	5,791,939	27,461,695
Expenditures				
Current:				
Instruction	12,276,637	-	-	12,276,637
Supporting services	7,640,461	-	-	7,640,461
Community services	3,658	-	-	3,658
Food service	-	-	863,873	863,873
Capital outlay	-	249,673	-	249,673
Debt service:				
Principal repayment	39,797	-	2,655,000	2,694,797
Interest and fiscal charges	11,851	-	2,084,481	2,096,332
Bond issuance costs	-	-	70,427	70,427
Underwriter's discount	-	-	29,057	29,057
Total Expenditures	19,972,404	249,673	5,702,838	25,924,915
Excess of Revenues Over Expenditures	1,258,139	189,540	89,101	1,536,780
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	5,870,000	5,870,000
Payment to escrow agent	-	-	(5,767,463)	(5,767,463)
Transfers in	-	-	8,729	8,729
Transfers out	-	-	(8,729)	(8,729)
Total Other Financing Sources (Uses)	-	-	102,537	102,537
Net Change in Fund Balances	1,258,139	189,540	191,638	1,639,317
Fund Balances, Beginning of Year	3,268,810	677,035	223,104	4,168,949
Fund Balances, End of Year	\$ 4,526,949	\$ 866,575	\$ 414,742	\$ 5,808,266

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2020

Net change in fund balances - total governmental funds \$ 1,639,317

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

	Capital outlays	\$ 406,943	
	Depreciation expense	<u>(2,391,770)</u>	(1,984,827)

Bond premium is amortized over the life of the new bond issue on the Statement of Activities. 152,630

Losses on advanced bond refundings are amortized over the life of the new bond issue on the Statement of Activities. 169,057

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position. (5,870,000)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:

Repayment of general obligation bonds	8,135,000		
Repayment of capital leases	<u>39,797</u>		8,174,797

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 15,511

In the Statement of Net Position, early retirement incentive, severance pay and sick/accumulated vacation pay and are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$180,142) exceeded the amounts earned (\$131,383). 48,759

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. (2,051,005)

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 685,826

Total changes in net position - governmental activities \$ 980,065

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 2,906,842	\$ 2,943,415	\$ 2,947,446	\$ 4,031
State sources	14,659,665	14,916,699	15,592,360	675,661
Federal sources	984,414	1,002,830	923,727	(79,103)
Interdistrict sources	2,010,000	1,753,091	1,767,010	13,919
Total Revenues	<u>20,560,921</u>	<u>20,616,035</u>	<u>21,230,543</u>	<u>614,508</u>
Expenditures				
Current:				
Instruction:				
Basic programs	9,006,329	8,593,540	8,610,111	(16,571)
Added needs	3,652,910	3,797,430	3,666,526	130,904
Supporting services:				
Pupil services	1,537,728	1,522,058	1,487,265	34,793
Instructional staff services	357,213	516,908	467,622	49,286
General administrative services	487,413	419,620	421,909	(2,289)
School administrative services	1,322,008	1,303,933	1,286,835	17,098
Business services	384,535	361,548	335,806	25,742
Operation and maintenance services	1,544,891	1,546,109	1,534,016	12,093
Pupil transportation services	1,403,860	1,356,360	1,339,636	16,724
Central services	339,561	380,947	359,661	21,286
Other supporting services	496,596	390,633	407,711	(17,078)
Community services	21,250	14,356	3,658	10,698
Debt service	990	51,652	51,648	4
Total Expenditures	<u>20,555,284</u>	<u>20,255,094</u>	<u>19,972,404</u>	<u>282,690</u>
Excess of Revenues Over Expenditures	5,637	360,941	1,258,139	897,198
Fund Balances, Beginning of Year	<u>3,268,810</u>	<u>3,268,810</u>	<u>3,268,810</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,274,447</u>	<u>\$ 3,629,751</u>	<u>\$ 4,526,949</u>	<u>\$ 897,198</u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2020

	<u>Agency Fund</u>
Assets	
Cash equivalents, deposits and investments (Note B)	<u>\$ 148,763</u>
Liabilities	
Due to student groups	<u>\$ 148,763</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Note A – Summary of Significant Accounting Policies

Comstock Park Public Schools (the “District”) was organized under the School Code of the State of Michigan and services a population of approximately 1,835 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets and deferred outflows of resource, as well as all long-term debt and obligations and deferred inflows of resources. The District’s net position is reported in three parts: investment in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

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

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Separate financial statements are provided for governmental 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. The General Fund and the Building and Site Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Fund maintained by the District is the Food Service Fund.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Agency Funds—Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

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

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Comstock Park Public Schools has also adopted a budget for its Special Revenue Fund. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Comstock Park Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Director of Finance to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories/Prepaid Items

Inventories are valued at cost (first-in, first-out), and are accounted for using the consumption method. Inventories of the Food Service Fund consist of food, and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles, and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	40-50 years
Furniture and equipment	3-10 years
Vehicles	5-10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

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

10. Early Retirement Incentive/Severance Pay/Accumulated Sick Leave and Vacation Pay

Early retirement incentive, severance pay, and accumulated sick leave and vacation pay at June 30, 2020 have been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick and vacation days, and may be entitled to an early retirement incentive, depending on their age and years of service. At June 30, 2020, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for severance pay and accumulated sick leave and vacation pay amounted to \$24,600 and \$408,293 respectively.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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. Plan investments are reported at fair value.

12. Postemployment Benefits Plan Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establish standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans-OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding, the deferred outflows relating to the recognition of net pension liability on the financial statements and the deferred outflows relating to the recognition of net OPEB liability on the financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

14. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

15. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.
- Assigned – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

The following policy has been adopted by the Board of Education in order to address the implication of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. The policy is created to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without unnecessary borrowing.

- Committed fund balance - The Board of Education, by formal action, may commit fund balance for a specific purpose. Amendments or modifications to the committed fund balance must also be approved by formal action of the Board. Committed fund balance does not lapse at year-end.
- Assigned fund balance – The Board of Education delegates authority to assign fund balance for a specific purpose to the Superintendent or designee.
- Minimum fund balance – The Board of Education intends to maintain a fund balance of 12% of the District’s General Fund annual operating expenditures.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

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- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2020 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 4,900,405
Fiduciary Funds:	
Agency Fund	<u>148,763</u>
	<u>\$ 5,049,168</u>

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Huntington National Bank
2. Mercantile Bank

Cash equivalents consist of bank public funds checking and money market accounts.

June 30, 2020 balances are detailed as follows:

Cash equivalents	<u>\$ 1,031,428</u>
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Custodial Credit Risk Related to Cash Equivalents

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$1,031,428, and the bank balance was \$1,082,022. Of the bank balance, \$474,769 was covered by federal depository insurance and \$607,253 was uninsured and uncollateralized.

COMSTOCK PARK PUBLIC SCHOOLS
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Investments

As of June 30, 2020, the District had the following investments:

Surplus Funds Investment Pool Account:	
Michigan Liquid Asset Fund Plus	<u>\$ 4,017,740</u>

The Michigan Liquid Asset Fund Plus (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investment at June 30, 2020. The MILAF fund is rated AAAM by Standard & Poor's rating agency.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. At June 30, 2020, the District had no investments that were subject to custodial credit risk.

Credit Risk Related to Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investments in a single issuer, so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

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Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2019 and October 2019. The 2019-20 "Foundation Allowance" for Comstock Park Public Schools was \$8,111 for 1,839 "Full Time Equivalent" students, generating \$14,912,514 in state aid payments to the District of which \$2,453,355 was paid to the District in July and August 2020 and is included in "Due From Other Governmental Units" of the General Fund at June 30, 2020.

Property taxes for the District are levied July 1 (the tax lien date) by the Charter Townships of Alpine and Plainfield and the City of Walker, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 32 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Comstock Park Public Schools electors had previously (August 3, 2015) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2019.

The District levied 9.95 mills in 2019 for debt service purposes and 0.991 mills for building and site purposes, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

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The District is subject to tax abatements granted by the County of Kent with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2020, the District's property tax revenues were reduced by approximately \$64,781 under these agreements.

Note D – Due From/To Other Funds/Interfund Transfers

Amounts due from (to) other funds, representing interfund receivables and payables for year-end expenditure allocations not reimbursed at June 30, 2020 are detailed as follows:

	Due From	Due To
Major Fund		
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ -	\$ 5,537
Nonmajor Funds		
Special Revenue Fund:		
Food Service Fund:		
General Fund	5,537	-
Total All Funds	\$ 5,537	\$ 5,537

Interfund transfers during the year ended June 30, 2020 were as follows:

	Transfers In	Transfers Out
Nonmajor Funds		
Debt Service Funds:		
2011 B Debt Service Fund:		
2019 Debt Service Fund	\$ -	\$ 8,729
2019 Debt Service Fund:		
2011 B Debt Service Fund	8,729	-
Total All Funds	\$ 8,729	\$ 8,729

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Note E – Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balances July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 650,554	\$ -	\$ -	\$ 650,554
Construction In Progress	64,470	135,075	153,809	45,736
Total capital assets not being depreciated	<u>715,024</u>	<u>\$ 135,075</u>	<u>\$ 153,809</u>	<u>696,290</u>
Capital assets being depreciated:				
Land improvements	4,125,782	\$ 200,311	\$ -	4,326,093
Buildings and improvements	62,212,397	218,337	-	62,430,734
Furniture and equipment	4,890,277	7,029	-	4,897,306
Vehicles	1,790,741	-	-	1,790,741
Total capital assets being depreciated	<u>73,019,197</u>	<u>\$ 425,677</u>	<u>\$ -</u>	<u>73,444,874</u>
Less accumulated depreciation for:				
Land improvements	2,584,013	\$ 301,339	\$ -	2,885,352
Buildings and improvements	26,735,789	1,942,917	-	28,678,706
Furniture and equipment	4,490,790	78,608	-	4,569,398
Vehicles	1,668,961	68,906	-	1,737,867
Total accumulated depreciation	<u>35,479,553</u>	<u>\$ 2,391,770</u>	<u>\$ -</u>	<u>37,871,323</u>
Net capital assets, being depreciated	<u>37,539,644</u>			<u>35,573,551</u>
Net Capital Assets	<u><u>\$ 38,254,668</u></u>			<u><u>\$ 36,269,841</u></u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 1,835,683
Supporting services	437,216
Food service	18,656
Athletics	100,215
	<u>\$ 2,391,770</u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
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Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2020 are summarized as follows:

	Debt Outstanding July 1, 2019	Debt Added	Debt Retired	Debt Outstanding June 30, 2020
General obligation bonds:				
May 18, 2011 - Series A	\$ 10,250,000	\$ -	\$ 1,300,000	\$ 8,950,000
May 18, 2011 - Series B	5,480,000		5,480,000	-
August 12, 2012	1,370,000		355,000	1,015,000
January 28, 2015	8,230,000		1,000,000	7,230,000
September 19, 2017 - Series A	8,905,000		-	8,905,000
September 19, 2017 - Series B	19,170,000		-	19,170,000
December 4, 2019	-	5,870,000	-	5,870,000
Bond premium	1,405,508		152,630	1,252,878
State school bond loan	2,983	96	-	3,079
Capital lease	212,540		39,797	172,743
Severance pay	22,200	2,400	-	24,600
Accumulated sick/vacation leave	459,452	128,983	180,142	408,293
	<u>\$ 55,507,683</u>	<u>\$ 6,001,479</u>	<u>\$ 8,507,569</u>	<u>\$ 53,001,593</u>

The District is required to obtain loans from the Michigan School Bond Loan Fund (the “Fund”) for the payment of annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District accrued interest of \$96 and was added to the District’s outstanding liability to the Fund. At June 30, 2020, the District owed the Fund a total of \$3,079.

On December 4, 2019, the District issued \$5,870,000 in general obligation bonds to advance refund the remaining \$5,480,000 of outstanding 2011-Series B refunding serial bonds. The true interest cost of the refunding bonds was 2.7024496% resulting in a total net present value savings of \$760,272, or 9.163%. The net proceeds of \$5,767,463 after underwriter’s discount of \$29,057, and bond issuance cost of \$70,427, were deposited with an escrow agent and used to retire the outstanding obligations described above.

COMSTOCK PARK PUBLIC SCHOOLS
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Long-term debt outstanding at June 30, 2020 is comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$15,000K 2011A:				
Annual maturities of \$1,325K to \$1,650K	May 1, 2026	5.8 - 6.30	\$ 8,950,000	\$ 1,325,000
\$3,890K 2012 Refunding:				
Annual maturities of \$330K to \$345K	May 1, 2023	3.00	1,015,000	345,000
\$10,650K 2015 Refunding:				
Annual maturities of \$410K to \$1,000K	May 1, 2029	5.00	7,230,000	1,000,000
\$8,905K 2017A Refunding:				
Annual maturities of \$820K to \$1,050K	May 1, 2041	3.00 - 4.00	8,905,000	-
\$19,170K 2017B Refunding:				
Annual maturities of \$6,170K to \$6,610K	May 1, 2023	2.35 - 2.75	19,170,000	6,170,000
\$5,870K 2019 Refunding:				
Annual maturities of \$735K to \$1,305K	May 1, 2032	2.5 - 2.75	5,870,000	-
Bond premium			1,252,878	152,630
Capital Lease				
\$3,354 Postage Meter January 10, 2019:				
Annual maturities of \$417 to \$763	October 10, 2023	14.46	2,537	417
\$218,976 Copier Lease March 7, 2019:				
Annual maturities of \$37,153 to \$47,028	March 7, 2024	5.99	170,206	41,727
Other Obligations				
State school bond loan			3,079	-
Severance pay			24,600	2,000
Accumulated sick/vacation leave			408,293	180,000
			<u>\$ 53,001,593</u>	<u>\$ 9,216,775</u>

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The annual requirements to pay principal and interest on long-term bonds and capital leases outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2021	\$ 8,882,144	\$ 1,912,619	\$ 10,794,763
2022	9,099,930	1,627,855	10,727,783
2023	9,337,754	1,322,382	10,660,136
2024	2,687,916	995,420	3,683,335
2025	2,650,000	842,164	3,492,164
2026	2,650,000	688,214	3,338,214
2027	1,145,000	525,183	1,670,183
2028	1,180,000	485,738	1,665,738
2029	1,220,000	444,796	1,664,796
2030	1,270,000	396,813	1,666,813
2031	1,305,000	361,888	1,666,888
2032	980,000	336,711	1,316,711
2033	820,000	315,338	1,135,338
2034	1,050,000	290,738	1,340,738
2035	1,030,000	259,238	1,289,238
2036	1,025,000	218,038	1,243,038
2037	1,015,000	177,038	1,192,038
2038	1,010,000	136,438	1,146,438
2039	1,000,000	96,038	1,096,038
2040	985,000	63,538	1,048,538
2041	970,000	31,525	1,001,525
	<u>\$ 51,312,743</u>	<u>\$ 11,527,711</u>	<u>\$ 62,840,454</u>

COMSTOCK PARK PUBLIC SCHOOLS
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Note G – Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (the "System"), is a cost sharing, multiple employer, state-wide, defined benefit public employee retirement system 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 the ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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

The System's financial statements are available at www.michigan.gov/orsschools.

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of pension plans offered by MPSERS are detailed as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Defined Contribution	Defined Contribution	Open
Pension Plus 2	Hybrid	Open

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Membership

At September 30, 2019, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	194,374
Survivor benefits	18,588
Disability benefits	5,975
Total	218,937
Inactive plan members entitled to but not yet receiving benefits:	18,279
Active plan members:	
Vested	96,319
Non-vested	81,362
Total	177,681
Total plan members	414,897

Benefits Provided

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

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

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPSERS who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

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Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Option 1 members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members; 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in the 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

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Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law, The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1: $FAC \times \text{total years of service} \times 1.5\%$

Option 2: $FAC \times 30 \text{ years of service} \times 1.5\% + FAC \times \text{years of service beyond 30} \times 1.25\%$

Option 3: $FAC \times \text{years of service as of transition date} \times 1.5\% + FAC \times \text{years of service after transition date} \times 1.25\%$

Option 4: $FAC \text{ as of transition date} \times \text{years of service as of transition date} \times 1.5\%$

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

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A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension, but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by two percent for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

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Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree’s death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary, and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount (“pop-up” provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – The Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree’s pension to decrease at age 62 by approximately the same amount as that person’s Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

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The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Post-Retirement Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

COMSTOCK PARK PUBLIC SCHOOLS
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Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under the 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, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarized pension contribution rate in effect for the plan fiscal year 2019.

Plan Name	Pension Contribution Rates:	
	Member	District
Basic	0.0 – 4.0%	18.25%
Member Investment Plan (MIP)	3.0 – 7.0%	18.25%
Pension Plus	3.0 – 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District’s contributions to MPERS under all pension plans for the year ended June 30, 2020, inclusive of the MSPERS UAAL Stabilization, totaled \$2,965,383.

MPERS Plan Net Pension Liability (in thousands)

Total Pension Liability	\$ 84,643,399
Plan Fiduciary Net Position	50,857,170
Net Pension Liability	\$ 33,786,229
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.08%
Net Pension Liability as a Percentage of Covered Employee Payroll	377.13%
Total Covered Payroll	\$ 8,958,777

Proportionate Share of Reporting Unit’s Net Pension Liability

At June 30, 2020, the District reported a liability of \$36,641,162 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The District’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2019 the District’s proportion was 0.11064276%, which was a decrease from 0.11532870% at September 30, 2018.

COMSTOCK PARK PUBLIC SCHOOLS
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the District recognized pension expense of \$4,986,762. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 164,237	\$ 152,790
Changes of assumptions	7,174,365	—
Net difference between projected and actual earnings on pension plan investment earnings	—	1,174,287
Changes in proportion and differences between District contributions and proportionate share of contributions	—	1,711,296
District contributions subsequent to the measurement date*	2,787,354	—
Total	\$ 10,125,956	\$ 3,038,373

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Amount
2021	\$ 1,693,411
2022	1,383,552
2023	860,359
2024	362,907

Actuarial Assumptions

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

COMSTOCK PARK PUBLIC SCHOOLS
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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80%
Pension Plus Plan (Hybrid):	6.80%
Pension Plus 2:	6.00%
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, 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: [4.4977 for non-university employers or 1.0000 for university employers]
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at (www.michigan.gov/orsschools).

COMSTOCK PARK PUBLIC SCHOOLS
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Long-Term Expected Rate of Return on Investments

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, 2019 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate & Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short-term Investment Pools	2.0%	0.8%
Total	100.0%	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 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 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the 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 those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
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Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the 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 point higher:

	1% Decrease 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	\$ 47,635,855	\$ 36,641,162	\$ 27,526,183

Michigan Public School Employees Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System September 30, 2019 Comprehensive Annual Financial Report, available here: (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employee Retirement System (MPERS)

Payables to the pension plan totaling \$402,316 at June 30, 2020 arise from the normal legally required contributions based on the accrued salaries payable at year-end, expected to be liquidated with expendable available financial resources.

Note H – Other Postemployment Benefits

Plan Description

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

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

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

COMSTOCK PARK PUBLIC SCHOOLS
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Plan Participants

At September 30, 2019, the System's membership consisted of the following:

Eligible participants:	
Retirees and survivors	198,380
Vested plan members:	
Active	197,982
Non-active	2,458
Participants receiving benefits:	
Health	152,757
Dental/Vision	165,542

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Retiree Healthcare Reform of 2012

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

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

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Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2019:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	7.93%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the District were \$732,165 for the year ended September 30, 2019.

Net OPEB Liability (in thousands)

Total OPEB Liability	\$ 14,161,627
Plan Fiduciary Net Position	<u>6,892,099</u>
Net OPEB Liability	<u>\$ 7,269,528</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	48.67%
Net OPEB Liability as a Percentage of Covered Employee Payroll	81.14%
Total Covered Payroll	<u>\$ 8,958,777</u>

At June 30, 2020, the District reported a liability of \$7,851,888 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019 the District's proportion was 0.10939208%, which was a decrease from 0.11179103% at September 30, 2018.

COMSTOCK PARK PUBLIC SCHOOLS
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$48,614. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 2,881,080
Changes of assumptions	1,701,345	—
Net difference between projected and actual earnings on OPEB plan investment earnings	—	136,548
Changes in proportion and differences between District contributions and proportionate share of contributions	193	591,955
District contributions subsequent to the measurement date*	662,139	—
Total	\$ 2,363,677	\$ 3,609,583

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Amount
2021	\$ (517,762)
2022	(517,762)
2023	(449,595)
2024	(298,729)
2025	(124,197)

Actuarial Assumptions

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

COMSTOCK PARK PUBLIC SCHOOLS
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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded 3.5% Year 12
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, 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: [5.7101 for non-university employers or 1.1641 for university employers].
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

COMSTOCK PARK PUBLIC SCHOOLS
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Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate & Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short-term Investment Pools	2.0%	0.8%
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

COMSTOCK PARK PUBLIC SCHOOLS
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Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	\$ 9,631,520	\$ 7,851,888	\$ 6,357,491

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 6,294,135	\$ 7,851,888	\$ 9,631,309

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling \$76,712 at June 30, 2020 arise from the normal legally required contributions based on the accrued salaries payable at year-end, expected to be liquidated with expendable available financial resources.

Note I – Risk Management and Benefits

The 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 District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in fiscal 2019-20, and as of year ended June 30, 2020, there were no material pending claims against the District.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
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Note J – Stewardship, Compliance, and Accountability

The District has an unrestricted net position deficit of \$34,557,317 and a total net position deficit of \$48,369,030, as of June 30, 2020. These deficit net positions result primarily from the net pension liability of \$29,553,579 and the net OPEB liability of \$9,097,794 (net of deferred outflows and inflows of resources related to the pension OPEB plan).

Note K – Risks and Uncertainties

During the fiscal year Michigan school districts were closed in response to the COVID-19 pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition and its access to state, federal and local funding. The Board and Management is actively monitoring the situation.

On March 27, 2020 the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") was enacted to provide payment to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. The US Department of Treasury distributed these funds to the State of Michigan for distribution to local governmental units. In July and August 2020, the District received \$666,317 in CARES funding that will be recognized in the 2020-21 fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

COMSTOCK PARK PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
District's proportion of the net pension liability	0.11064276%	0.11532870%	0.11897903%
District's proportionate share of the net pension liability	\$ 36,641,162	\$ 34,669,889	\$ 30,832,525
District's covered-employee payroll	\$ 9,538,150	\$ 9,502,423	\$ 9,938,436
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	384.15%	364.85%	310.24%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.12%	63.96%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.12062253%	0.12494743%	0.12161282%
\$ 30,094,334	\$ 30,518,443	\$ 26,787,052
\$ 10,150,705	\$ 10,445,903	\$ 10,454,683
296.48%	292.16%	256.22%
63.01%	62.92%	66.15%

COMSTOCK PARK PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.10939208%	0.11179103%	0.11867668%
District's proportionate share of the net OPEB liability	\$ 7,851,888	\$ 8,886,215	\$ 10,509,379
District's covered-employee payroll	\$ 9,538,150	\$ 9,502,423	\$ 9,938,436
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	82.32%	93.52%	105.74%
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	43.10%	36.53%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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COMSTOCK PARK PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
Contractually required contribution	\$ 2,965,383	\$ 2,959,647	\$ 2,930,841
Contributions in relation to the contractually required contribution	<u>2,965,383</u>	<u>2,959,647</u>	<u>2,930,841</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,301,977	\$ 9,573,051	\$ 9,709,669
Contributions as a percentage of covered employee payroll	31.88%	30.92%	30.18%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
\$ 3,140,006	\$ 3,101,846	\$ 3,305,687
<u>3,140,006</u>	<u>3,101,846</u>	<u>3,305,687</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,994,417	\$ 10,177,353	\$ 10,517,355
31.42%	30.48%	31.43%

COMSTOCK PARK PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District's OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
Contractually required contribution	\$ 732,165	\$ 749,170	\$ 710,478
Contributions in relation to the contractually required contribution	732,165	749,170	710,478
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,301,977	\$ 9,573,051	\$ 9,709,669
Contributions as a percentage of covered employee payroll	7.87%	7.83%	7.32%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Required Supplementary Information
June 30, 2020

Note A – Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2019-20.

Changes of assumptions: There were no changes of benefit assumptions in 2019-20.

Note B – Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2019-20.

Changes of assumptions: There were no changes of benefit assumptions in 2019-20.

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 3,535	\$ 3,535
Cash equivalents, deposits and investments	3,680,342	2,428,481
Accounts receivable	1,324	940
Due from employees	32,912	33,168
Due from other funds	-	5,221
Due from other governmental units	2,908,294	3,051,181
Deposits	13,701	120
Prepaid expenditures	4,803	37,759
Total Assets	\$ 6,644,911	\$ 5,560,405
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 144,431	\$ 133,956
Due to other funds	5,537	5,853
Due to other governmental units	952,947	1,039,348
Salaries payable	959,202	1,009,303
Unearned revenue	55,845	103,135
Total Liabilities	2,117,962	2,291,595
Fund Balances		
Nonspendable	18,504	37,879
Unassigned	4,508,445	3,230,931
Total Fund Balances	4,526,949	3,268,810
Total Liabilities and Fund Balances	\$ 6,644,911	\$ 5,560,405

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Local sources:		
Property taxes:		
Current property taxes	\$ 2,525,215	\$ 2,432,874
Delinquent and other property taxes	2,475	1,383
Interest on delinquent taxes	5,340	5,536
	<u>2,533,030</u>	<u>2,439,793</u>
Interest earnings:		
Interest on deposits and investments	49,911	41,472
Revenue from student activities:		
Athletic admissions and fees	47,740	79,175
Tournament fees	1,100	3,090
Pay to participate	21,459	34,735
	<u>70,299</u>	<u>117,000</u>
Other local revenue:		
Tuition	365	1,029
Preschool fees	73,086	94,471
Transportation fees	3,677	8,345
Beverage consortium commissions	3,390	5,248
Universal service fund	23,688	22,158
Rental of school facilities	147,502	91,710
Donations	27,617	33,365
Reimbursements	(2,295)	19,707
Miscellaneous	17,176	10,159
	<u>294,206</u>	<u>286,192</u>
Total local sources	2,947,446	2,884,457
State sources:		
State aid	15,137,498	14,965,805
Special education - transportation	406,485	319,711
Special education - itinerant reimbursement	47,732	56,070
Bus driver safety	645	-
Total state sources	<u>15,592,360</u>	<u>15,341,586</u>
Federal sources:		
Title I	334,432	376,021
Title IIA	63,324	95,147
Title III	18,917	12,867
Title IV	32,384	21,590
I.D.E.A. program	467,728	497,708
Medicaid - outreach	6,942	4,047
Total federal sources	<u>923,727</u>	<u>1,007,380</u>
Interdistrict sources:		
Enhancement millage	442,015	419,897
Special education - county	1,033,410	1,099,963
Special education - tuition	171,420	118,667
Medicaid fee for service	120,165	191,074
Other	-	256
Total interdistrict sources	<u>1,767,010</u>	<u>1,829,857</u>
Total Revenues	<u><u>\$ 21,230,543</u></u>	<u><u>\$ 21,063,280</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 2,301,674	\$ 2,441,579
Employee benefits	1,563,649	1,579,233
Purchased services	72,134	118,744
Supplies	44,301	50,489
Capital outlay	110,951	2,330
	<u>4,092,709</u>	<u>4,192,375</u>
Middle school:		
Salaries	1,134,602	1,058,319
Employee benefits	777,967	689,666
Purchased services	51,694	78,511
Supplies	19,931	17,855
	<u>1,984,194</u>	<u>1,844,351</u>
High school:		
Salaries	1,353,981	1,622,774
Employee benefits	880,528	1,016,026
Purchased services	154,729	164,560
Supplies	33,081	40,429
Capital outlay	37,694	3,680
	<u>2,460,013</u>	<u>2,847,469</u>
Preschool:		
Salaries	437	340
Employee benefits	220	181
Purchased services	68,470	74,816
Supplies	779	1,624
Miscellaneous	125	-
	<u>70,031</u>	<u>76,961</u>
Summer school:		
Salaries	2,200	2,300
Employee benefits	964	1,230
	<u>3,164</u>	<u>3,530</u>
Total basic programs	<u>8,610,111</u>	<u>8,964,686</u>
Added needs:		
Special education:		
Salaries	887,431	904,600
Employee benefits	617,978	630,143
Purchased services	20,451	19,831
Supplies	6,891	4,999
Payments to other school districts	358,378	289,420
	<u>1,891,129</u>	<u>1,848,993</u>
Compensatory education:		
Salaries	1,053,447	933,642
Employee benefits	716,335	635,618

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Compensatory education: (Continued)		
Purchased services	\$ 600	\$ 641
Supplies	5,015	38,743
Miscellaneous	-	120
	<u>1,775,397</u>	<u>1,608,764</u>
Total added needs	<u>3,666,526</u>	<u>3,457,757</u>
Total instruction	12,276,637	12,422,443
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	217,797	245,672
Employee benefits	138,615	154,685
Purchased services	-	19,917
Supplies	1,964	1,812
	<u>358,376</u>	<u>422,086</u>
Health services:		
Purchased services	57,829	81,799
Supplies	1,514	1,707
Payments to other school districts	37,759	36,561
	<u>97,102</u>	<u>120,067</u>
Psychological services:		
Salaries	-	18,433
Employee benefits	-	10,429
Purchased services	120	24
Supplies	202	623
Payments to other school districts	183,742	109,827
	<u>184,064</u>	<u>139,336</u>
Speech pathology services:		
Salaries	1,046	1,481
Employee benefits	500	740
Purchased services	170	21,148
Supplies	1,001	1,604
Payments to other school districts	284,752	253,611
	<u>287,469</u>	<u>278,584</u>
Social worker services:		
Purchased services	450	-
Payments to other school districts	254,592	141,233
	<u>255,042</u>	<u>141,233</u>
Teacher consultants:		
Payments to other school districts	16	123,957
Other pupil services:		
Salaries	187,118	192,524
Employee benefits	118,078	134,574
	<u>305,196</u>	<u>327,098</u>
Total pupil services	1,487,265	1,552,361

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Instructional staff services:		
Professional staff development:		
Salaries	\$ 69,610	\$ 69,371
Employee benefits	40,401	40,237
Purchased services	28,130	31,978
Supplies	5,625	2,297
Miscellaneous	-	127
	143,766	144,010
Supervision/direction of instruction:		
Salaries	186,748	124,029
Employee benefits	134,615	86,016
Purchased services	2,149	404
Supplies	309	227
Dues and fees	35	200
	323,856	210,876
Total instructional staff services	467,622	354,886
General administrative services:		
Board of education:		
Purchased services	62,677	105,989
Supplies	4,850	3,615
Miscellaneous	15,566	15,038
	83,093	124,642
Executive administration:		
Salaries	194,353	177,019
Employee benefits	129,040	115,001
Purchased services	12,089	13,111
Supplies	172	694
Miscellaneous	3,162	2,652
	338,816	308,477
Total general administrative services	421,909	433,119
School administrative services:		
Office of the principal:		
Salaries	749,011	749,426
Employee benefits	526,786	518,508
Purchased services	6,326	9,021
Supplies	1,332	136
Miscellaneous	3,380	2,480
Total school administrative services	1,286,835	1,279,571
Business services:		
Fiscal services:		
Salaries	142,427	141,312
Employee benefits	93,378	92,031
Purchased services	53,620	51,275
Miscellaneous	770	748
	291,170	285,790

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Internal services:		
Salaries	\$ 19,590	\$ 16,726
Employee benefits	13,859	12,325
Purchased services	-	3,677
	33,449	32,728
Other business services:		
Purchased services	1,132	1,400
Miscellaneous	10,055	30,234
	11,187	31,634
Total business services	335,806	350,152
Operation and maintenance services:		
Operation and maintenance:		
Salaries	111,558	89,293
Employee benefits	80,837	68,175
Purchased services	791,666	888,415
Supplies	333,939	375,753
Capital outlay	24,868	8,054
Miscellaneous	855	380
	1,343,723	1,430,070
Security services:		
Security officer	56,034	66,914
Capital outlay	134,259	-
	190,293	66,914
Total operation and maintenance services	1,534,016	1,496,984
Pupil transportation services:		
Pupil transportation:		
Salaries	399,387	401,778
Employee benefits	255,410	285,858
Purchased services	44,475	60,918
Supplies	96,457	126,502
Miscellaneous	812	397
Payments to other school districts	543,095	503,456
Total pupil transportation services	1,339,636	1,378,909
Central services:		
Staff/personnel services:		
Salaries	79,665	77,000
Benefits	54,583	53,713
Purchased services	7,300	10,475
	141,548	141,188

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Technology services:		
Purchased services	\$ 162,571	\$ 189,124
Supplies	2,960	5,795
Capital outlay	52,423	226,158
Miscellaneous	159	1,440
	218,113	422,517
Total central services	359,661	563,705
Other supporting services:		
Athletics:		
Salaries	142,316	159,993
Employee benefits	77,809	86,562
Purchased services	156,949	178,942
Supplies	19,701	33,096
Miscellaneous	10,936	12,105
Total other supporting services	407,711	470,698
Total supporting services	7,640,461	7,880,385
Community services:		
Community recreation:		
Supplies	1,221	2,561
Non-public school pupils:		
Payments to other districts	2,437	11,997
Total community services	3,658	14,558
Debt service:		
Principal repayment	39,797	10,008
Interest and fiscal charges	11,851	3,572
Total debt service	51,648	13,580
Total Expenditures	\$ 19,972,404	\$ 20,330,966

NONMAJOR GOVERNMENTAL FUNDS

COMSTOCK PARK PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2020

	Special Revenue	Debt Service		
	Food Service	2011(A)	2011(B)	2012
Assets				
Cash equivalents, deposits and investments	\$ 138,050	\$ 61,709	\$ -	\$ 24,056
Accounts receivable	1,772	-	-	-
Due from other funds	5,537	-	-	-
Due from other gov't units	86,200	-	-	-
Inventory	14,451	-	-	-
Total Assets	\$ 246,010	\$ 61,709	\$ -	\$ 24,056
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 30,465	\$ -	\$ -	\$ -
Due to other gov't units	160	-	-	-
Unearned revenue	16,081	-	-	-
Total Liabilities	46,706	-	-	-
Fund Balances				
Nonspendable	14,451	-	-	-
Restricted	184,853	61,709	-	24,056
Total Fund Balances	199,304	61,709	-	24,056
Total Liabilities and Fund Balances	\$ 246,010	\$ 61,709	\$ -	\$ 24,056

Debt Service				Total
2015	2017(A)	2017(SBLF)	2019	
\$ 77,711	\$ 14,390	\$ 25,848	\$ 11,724	\$ 353,488
-	-	-	-	1,772
-	-	-	-	5,537
-	-	-	-	86,200
-	-	-	-	14,451
<u>\$ 77,711</u>	<u>\$ 14,390</u>	<u>\$ 25,848</u>	<u>\$ 11,724</u>	<u>\$ 461,448</u>
\$ -	\$ -	\$ -	\$ -	\$ 30,465
-	-	-	-	160
-	-	-	-	16,081
-	-	-	-	46,706
-	-	-	-	14,451
<u>77,711</u>	<u>14,390</u>	<u>25,848</u>	<u>11,724</u>	<u>400,291</u>
<u>77,711</u>	<u>14,390</u>	<u>25,848</u>	<u>11,724</u>	<u>414,742</u>
<u>\$ 77,711</u>	<u>\$ 14,390</u>	<u>\$ 25,848</u>	<u>\$ 11,724</u>	<u>\$ 461,448</u>

COMSTOCK PARK PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2020

	Special Revenue	Debt Service		
	Food Service	2011(A)	2011(B)	2012
Revenues				
Local sources:				
Property taxes	\$ -	\$ 1,379,434	\$ 127,123	\$ 400,766
Interest earnings	-	10,202	961	2,961
Food sales	136,487	-	-	-
Total local sources	136,487	1,389,636	128,084	403,727
State sources	31,052	38,499	6,492	10,821
Federal sources	774,405	532,944	-	-
Total Revenues	941,944	1,961,079	134,576	414,548
Expenditures				
Current:				
Food service	863,873	-	-	-
Debt service:				
Principal repayment	-	1,300,000	-	355,000
Interest and fiscal charges	-	622,300	138,597	41,250
Bond issuance costs	-	-	70,427	-
Underwriter's discount	-	-	29,057	-
Total Expenditures	863,873	1,922,300	238,081	396,250
Excess (Deficiency) of Revenues Over Expenditures	78,071	38,779	(103,505)	18,298
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	5,870,000	-
Payment to escrow agent	-	-	(5,767,463)	-
Transfers in	-	-	-	-
Transfers out	-	-	(8,729)	-
Total Other Financing Sources (Uses)	-	-	93,808	-
Net Change in Fund Balances	78,071	38,779	(9,697)	18,298
Fund Balances, Beginning of Year	121,233	22,930	9,697	5,758
Fund Balances, End of Year	\$ 199,304	\$ 61,709	\$ -	\$ 24,056

Debt Service				Total
2015	2017(A)	2017(B)	2019	
\$ 1,413,909	\$ 315,827	\$ 471,077	\$ 66,796	\$ 4,174,932
8,269	2,371	3,541	481	28,786
-	-	-	-	136,487
1,422,178	318,198	474,618	67,277	4,340,205
38,499	7,404	11,618	-	144,385
-	-	-	-	1,307,349
1,460,677	325,602	486,236	67,277	5,791,939
-	-	-	-	863,873
1,000,000	-	-	-	2,655,000
412,000	315,838	490,214	64,282	2,084,481
-	-	-	-	70,427
-	-	-	-	29,057
1,412,000	315,838	490,214	64,282	5,702,838
48,677	9,764	(3,978)	2,995	89,101
-	-	-	-	5,870,000
-	-	-	-	(5,767,463)
-	-	-	8,729	8,729
-	-	-	-	(8,729)
-	-	-	8,729	102,537
48,677	9,764	(3,978)	11,724	191,638
29,034	4,626	29,826	-	223,104
\$ 77,711	\$ 14,390	\$ 25,848	\$ 11,724	\$ 414,742

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 143,330	\$ 136,487	\$ (6,843)
State sources	29,719	31,052	1,333
Federal sources	<u>612,000</u>	<u>774,405</u>	<u>162,405</u>
Total Revenues	<u>785,049</u>	<u>941,944</u>	<u>156,895</u>
Expenditures			
Current:			
Food service	<u>853,629</u>	<u>863,873</u>	<u>(10,244)</u>
Excess (Deficiency) of Revenues Over Expenditures	(68,580)	78,071	146,651
Fund Balances, Beginning of Year	<u>121,233</u>	<u>121,233</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 52,653</u>	<u>\$ 199,304</u>	<u>\$ 146,651</u>

SPECIAL REVENUE FUND

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash equivalents, deposits and investments	\$ 138,050	\$ 102,787
Accounts receivable	1,772	898
Due from other funds	5,537	5,853
Due from other gov't units	86,200	15,010
Inventory	14,451	10,063
Total Assets	\$ 246,010	\$ 134,611
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 30,465	\$ 5,059
Due to other gov't units	160	-
Unearned revenue	16,081	8,319
Total Liabilities	46,706	13,378
Fund Balances		
Nonspendable	14,451	10,063
Restricted	184,853	111,170
Total Fund Balances	199,304	121,233
Total Liabilities and Fund Balances	\$ 246,010	\$ 134,611

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	2020	2019
Revenues		
Local sources:		
Food sales:		
Children's lunches	\$ 101,797	\$ 160,144
Adult lunches	1,897	2,176
Milk sales	486	447
Ala carte	29,184	39,010
Banquets	3,123	3,372
Other local sources	-	3,400
Total local sources	<u>136,487</u>	<u>208,549</u>
State sources	31,052	31,888
Federal sources	<u>774,405</u>	<u>606,381</u>
Total Revenues	<u>941,944</u>	<u>846,818</u>
Expenditures		
Current:		
Food service:		
Salaries	240,393	230,528
Employee benefits	164,396	170,907
Purchased services	84,265	95,679
Supplies	361,301	343,204
Capital outlay	11,749	20,134
Miscellaneous	<u>1,769</u>	<u>10,713</u>
Total Expenditures	<u>863,873</u>	<u>871,165</u>
Excess (Deficiency) of Revenues over Expenditures	78,071	(24,347)
Fund Balances, Beginning of Year	<u>121,233</u>	<u>145,580</u>
Fund Balances, End of Year	<u>\$ 199,304</u>	<u>\$ 121,233</u>

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DEBT SERVICE FUNDS

Debt Service Fund —To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

COMSTOCK PARK PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2020

	2011(A)	2011(B)	2012
Assets			
Cash equivalents, deposits and investments	\$ 61,709	\$ -	\$ 24,056
Due from other funds	-	-	-
	\$ 61,709	\$ -	\$ 24,056
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Fund Balances			
Restricted	61,709	-	24,056
Total Liabilities and Fund Balances	\$ 61,709	\$ -	\$ 24,056

2015	2017(A)	2017(SBLF)	2019	Totals	
				2020	2019
\$ 77,711	\$ 14,390	\$ 25,848	\$ 11,724	\$ 215,438	\$ 101,871
-	-	-	-	-	1,508
<u>\$ 77,711</u>	<u>\$ 14,390</u>	<u>\$ 25,848</u>	<u>\$ 11,724</u>	<u>\$ 215,438</u>	<u>\$ 103,379</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,508
<u>77,711</u>	<u>14,390</u>	<u>25,848</u>	<u>11,724</u>	<u>215,438</u>	<u>101,871</u>
<u>\$ 77,711</u>	<u>\$ 14,390</u>	<u>\$ 25,848</u>	<u>\$ 11,724</u>	<u>\$ 215,438</u>	<u>\$ 103,379</u>

COMSTOCK PARK PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	2011(A)	2011(B)	2012
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 1,371,451	\$ 125,896	\$ 398,507
Industrial facilities taxes	4,765	804	1,339
Delinquent and other property taxes	764	114	217
Interest on delinquent taxes	2,454	309	703
	<u>1,379,434</u>	<u>127,123</u>	<u>400,766</u>
Interest earnings:			
Interest on deposits and investments	10,202	961	2,961
State sources:			
Personal property tax loss reimbursement	38,499	6,492	10,821
Federal sources:			
QSCB interest subsidy	532,944	-	-
	<u>532,944</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,961,079</u>	<u>134,576</u>	<u>414,548</u>
Expenditures			
Debt service:			
Principal repayment	1,300,000	-	355,000
Interest and fiscal charges:			
Interest expense	621,050	137,847	41,100
Paying agent fees	1,250	750	150
Tax refunds	-	-	-
Bond issuance costs	-	70,427	-
Underwriter's discount	-	29,057	-
	<u>-</u>	<u>29,057</u>	<u>-</u>
Total Expenditures	<u>1,922,300</u>	<u>238,081</u>	<u>396,250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>38,779</u>	<u>(103,505)</u>	<u>18,298</u>
Other Financing Sources (Uses)			
Refunding bonds issued	-	5,870,000	-
Payment to escrow agent	-	(5,767,463)	-
Transfers in	-	-	-
Transfers out	-	(8,729)	-
	<u>-</u>	<u>(8,729)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>93,808</u>	<u>-</u>
Net Change in Fund Balances	38,779	(9,697)	18,298
Fund Balances, Beginning of Year	<u>22,930</u>	<u>9,697</u>	<u>5,758</u>
Fund Balances, End of Year	<u>\$ 61,709</u>	<u>\$ -</u>	<u>\$ 24,056</u>

2015	2017(A)	2017 SBLF	2019	Totals	
				2020	2019
\$ 1,405,886	\$ 314,235	\$ 468,606	\$ 66,719	\$ 4,151,300	\$ 3,988,903
4,765	916	1,438	-	14,027	-
769	154	238	10	2,266	1,519
2,489	522	795	67	7,339	7,681
<u>1,413,909</u>	<u>315,827</u>	<u>471,077</u>	<u>66,796</u>	<u>4,174,932</u>	<u>3,998,103</u>
8,269	2,371	3,541	481	28,786	18,311
38,499	7,404	11,618	-	113,333	113,175
-	-	-	-	532,944	594,945
<u>1,460,677</u>	<u>325,602</u>	<u>486,236</u>	<u>67,277</u>	<u>4,849,995</u>	<u>4,724,534</u>
1,000,000	-	-	-	2,655,000	2,665,000
411,500	315,338	489,715	64,282	2,080,832	2,266,194
500	500	499	-	3,649	3,650
-	-	-	-	-	10,003
-	-	-	-	70,427	-
-	-	-	-	29,057	-
<u>1,412,000</u>	<u>315,838</u>	<u>490,214</u>	<u>64,282</u>	<u>4,838,965</u>	<u>4,944,847</u>
<u>48,677</u>	<u>9,764</u>	<u>(3,978)</u>	<u>2,995</u>	<u>11,030</u>	<u>(220,313)</u>
-	-	-	-	5,870,000	-
-	-	-	-	(5,767,463)	-
-	-	-	8,729	8,729	-
-	-	-	-	(8,729)	-
-	-	-	8,729	102,537	-
<u>48,677</u>	<u>9,764</u>	<u>(3,978)</u>	<u>11,724</u>	<u>113,567</u>	<u>(220,313)</u>
<u>29,034</u>	<u>4,626</u>	<u>29,826</u>	<u>-</u>	<u>101,871</u>	<u>322,184</u>
<u>\$ 77,711</u>	<u>\$ 14,390</u>	<u>\$ 25,848</u>	<u>\$ 11,724</u>	<u>\$ 215,438</u>	<u>\$ 101,871</u>

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CAPITAL PROJECTS FUND

Building and Site—to account for property tax revenues and interest earnings used to finance building restoration projects.

COMSTOCK PARK PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash equivalents, deposits and investments	\$ 866,575	\$ 734,427
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 57,392
Fund Balances		
Restricted	866,575	677,035
Total Liabilities and Fund Balances	\$ 866,575	\$ 734,427

COMSTOCK PARK PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	2020	2019
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 413,500	\$ 399,652
Industrial facilities taxes	1,358	-
Delinquent and other property taxes	226	152
Interest on delinquent taxes	731	770
	<u>415,815</u>	<u>400,574</u>
Interest earnings:		
Interest on deposits and investments	12,110	13,986
	<u>12,110</u>	<u>13,986</u>
Total Local Sources	<u>427,925</u>	<u>414,560</u>
State sources:		
Personal property tax loss reimbursement	11,288	11,339
	<u>11,288</u>	<u>11,339</u>
Total Revenues	<u>439,213</u>	<u>425,899</u>
Expenditures		
Capital outlay:		
Facilities acquisition:		
Buildings and improvements	249,673	142,959
Tax refunds	-	1,002
	<u>249,673</u>	<u>143,961</u>
Total Expenditures	<u>249,673</u>	<u>143,961</u>
Net Change in Fund Balances	<u>189,540</u>	<u>281,938</u>
Fund Balances, Beginning of Year	<u>677,035</u>	<u>395,097</u>
Fund Balances, End of Year	<u>\$ 866,575</u>	<u>\$ 677,035</u>

**COMSTOCK PARK
PUBLIC SCHOOLS**
Kent County, Michigan

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2020



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COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2020

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**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***

November 3, 2020

The Board of Education
Comstock Park Public Schools
Kent County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Comstock Park Public Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Comstock Park Public Schools’ basic financial statements, and have issued our report thereon dated November 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Comstock Park Public Schools’ 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 Comstock Park Public Schools’ internal control. Accordingly, we do not express an opinion on the effectiveness of Comstock Park Public Schools’ 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 severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Comstock Park Public Schools' 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 purpose.



Certified Public Accountants
Grand Rapids, Michigan



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 3, 2020

The Board of Education
Comstock Park Public Schools
Kent County, Michigan

Report on Compliance for Each Major Federal Program

We have audited Comstock Park Public Schools’ compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Comstock Park Public Schools’ major federal programs for the year ended June 30, 2020. Comstock Park Public Schools’ major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Comstock Park Public Schools’ major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Comstock Park Public Schools’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Comstock Park Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Comstock Park Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Comstock Park Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Comstock Park Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Comstock Park Public Schools' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comstock Park Public Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise of Comstock Park Public Schools' basic financial statements. We issued our report thereon dated November 3, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hungerford Nichols

Certified Public Accountants
Grand Rapids, Michigan

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2020

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U. S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I Cluster:		
Title I:		
	84.010	
191530 1819		\$ 397,715
201530 1920		365,119
Total Title I		762,834
Title II, Part A:		
200520 1920	84.367	
		104,260
Total Title II, Part A		104,260
Title III, Part A:		
190580 1819	84.365	
200570 1920		26,573
200580 1920		8,370
		36,694
Total Title III, Part A		71,637
Title IV, Part A:		
200750 1920	84.424	
		32,384
Total Title IV, Part A		32,384
Total Passed Through MDE		
		971,115
Passed through Kent Intermediate School District (KISD):		
Special Education Cluster:		
I.D.E.A. Grants to States:		
	84.027	
190450 1819		476,452
200450 1920		447,641
Total I.D.E.A. Grants to States		924,093

See Notes to Schedule of Expenditures of Federal Awards.

Accrued (Deferred) Revenue At July 1, 2019	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2020
\$ 106,711	\$ 376,021	\$ -	\$ 106,711	\$ -
-	-	334,432	158,208	176,224
106,711	376,021	334,432	264,919	176,224
-	-	63,324	61,912	1,412
-	-	63,324	61,912	1,412
784	12,867	-	784	-
-	-	1,156	-	1,156
-	-	17,761	13,236	4,525
784	12,867	18,917	14,020	5,681
-	-	32,384	32,384	-
-	-	32,384	32,384	-
107,495	388,888	449,057	373,235	183,317
101,620	476,452	-	101,620	-
-	-	447,641	339,675	107,966
101,620	476,452	447,641	441,295	107,966

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2020

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
I.D.E.A. Preschool:	84.173	
190460 1819		\$ 21,256
200460 1920		20,087
		<hr/>
Total I.D.E.A. Preschool		41,343
		<hr/>
Total Special Education Cluster		965,436
		<hr/>
Total Passed Through KISD		965,436
		<hr/>
Total U.S. Department of Education		1,936,551
		<hr/>
U.S. Department of Health and Human Services		
Passed through Kent Intermediate School District (KISD):		
Medical Assistance Program:	93.778	
1819 Medicaid Outreach		2,468
1920 Medicaid Outreach		6,942
		<hr/>
Total Medical Assistanec Program		9,410
		<hr/>
Total U.S. Department of Health and Human Services		9,410
		<hr/>

See Notes to Schedule of Expenditures of Federal Awards.

Accrued (Deferred) Revenue At July 1, 2019	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2020
\$ 4,708	\$ 21,256	\$ -	\$ 4,708	\$ -
-	-	20,087	18,888	1,199
4,708	21,256	20,087	23,596	1,199
106,328	497,708	467,728	464,891	109,165
106,328	497,708	467,728	464,891	109,165
213,823	886,596	916,785	838,126	292,482
2,468	2,468	-	2,468	-
-	-	6,942	-	6,942
2,468	2,468	6,942	2,468	6,942
2,468	2,468	6,942	2,468	6,942

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2020

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE):		
Nutrition Cluster:		
Non-Cash Assistance (U.S.D.A. Commodities):	10.555	
Entitlement Commodities		\$ 51,953
Cash Assistance:		
Lunch Program	10.555	
191960		421,527
201960		264,751
200902		223,494
200902 SFSP COVID19		86,200
Total Lunch Program		995,972
Breakfast Program	10.553	
191970		111,317
201970		72,565
Total Breakfast Program		183,882
Summer Food Service Program	10.559	
1819		7,614
1920		6,475
Total Summer Food Service Program		14,089
Total Cash Assistance		1,193,943
Total Nutrition Cluster		1,245,896
Total U.S. Department of Agriculture		1,245,896
Total Federal Financial Assistance		\$ 3,191,857

See Notes to Schedule of Expenditures of Federal Awards.

Accrued (Deferred) Revenue At July 1, 2019	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2020
\$ -	\$ -	\$ 51,953	\$ 51,953	\$ -
4,488	421,527	54,765	59,253	-
-	-	264,751	264,751	-
-	-	223,494	223,494	-
-	-	86,200	-	86,200
4,488	421,527	629,210	547,498	86,200
2,425	111,317	14,202	16,627	-
-	-	72,565	72,565	-
2,425	111,317	86,767	89,192	-
7,614	7,614	-	7,614	-
-	-	6,475	6,475	-
7,614	7,614	6,475	14,089	-
14,527	540,458	722,452	650,779	86,200
14,527	540,458	774,405	702,732	86,200
14,527	540,458	774,405	702,732	86,200
\$ 230,818	\$ 1,429,522	\$ 1,698,132	\$ 1,543,326	\$ 385,624

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Comstock Park Public Schools under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Comstock Park Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows, as applicable, of Comstock Park Public Schools.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Comstock Park Public Schools has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note D – Grant Section Auditor Report

Management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

Note E – Non-Cash Assistance

The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the SEFA for USDA donated food commodities.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
For the year ended June 30, 2020

Note F – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I	\$ 334,432	\$ 334,432	\$ -
Title II, Part A	63,324	63,324	-
Title III, Part A	18,917	18,917	-
Title IV, Part A	32,384	32,384	-
Special Education Cluster	467,728	467,728	-
Medical Assistance Program	6,942	6,942	-
Nutrition Cluster	774,405	774,405	-
Qualified Bond Interest Subsidy	-	532,944	(532,944) *
	<u>\$ 1,698,132</u>	<u>\$ 2,231,076</u>	<u>\$ (532,944)</u>

* The difference in Federal grant expenditures to revenue per the financial statement is due to a Qualified Bond Interest Subsidy.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major programs audited:

Nutrition Cluster
10.555 Non-Cash Assistance
(USDA Commodities)
10.555 Lunch Program
10.553 Breakfast Program
10.559 Summer Food Service

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2020

Section I - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

X

Yes

 No

Section II - Financial Statements Audit Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no findings or questioned costs.



November 3, 2020

The Board of Education
Comstock Park Public Schools
Kent County, Michigan

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Comstock Park Public Schools for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Comstock Park Public Schools are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management’s estimate of the liability of the payout for the employee compensated absences upon their retirement is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the lives of capital assets. We evaluated the key factors and assumptions used to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. Certain amounts included in capital assets have been estimated by appraisers based on historical information for assets placed in service prior to implementation of GASB Statement No. 34.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were related to the District's share of the net pension and net OPEB liabilities related to GASB Statements No. 68 and 75.

The disclosure of the net pension liability and the net OPEB liability in the Notes to the financial statements were recorded as of June 30, 2020 based on information received from the Michigan Office of Retirement Services. We evaluated the key factors and assumptions used to develop these liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 3, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and Schedules related to the Proportionate Share and Contributions of the District's Net Pension and Net OPEB Liabilities, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual fund statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Comments

The District General Fund balance increased by \$1,258,139 to \$4,526,949 at June 30, 2020. This balance represents approximately 22.5 percent of the District's 2020-21 expenditure budget (up from 15.9 percent at June 30, 2019). It is the policy of the Board of Education of Comstock Park Public Schools to maintain a General Fund balance of at least 12% of subsequent year expenditures. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District.

Restriction on Use

This communication is intended solely for the information and use of the Comstock Park Public Schools Board of Education and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Departments of Education and Treasury as an enclosure with the audited financial statements as required by the State of Michigan.

Hungerford Nichols

Certified Public Accountants