LESLIE PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2023

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Leslie Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Public Schools', as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Leslie Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Public Schools', as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leslie Public Schools' and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Leslie Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Leslie Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards 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 October 27, 2023 on our consideration of Leslie Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Leslie Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Leslie Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

October 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Leslie Public Schools (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL OVERVIEW

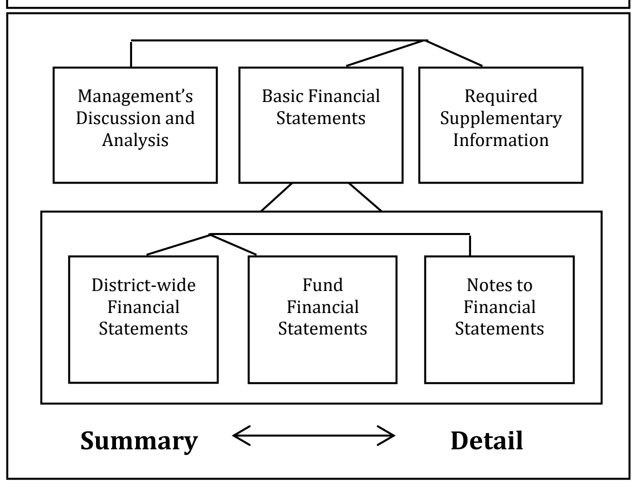
- The District's general fund financial situation improved from the 2022 fiscal year to 2023.
- For the 2022-2023 school year, general fund balance increased by $1,026,301.
- During the 2022-2023 school year, compared to 2021-2022, general fund revenues increased by $1,944,571 (13.77%), while expenditures increased by $1,538,290 (11.28%).
- Student enrollment increased by 20 students from the 2022 count to 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements 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 notes to financial statements.
- The governmental funds statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.

Figure A-1
Organization of Leslie Public Schools' Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year and required information related to pension and OPEB. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2
Major Features of District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements: Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the District's assets, deferred outflows, deferred inflows, and liabilities. 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 they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows, and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- Governmental Activities - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

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:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying debt, and its capital project fund) or to show that it is properly using certain revenues (like school lunch).

The District has one kind of fund:

- 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, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - The District's combined net position improved as of June 30, 2023 when compared to June 30, 2022.

Table A-3
Leslie Public Schools' Net Position

	2023	2022
ASSETS		
Current assets	$ 8,686,212	$ 7,324,310
Capital assets, net of depreciation	13,417,869	13,076,267
TOTAL ASSETS	22,104,081	20,400,577
DEFERRED OUTFLOWS OF RESOURCES	9,706,792	5,313,747
LIABILITIES		
Noncurrent liabilities	1,449,651	1,909,802
Other liabilities	4,232,573	4,254,717
Net pension liability	26,299,947	17,727,678
Net other postemployment benefits liability	1,411,690	1,111,973
TOTAL LIABILITIES	33,393,861	25,004,170
DEFERRED INFLOWS OF RESOURCES	7,169,479	12,470,025
NET POSITION		
Net investment in capital assets	12,040,383	11,250,276
Restricted	1,554,353	1,162,393
Unrestricted	(22,347,203)	(24,172,540)
TOTAL NET POSITION	$ (8,752,467)	$ (11,759,871)

Table A-4
Changes in Leslie Public School Schools' Net Position

	2023	2022
REVENUES		
Program revenues		
Charges for services	$ 434,415	$ 214,116
Operating grants and contributions	5,370,258	5,158,818
General revenues		
Property taxes	2,763,013	2,792,527
State aid - unrestricted	8,313,868	7,347,971
Intermediate sources	681,294	820,355
Other	191,163	136,081
TOTAL REVENUES	17,754,011	16,469,868
EXPENSES		
Instruction	7,950,482	6,905,179
Support services	4,958,056	4,718,763
Community services	200,442	86,642
Food services	542,661	696,239
Student/school activities	336,162	264,268
Interest on long-term debt	4,351	68,646
Depreciation/amortization	754,453	314,188
TOTAL EXPENSES	14,746,607	13,053,925
Change in net position	$ 3,007,404	$ 3,415,943

District Governmental Activities

The District’s financial condition has resulted from a number of factors including the following:

- Proposal A established the student foundation grant concept. The foundation grant for Leslie Public Schools has increased from $4,857 per student in 1995 to $9,150 per student in 2023.

- The District strives to manage staffing levels in accordance with student count and seeks to save money in non-instructional areas whenever possible.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

- The District’s fund balance as combined for all funds is $4,472,602 compared to $3,108,305 in 2022. Total fund balance increased by $1,364,297 in 2023, as compared to an increase of $870,876 for 2022.

General Fund and Budget Highlights

- During the 2022-23 fiscal year, the original District budget was amended to reflect changes which affected the District. Significant changes included adjustments for state revenues, actual staffing costs and other expenditure changes. The final budget was amended to show an ending fund balance of $1,337,958 while the actual fund balance for the year was $2,364,022.

- General fund revenues were $553,102 higher than budgeted. This variance was related to the level of State funding received.

- General fund expenditures were $361,585 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

Table A-5
Leslie Public Schools' Capital Assets

	2023			2022
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Land	$ 661,357	$ -	$ 661,357	$ 661,357
Buildings and additions	27,659,918	15,651,061	12,008,857	11,925,615
Equipment and technology	1,171,364	838,828	332,536	358,508
Right to use asset - leased equipment	88,315	-	88,315	-
Vehicles	1,056,276	729,472	326,804	130,787
Total	$ 30,637,230	$ 17,219,361	$ 13,417,869	$ 13,076,267

The change in the net book value is due to current year depreciation/amortization.

LONG-TERM OBLIGATIONS

At year end, the District had $1,449,651 of long-term obligations outstanding as shown in Table A-6. More detailed information is available in notes to the financial statements.

Table A-6
Leslie Public Schools
Outstanding Long-Term Obligations

	2023	2022
General obligation bonds	$ 1,011,552	$ 1,507,329
Notes from direct borrowings and direct placements	390,087	354,892
Compensated absences	48,012	47,581
	$ 1,449,651	$ 1,909,802

MANAGEMENT'S DISCUSSION AND ANALYSIS

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The 2023-24 proposed budget was based on the State Aid Foundation allowance increasing from $9,150 to $9,450, or an increase of $300 per student.

- The District continues to project losses in enrollment due to reduced population in the county and state as well as competition from other districts for "Schools of Choice" students. For the 2023-24 school year, the District anticipates the loss of about 30 students from the 2022 fall count.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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 information, contact the central administration, Leslie Public Schools, 4141 Hull Road, Leslie, MI 49251.

BASIC FINANCIAL STATEMENTS

LESLIE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 5,768,032
Receivables	
Intergovernmental	2,823,114
Inventories	29,357
Prepaids	65,709
Capital assets not being depreciated/amortized	661,357
Capital assets, net of accumulated depreciation/amortization	12,756,512
TOTAL ASSETS	22,104,081
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	24,153
Related to pension	7,786,872
Related to other postemployment benefit	1,895,767
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,706,792
LIABILITIES	
Accounts payable	212,832
Accrued salaries and related items	1,117,724
Accrued retirement	623,363
Accrued interest	54,655
Notes payable	2,031,878
Unearned revenue	192,121
Noncurrent liabilities	
Due within one year	547,714
Due in more than one year	901,937
Net pension liability	26,299,947
Net other postemployment benefit liability	1,411,690
TOTAL LIABILITIES	33,393,861
DEFERRED INFLOWS OF RESOURCES	
Related to pension	1,846,453
Related to state aid funding for pension	1,811,590
Related to other postemployment benefit	3,511,436
TOTAL DEFERRED INFLOWS OF RESOURCES	7,169,479
NET POSITION	
Net investment in capital assets	12,040,383
Restricted for debt service	71,472
Restricted for capital projects (sinking fund)	1,482,881
Unrestricted	(22,347,203)
TOTAL NET POSITION	$ (8,752,467)

See notes to financial statements.

LESLIE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 7,950,482	$ 20	$ 3,788,024	$ (4,162,438)
Support services	4,958,056	90,089	734,148	(4,133,819)
Community services	200,442	103,990	786	(95,666)
Food services	542,661	240,316	495,199	192,854
Student/school activities	336,162	-	352,101	15,939
Interest on long-term debt	4,351	-	-	(4,351)
Unallocated depreciation/amortization	754,453	-	-	(754,453)
Total governmental activities	$ 14,746,607	$ 434,415	$ 5,370,258	(8,941,934)
General revenues				
Property taxes, levied for general purposes				1,539,053
Property taxes, levied for debt service				425,545
Property taxes, levied for sinking fund				798,415
Investment earnings				94,971
State sources - unrestricted				8,313,868
Intermediate sources				681,294
Other				96,192
Total general revenues				11,949,338
CHANGE IN NET POSITION				3,007,404
NET POSITION, beginning of year				(11,759,871)
NET POSITION, end of year				$ (8,752,467)

See notes to financial statements.

LESLIE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,737,238	$ 1,485,348	$ 545,446	$ 5,768,032
Receivables				
Intergovernmental	2,752,002	-	71,112	2,823,114
Due from other funds	4,130	-	1,000	5,130
Inventories	-	-	29,357	29,357
Prepaids	65,709	-	-	65,709
TOTAL ASSETS	$ 6,559,079	$ 1,485,348	$ 646,915	$ 8,691,342
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 210,028	$ 2,467	$ 337	$ 212,832
Accrued interest payable	35,692	-	-	35,692
Accrued salaries and related items	1,107,792	-	9,932	1,117,724
Accrued retirement	623,363	-	-	623,363
Notes payable	2,031,878	-	-	2,031,878
Due to other funds	1,000	-	4,130	5,130
Unearned revenue	185,304	-	6,817	192,121
TOTAL LIABILITIES	4,195,057	2,467	21,216	4,218,740
FUND BALANCES				
Nonspendable				
Inventories	-	-	29,357	29,357
Prepaids	65,709	-	-	65,709
Restricted for:				
Debt service	-	-	90,435	90,435
Capital projects (sinking fund)	-	1,482,881	-	1,482,881
Food service	-	-	291,649	291,649
Committed for student/school activities	-	-	203,930	203,930
Assigned for:				
Capital projects	-	-	10,328	10,328
Unassigned - general	2,298,313	-	-	2,298,313
TOTAL FUND BALANCES	2,364,022	1,482,881	625,699	4,472,602
TOTAL LIABILITIES AND FUND BALANCES	$ 6,559,079	$ 1,485,348	$ 646,915	$ 8,691,342

See notes to financial statements.

LESLIE PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2023

Total governmental fund balances		$ 4,472,602
Amounts reported for governmental activities in the statement of net position is different because:		
Deferred outflows of resources - deferred charge on refunding, net of amortization		24,153
Deferred outflows of resources - related to pension		7,786,872
Deferred outflows of resources - related to other postemployment benefit		1,895,767
Deferred inflows of resources - related to pension		(1,846,453)
Deferred inflows of resources - related to other postemployment benefit		(3,511,436)
Deferred inflows of resources - state aid funding for pension		(1,811,590)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 30,637,230	
Accumulated depreciation/amortization is	(17,219,361)	
		13,417,869
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligations and notes from direct borrowings and direct placements		(1,401,639)
Compensated absences		(48,012)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(18,963)
Net pension liability		(26,299,947)
Net other postemployment benefit liability		(1,411,690)
Net position of governmental activities		$ (8,752,467)

See notes to financial statements.

LESLIE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	$ 1,539,053	$ 798,415	$ 425,545	$ 2,763,013
Investment earnings	66,111	11,111	17,749	94,971
Food service sales	-	-	240,316	240,316
Athletics	90,089	-	-	90,089
Other local sources	192,140	-	-	192,140
Student/school activities	-	-	352,101	352,101
Total local sources	1,887,393	809,526	1,035,711	3,732,630
State sources	12,183,744	-	35,088	12,218,832
Federal sources	1,310,267	-	460,111	1,770,378
Incoming transfers and other	681,294	-	-	681,294
TOTAL REVENUES	16,062,698	809,526	1,530,910	18,403,134
EXPENDITURES				
Current				
Instruction	8,963,926	-	-	8,963,926
Supporting services	5,551,438	-	-	5,551,438
Food service activities	-	-	750,513	750,513
Capital outlay	401,195	374,965	-	776,160
Student/school activities	-	-	336,162	336,162
Community service activities	195,595	-	-	195,595

See notes to financial statements.

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)				
Debt service				
Principal repayment on debt	$ 53,120	$ -	$ 450,000	$ 503,120
Interest on debt	7,500	-	50,300	57,800
Other	-	-	500	500
TOTAL EXPENDITURES	15,172,774	374,965	1,587,475	17,135,214
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	889,924	434,561	(56,565)	1,267,920
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	-	-	40,000
Transfers out	-	-	(40,000)	(40,000)
Proceeds from sale of capital assets	8,062	-	-	8,062
Proceeds from leases	88,315	-	-	88,315
TOTAL OTHER FINANCING SOURCES (USES)	136,377	-	(40,000)	96,377
NET CHANGE IN FUND BALANCES	1,026,301	434,561	(96,565)	1,364,297
FUND BALANCES				
Beginning of year	1,337,721	1,048,320	722,264	3,108,305
End of year	$ 2,364,022	$ 1,482,881	$ 625,699	$ 4,472,602

See notes to financial statements.

LESLIE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances total governmental funds	$ 1,364,297
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(754,453)
Capital outlay	1,101,432
Loss on disposal of assets	(5,377)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	38,712
Accrued interest payable, end of the year	(18,963)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:	
Proceeds from leases	(88,315)
Payments on debt	503,120
Amortization of deferred charge on refunding	(12,077)
Amortization of bond premium	45,777
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated absences, beginning of the year	47,581
Compensated absences, end of the year	(48,012)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	332,018
Other postemployment benefit related items	1,158,849
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension	(657,185)
Change in net position of governmental activities	$ 3,007,404

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Leslie Public Schools (the "District") is governed by the Leslie Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *Capital Projects Sinking Fund* accounts for the receipt of debt proceeds, property taxes, and the acquisition of capital assets or construction of major capital projects. The Leslie Public Schools *Capital Projects Sinking Fund* records activity funded with the Sinking Fund millage. For this fund, the District has complied with the applicable provisions of §1212(l) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Additionally, the District reports the following *Nonmajor Fund Types*:

The *Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service activities and student/school activities in special revenue funds.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The District maintains nonmajor capital projects funds for various assigned purposes.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* 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 provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2023. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated/amortized. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Buildings and additions	20 - 50 years
Equipment and technology	5 - 20 years
Right to use - leased equipment	5 years
Vehicles	8 years

Defined Benefit Plans

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

Deferred Outflows

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 a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefit related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Leases

Lessee: The District may, from time to time, be the lessee of a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.000
Commercial Personal Property	6.000
Debt service fund:	
PRE, Non-PRE, Commercial Property	1.580
Sinking fund:	
PRE, Non-PRE, Commercial Property	2.965

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-Term Obligations

In the government-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 using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-Term Obligations (continued)

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 issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, the District had deposits subject to the following risk, and no investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, $5,665,333 of the District's bank balance of $6,165,333 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is $5,768,032.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, 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.

Interest Rate Risk

In accordance with its investment policy, the District will minimize 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 mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The District does not have any investments subject to the fair value measurement.

The District does not have investments subject to fair market value.

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	$ 661,357	$ -	$ -	$ 661,357
Capital assets, being depreciated/amortized				
Buildings and additions	27,106,089	690,896	137,067	27,659,918
Right to use - leased equipment	-	88,315	-	88,315
Equipment and technology	1,298,049	52,859	179,544	1,171,364
Vehicles	1,530,941	269,362	744,027	1,056,276
Total capital assets, being depreciated	29,935,079	1,101,432	1,060,638	29,975,873
Accumulated depreciation/amortization				
Buildings and additions	15,180,474	607,654	137,067	15,651,061
Right to use - leased equipment	-	-	-	-
Equipment and technology	939,541	73,454	174,167	838,828
Vehicles	1,400,154	73,345	744,027	729,472
Total accumulated depreciation/amortization	17,520,169	754,453	1,055,261	17,219,361
Net capital assets being depreciated/amortized	12,414,910	346,979	5,377	12,756,512
Net governmental capital assets	$ 13,076,267	$ 346,979	$ 1,060,638	$ 13,417,869

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to $754,453. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Amounts reported as intergovernmental receivables at June 30, 2023 consist of the following:

Other governmental units	
State aid	$ 2,133,977
Federal grants	581,191
Payments from ISD	107,946
	$ 2,823,114

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2023, the District issued state aid anticipation notes payable, 2022A-1 and 2022A-2 in the amount of $250,000 and $2,000,000, respectively, which have an interest rate of 1.97% and 1.99%, respectively, and mature on July 20, 2023 and August 21, 2023, respectively. Proceeds of the notes were used to fund school operations. The notes are secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the notes, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. The State Aid note 2022A-1 required payment to an irrevocable set-aside account for principal and accrued interest at June 30, 2023 in the amount of $218,122. At year end the balance of these payments are considered defeased debt and are not included in the year-end balance. Activity for the year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
$ 2,399,395	$ 2,250,000	$ 2,617,517	$ 2,031,878

NOTE 6 - LONG-TERM OBLIGATIONS

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

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences	Total
Balance July 1, 2022	$ 1,507,329	$ 354,892	$ 47,581	$ 1,909,802
Additions	-	88,315	431	88,746
Deletions	(495,777)	(53,120)	-	(548,897)
Balance June 30, 2023	1,011,552	390,087	48,012	1,449,651
Due within one year	(465,000)	(77,913)	(4,801)	(547,714)
Due in more than one year	$ 546,552	$ 312,174	$ 43,211	$ 901,937

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2023 are comprised of the following issues:

<u>General Obligation Bonds</u>	
2019 Refunding bond due in annual installments of $450,000 to $465,000 through May 2025 with interest from 3.00% to 4.00%	$ 920,000
Plus unamortized premium on bond refunding	91,552
Total general obligation debt	1,011,552
<u>Notes from Direct Borrowings and Direct Placements</u>	
Copier lease due in monthly installments of $1,732 through July 2, 2028, with an implied interest rate of 8.25%.	88,315
$184,297 Installment Purchase Agreement, due in annual installments of $21,822 to $33,536 through February 13, 2025, with interest of 4.55%.	55,358
$161,929 Installment Purchase Agreement, due in an annual installment of $20,724 through October 19, 2027, with interest of 5.75%.	161,929
$84,485 Installment Purchase Agreement, due in an annual installment of $10,813 through October 19, 2027, with interest of 5.75%.	84,485
Total notes from direct borrowings and direct placements	390,087
Total general obligations bonds and notes from direct borrowings and direct placements	1,401,639
Compensated absences	48,012
Total general long-term obligations	$ 1,449,651

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $390,087 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, $2,540,000 of bonds outstanding are considered defeased.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2023 are as follows:

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements			
Year Ending June 30,	Principal	Interest	Principal	Interest	Compensated Absences	Total
2024	$ 465,000	$ 36,800	$ 77,913	$ 9,833	$ -	$ 589,546
2025	455,000	18,200	55,952	18,588	-	547,740
2026	-	-	36,570	15,752	-	52,322
2027	-	-	39,155	13,167	-	52,322
2028	-	-	175,372	10,392	-	185,764
2029			5,125	71		5,196
Total	920,000	55,000	390,087	67,803	-	1,432,890
Unamortized premium on bond refunding	91,552	-	-	-	-	91,552
Compensated absences	-	-	-	-	48,012	48,012
	$ 1,011,552	$ 55,000	$ 390,087	$ 67,803	$ 48,012	$ 1,572,454

Interest expense (all funds) for the year ended June 30, 2023 was approximately $57,800.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

<u>Plan Description</u>

The Michigan Public School Employees' Retirement System (MPSERS) (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. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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 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 & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (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 investment 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.

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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

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 4.3% 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 the 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 their 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 and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 cost 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 will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

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 health care 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.

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 will be deposited into their 401(k) accounts.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - 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.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately $3,167,000. Of the total pension contributions approximately $3,090,000 was contributed to fund the Defined Benefit Plan and approximately $77,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately $616,000. Of the total OPEB contributions approximately $566,000 was contributed to fund the Defined Benefit Plan and approximately $50,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total Pension Liability	$ 95,876,795,620	$ 86,392,473,395
Plan Fiduciary Net Position	$ 58,268,076,344	$ 62,717,060,920
Net Pension Liability	$ 37,608,719,276	$ 23,675,412,475
Proportionate share	0.06993%	0.07488%
Net Pension liability for the District	$ 26,299,947	$ 17,727,678

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of $2,757,909.

At June 30, 2023, the Reporting Unit 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 earnings on pension plan investments	$ 61,673	$ -
Difference between expected and actual experience	263,091	(58,804)
Changes in proportion and differences between employer contributions and proportionate share	40,973	(1,787,649)
Changes of assumptions	4,519,273	-
Reporting Unit's contributions subsequent to the measurement date	2,901,862	-
	$ 7,786,872	$ (1,846,453)

$2,901,862, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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 Ending September 30,	Amount
2023	$ 806,765
2024	422,320
2025	429,923
2026	1,379,549

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total other postemployment benefit liability	$ 12,522,713,324	$ 12,046,393,511
Plan fiduciary net position	$ 10,404,650,683	$ 10,520,015,621
Net other postemployment benefit liability	$ 2,118,062,641	$ 1,526,377,890
Proportionate share	0.06665%	0.07285%
Net other postemployment benefit liability for the District	$ 1,411,690	$ 1,111,973

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

For the year ended June 30, 2023, the District recognized OPEB benefit of $592,432.

At June 30, 2023, the Reporting Unit 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
Changes of assumptions	$ 1,258,285	$ (102,457)
Net difference between projected and actual plan investment earnings	110,335	-
Differences between expected and actual experience	-	(2,764,960)
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,321	(644,019)
Reporting Unit's contributions subsequent to the measurement date	488,826	-
	$ 1,895,767	$ (3,511,436)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

$488,826, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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 Ending September 30,	Amount
2023	$ (650,033)
2024	(608,594)
2025	(569,708)
2026	(167,970)
2027	(95,045)
2028	(13,145)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and 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.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.1%
International Equity Pools	15.00%	6.7%
Private Equity Pools	16.00%	8.7%
Real Estate and Infrstructure Pools	10.00%	5.3%
Fixed Income Pools	13.00%	-0.2%
Absolute Return Pools	9.00%	2.7%
Real Return/Opportunistic Pools	10.00%	5.8%
Short Term Investment Pools	2.00%	-0.5%
	100.00%	

* Long term rate of return are net of adminstrative expenses and 2.2% inflation.

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.80% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts 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.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts 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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit'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 than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 34,706,159	$ 26,299,947	$ 19,372,849

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit'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 than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 2,367,975	$ 1,411,690	$ 606,380

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 591,148	$ 1,411,690	$ 2,332,765

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District believes such amounts, if any, would be immaterial.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation and property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE 10 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

NOTE 10 - TAX ABATEMENTS (continued)

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

Municpality	Taxes Abated
Ingham County	$ 1,556

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 11 - SUBSEQUENT EVENT

The District borrowed $3,000,000 in August 2023 to replace the notes payable as described in Note 5.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENT

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of the GASB Statement No.* 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principle and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires not disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the District's financial statement after the adoption of GASB Statement No. 96.

NOTE 14 - TRANSFERS

During the year the food service fund transferred $40,000 to the general fund for indirect cost reimbursement.

REQUIRED SUPPLEMENTARY INFORMATION

LESLIE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local revenues	$ 1,634,702	$ 1,853,933	$ 1,887,393	$ 33,460
State sources	10,782,745	11,317,199	12,183,744	866,545
Federal sources	415,939	1,415,757	1,310,267	(105,490)
Incoming transfers and other	967,327	922,707	681,294	(241,413)
TOTAL REVENUE	13,800,713	15,509,596	16,062,698	553,102
EXPENDITURES				
Current				
Instruction				
Basic programs	7,077,960	7,057,392	7,386,340	(328,948)
Summer school	12,813	16,880	29,960	(13,080)
Added needs	1,427,942	1,520,312	1,547,626	(27,314)
Total instruction	8,518,715	8,594,584	8,963,926	(369,342)
Supporting services				
Pupil	887,761	964,156	745,068	219,088
Instructional staff	652,526	605,070	510,814	94,256
General administration	362,943	338,184	318,601	19,583
School administration	718,985	757,053	780,305	(23,252)
Business	224,295	251,318	270,221	(18,903)
Operation and maintenance	1,241,663	1,552,482	1,336,936	215,546
Pupil transportation	622,450	1,006,408	852,705	153,703
Central	157,614	341,529	324,731	16,798
Pupil activities	11,119	13,727	17,753	(4,026)
Athletics	397,149	409,972	394,304	15,668
Total supporting services	5,276,505	6,239,899	5,551,438	688,461
Debt service				
Principal	-	-	53,120	(53,120)
Interest	8,000	8,000	7,500	500
Total debt service	8,000	8,000	60,620	(52,620)
Capital outlay	20,000	520,000	401,195	118,805
Community services	95,155	171,876	195,595	(23,719)
TOTAL EXPENDITURES	13,918,375	15,534,359	15,172,774	361,585
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(117,662)	(24,763)	889,924	914,687
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	8,062	8,062
Proceeds from leases	-	-	88,315	88,315
Transfers in	35,000	25,000	40,000	15,000
Total other financing sources (uses)	35,000	25,000	136,377	111,377
NET CHANGE IN FUND BALANCE	$ (82,662)	$ 237	1,026,301	$ 1,026,064
FUND BALANCE				
Beginning of year			1,337,721	
End of year			$ 2,364,022	

LESLIE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.06993%	0.07488%	0.07856%	0.07902%	0.07756%	0.07717%	0.08094%	0.07970%	0.07744%
Reporting Unit's proportionate share of net pension liability	$ 26,299,947	$ 17,727,678	$ 26,987,657	$ 26,169,993	$ 23,314,845	$ 19,996,843	$ 20,193,351	$ 19,465,630	$ 17,056,419
Reporting Unit's covered-employee payroll	$ 6,771,943	$ 6,610,195	$ 6,962,102	$ 6,950,947	$ 6,724,376	$ 6,295,783	$ 6,959,664	$ 6,457,949	$ 6,539,867
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	388.37%	268.19%	387.64%	378.65%	346.72%	317.62%	290.15%	301.42%	260.81%
Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

LESLIE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 3,089,927	$ 2,341,938	$ 2,229,918	$ 2,114,147	$ 2,081,015	$ 1,914,124	$ 1,850,621	$ 1,773,372	$ 1,389,302
Contributions in relation to statutorily required contributions	3,089,927	2,341,938	2,229,918	2,114,147	2,081,015	1,914,124	1,850,621	1,773,372	1,389,302
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 6,504,655	$ 6,488,035	$ 6,705,529	$ 7,017,544	$ 6,857,345	$ 6,577,513	$ 6,578,407	$ 6,620,123	$ 6,473,895
Contributions as a percentage of covered-employee payroll	47.50%	36.10%	33.25%	30.13%	30.35%	29.10%	28.13%	26.79%	21.46%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

LESLIE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.06665%	0.07285%	0.07876%	0.07953%	0.07897%	0.07285%
Reporting Unit's proportionate share of net OPEB liability	$ 1,411,690	$ 1,111,973	$ 4,219,395	$ 5,708,118	$ 6,277,657	$ 6,862,401
Reporting Unit's covered-employee payroll	$ 6,771,943	$ 6,610,195	$ 6,962,102	$ 6,950,947	$ 6,724,376	$ 6,295,783
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	20.85%	16.82%	60.61%	82.12%	93.36%	109.00%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, reporting units should present information for those years for which information is available.

LESLIE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 566,417	$ 528,201	$ 572,512	$ 584,914	$ 576,559	$ 531,612
Contributions in relation to statutorily required contributions	566,417	528,201	572,512	584,914	576,559	531,612
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 6,504,655	$ 6,488,035	$ 6,705,529	$ 7,017,544	$ 6,857,345	$ 6,577,513
Contributions as a percentage of covered-employee payroll	8.71%	8.14%	8.54%	8.34%	8.41%	8.08%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, reporting units should present information for those years for which information is available.

LESLIE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

ADDITIONAL SUPPLEMENTARY INFORMATION

LESLIE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	$ 444,683	$ 90,435	$ 10,328	$ 545,446
Intergovernmental receivable	71,112	-	-	71,112
Due from other funds	1,000	-	-	1,000
Inventories	29,357	-	-	29,357
TOTAL ASSETS	$ 546,152	$ 90,435	$ 10,328	$ 646,915
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 337	$ -	$ -	$ 337
Accrued salaries and related items	9,932	-	-	9,932
Due to other funds	4,130	-	-	4,130
Unearned revenue	6,817	-	-	6,817
TOTAL LIABILITIES	21,216	-	-	21,216
FUND BALANCES				
Nonspendable				
Inventories	29,357	-	-	29,357
Restricted for:				
Debt service	-	90,435	-	90,435
Food service	291,649	-	-	291,649
Committed for:				
Student/school activities	203,930	-	-	203,930
Assigned for capital projects	-	-	10,328	10,328
TOTAL FUND BALANCES	524,936	90,435	10,328	625,699
TOTAL LIABILITIES AND FUND BALANCES	$ 546,152	$ 90,435	$ 10,328	$ 646,915

LESLIE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	$ -	$ 425,545	$ -	$ 425,545
Student/school activities	352,101	-	-	352,101
Food sales	240,316	-	-	240,316
Investment earnings	4,844	12,905	-	17,749
Total local sources	597,261	438,450	-	1,035,711
State sources	35,088	-	-	35,088
Federal sources	460,111	-	-	460,111
TOTAL REVENUES	1,092,460	438,450	-	1,530,910
EXPENDITURES				
Current				
Food service activities	750,513	-	-	750,513
Student/school activities	336,162	-	-	336,162
Debt service				
Principal repayment	-	450,000	-	450,000
Interest on debt	-	50,300	-	50,300
Other expense	-	500	-	500
TOTAL EXPENDITURES	1,086,675	500,800	-	1,587,475
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,785	(62,350)	-	(56,565)
OTHER FINANCING USES				
Transfers out	(40,000)	-	-	(40,000)
NET CHANGE IN FUND BALANCES	(34,215)	(62,350)	-	(96,565)
FUND BALANCES				
Beginning of year	559,151	152,785	10,328	722,264
End of year	$ 524,936	$ 90,435	$ 10,328	$ 625,699

LESLIE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Food Service	Student/School Activities	Total Nonmajor
ASSETS			
Cash and cash equivalents	$ 236,623	$ 208,060	$ 444,683
Intergovernmental	71,112	-	71,112
Due from other funds	1,000	-	1,000
Inventories	29,357	-	29,357
TOTAL ASSETS	$ 338,092	$ 208,060	$ 546,152
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 337	$ -	$ 337
Accrued salaries and related items	9,932	-	9,932
Due to other funds	-	4,130	4,130
Unearned revenue	6,817	-	6,817
TOTAL LIABILITIES	17,086	4,130	21,216
FUND BALANCES			
Nonspendable			
Inventory	29,357	-	29,357
Restriced - Food service	291,649	-	291,649
Committed for - Student/school activities	-	203,930	203,930
TOTAL FUND BALANCES	321,006	203,930	524,936
TOTAL LIABILITIES AND FUND BALANCES	$ 338,092	$ 208,060	$ 546,152

LESLIE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Food Service	Student/School Activities	Total Nonmajor
REVENUES			
Sales	$ 240,316	$ -	$ 240,316
Investment earnings	4,844	-	4,844
State sources	35,088	-	35,088
Student/school activities	-	352,101	352,101
Federal sources	460,111	-	460,111
TOTAL REVENUES	740,359	352,101	1,092,460
EXPENDITURES			
Salaries	203,445	-	203,445
Benefits	179,256	-	179,256
Purchased services	1,257	-	1,257
Supplies and materials	338,529	-	338,529
Capital outlay	13,830	-	13,830
Other expenses	14,196	336,162	350,358
TOTAL EXPENDITURES	750,513	336,162	1,086,675
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,154)	15,939	5,785
OTHER FINANCING USES			
Transfers out	(40,000)	-	(40,000)
NET CHANGE IN FUND BALANCES	(50,154)	15,939	(34,215)
FUND BALANCES			
Beginning of year	371,160	187,991	559,151
End of year	$ 321,006	$ 203,930	$ 524,936

LESLIE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

$2,870,000 Bonds issued October 7, 2019:

	Interest Due		Debt Service Requirement for Fiscal Year	
Principal Due May 1	May 1	November 1	June 30,	Amount
$ 465,000	$ 18,400	$ 18,400	2024	$ 501,800
455,000	9,100	9,100	2025	473,200
$ 920,000	$ 27,500	$ 27,500		$ 975,000

The above bonds have interest rates from 3.0% to 4.0%. The bonds were issued for the purpose of refunding the 2008 bonds.

LESLIE PUBLIC SCHOOLS
INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2023

Installment purchase agreement entered on September 19, 2023:

Principal Due October 1	Interest Due October 1	Payment for Fiscal Year June 30,	Amount
$ 19,949	$ 776	2024	$ 20,725
12,425	8,300	2025	20,725
13,172	7,553	2026	20,725
13,940	6,785	2027	20,725
102,443	5,972	2028	108,415
$ 161,929	$ 29,386		$ 191,315

LESLIE PUBLIC SCHOOLS
INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2023

Installment purchase agreement entered on September 19, 2023:

Principal Due October 1	Interest Due October 1	Payment for Fiscal Year June 30,	Payment for Fiscal Year Amount
$ 10,408	$ 405	2024	$ 10,813
6,483	4,330	2025	10,813
6,872	3,941	2026	10,813
7,273	3,540	2027	10,813
53,449	3,116	2028	56,565
$ 84,485	$ 15,332		$ 99,817

LESLIE PUBLIC SCHOOLS
INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2023

Installment purchase agreement entered on December 13, 2018:

Principal Due	Interest Due	Payment for Fiscal Year June 30,	Amount
$ 33,536	$ 1,888	2024	$ 35,424
21,822	396	2025	22,218
$ 55,358	$ 2,284		$ 57,642

LESLIE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Assistance Lisiting Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2022	Adjustments	Prior Year Expenditures (Memorandum Only)	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Donated Food)									
Entitlement	10.555	N/A	$ 39,771	$ -	$ -	$ -	$ 39,771	$ 39,771	$ -
Bonus	10.555	N/A	711	-	-	-	711	711	-
Total Non-Cash Assistance			40,482	-	-	-	40,482	40,482	-
Cash Assistance									
National School Lunch Program	10.555	230910	15,037	-	-	-	15,037	15,037	-
	10.555	220910	24,692	-	-	-	24,692	24,692	-
	10.555	231960	510,615	-	-	-	185,281	230,784	45,503
National School Lunch Program	10.555	221960	44,303	-	-	-	44,303	44,303	-
National School Lunch Program	10.555	221961	461,825	150,969	-	461,835	150,969	-	-
			1,056,472	150,969	-	461,835	420,282	314,816	45,503
Total ALN 10.555			1,096,954	150,969	-	461,835	460,764	355,298	45,503
National School Breakfast Program	10.553	231970	53,243	-	-	-	43,402	55,545	12,143
National School Breakfast Program	10.553	221970	8,149	-		-	8,149	8,149	-
National School Breakfast Program	10.553	221971	98,506	36,421	-	98,506	36,421	-	-
Total ALN 10.553			159,898	36,421	-	98,506	87,972	63,694	12,143
Total Cash Assistance			1,216,370	187,390	-	560,341	508,254	378,510	57,646
Total Child Nutrition Cluster			1,256,852	187,390	-	560,341	548,736	418,992	57,646
Child and Adult Care Food Program	10.558	231920	37,851	-	-	-	31,096	38,315	7,219
Child and Adult Care Food Program	10.558	221920	31,234	11,907	-	31,234	12,056	149	-
Child and Adult Care Food Program	10.558	232010	1,842	-	-	-	1,503	1,893	390
Child and Adult Care Food Program	10.558	222010	1,474	576	-	1,474	710	134	-
Total ALN 10.558			72,401	12,483	-	32,708	45,365	40,491	7,609
Pandemic EBT Local Level Costs	10.649	220980-2022	628	-	-	-	628	628	-
Total U.S. Department of Agriculture			1,329,881	199,873	-	593,049	594,729	460,111	65,255

LESLIE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Assistance Lisiting Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2022	Adjustments	Prior Year Expenditures (Memorandum Only)	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	231530-2223	$ 206,613	$ -	$ -	$ -	$ 118,133	$ 168,076	$ 49,943
Title I Grants to Local Educational Agencies	84.010	221530-2122	213,247	121,281	(15,811)	224,066	105,470	-	-
Total ALN 84.010			419,860	121,281	(15,811)	224,066	223,603	168,076	49,943
Supporting Effective Instruction State Grants	84.367	230520-2223	75,408	-	-	-	18,310	64,044	45,734
Supporting Effective Instruction State Grants	84.367	220520-2122	83,106	19,722	(4,459)	46,095	15,263	-	-
Total ALN 84.367			158,514	19,722	(4,459)	46,095	33,573	64,044	45,734
Student Support and Academic Enrichment Program	84.424	230750-2223	27,730	-	-	-	12,277	13,921	1,644
Student Support and Academic Enrichment Program	84.424	220750-2122	24,925	-	-	-	12,277	12,277	-
Total ALN 84.367			52,655	-	-	-	24,554	26,198	1,644
COVID-19 Education Stabilization Fund									
Elementary and Secondary School Emergency Relief Fund (ESSER II) - Formula	84.425D	213712-2021	711,274	136,254	-	401,115	136,296	42	-
Elementary and Secondary School Education Relief (GEER II Teacher and Support Staff Payments)	84.425C	211202-2122	2,000	1,254	-	1,254	2,000	746	-
Elementary and Secondary School Emergency Relief Fund (ESSER II Credit Recovery 9-12)	84.425D	213742-2122	12,650	11,000	-	11,000	-	-	11,000
Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	1,598,556	206,222	-	206,222	529,305	638,638	315,555
Total ALN 84.425 and Education Stabilization Fund			2,324,480	354,730	-	619,591	667,601	639,426	326,555
Total U.S. Department of Education			2,955,509	495,733	(20,270)	889,752	949,331	897,744	423,876
US Department of Treasury									
Passed through the Ingham Intermediate School District:									
Great Start Readiness Program	21.027	N/A	73,075	36,670	-	72,500	36,670	-	-

LESLIE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Assistance Lisiting Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2022	Adjustments	Prior Year Expenditures (Memorandum Only)	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2023
US Department of Health and Human Services									
Passed through the Ingham Intermediate School District:									
Medicaid Cluster									
Medical Assistance Program	93.778		$ 8,119	$ -	$ -	$ -	$ 8,119	$ 8,119	$ -
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	2023	224,000	-	-	-	125,920	217,980	92,060
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	2022	29,666	29,666	-	29,666	29,666	-	-
Total ALN 93.323			253,666	29,666	-	29,666	155,586	217,980	92,060
Total U.S Department of Health and Human Services			261,785	29,666	-	29,666	163,705	226,099	92,060
US Federal Communications Commission									
Passed through Universal Service Administrative Company:									
COVID-19 Emergency Connectivity Fund	32.009	N/A	84,800	-	84,800	-	84,800	-	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,705,050	$ 761,942	$ 64,530	$ 1,584,967	$ 1,829,235	$ 1,583,954	$ 581,191

LESLIE PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Leslie Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Leslie Public Schools, it is not intended to and does not present the financial position or changes in net position of Leslie Public Schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Leslie Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Management has utilized the Nexsys, the Cash Management System (CMS) and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal funds.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	$ 1,310,267
Other nonmajor governmental funds	460,111
Total per financial statements	1,770,378
Less:	
Federal assistance funding not subject to single audit act	(121,894)
Adjustments	(64,530)
Total expenses per SEFA	$ 1,583,954

NOTE 4 - ADJUSTMENTS

An adjustment was made for Assistance Listing #32.009 ($84,800) for prior year federal expenditures incurred by not reported on the SEFA. Adjustments were also made for Assistance Listing #84.010 ($15,811) and Assistance Listing #84.367 ($4,459), respectively, for federal expenditures incurred but not requested for reimbursement.

Maner Costerisan

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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*

To the Board of Education of
Leslie Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Leslie Public Schools' basic financial statements, and have issued our report thereon dated October 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Leslie Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Leslie Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Leslie 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leslie 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Leslie Public Schools' Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Maner Costerisan PC

October 27, 2023

Maner Costerisan

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

To the Board of Education of
Leslie Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Leslie Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Leslie Public Schools' major federal programs for the year ended June 30, 2023. Leslie Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Leslie 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Leslie Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Leslie Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Leslie Public Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Leslie Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Leslie Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Leslie Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Leslie Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Leslie Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Maner Costerisan PC

October 27, 2023

LESLIE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*
Internal control over financial reporting:	
➢ Material weakness(es) identified?	X Yes ___ 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 No
Type of auditor's report issued on compliance for major programs:	*Unmodified*
Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	___ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	X Yes ___ No

Section II - Financial Statement Findings

Finding 2023-001 Considered a material weakness

Criteria: In order to maintain adequate internal controls and proper reporting, all accounts should be reconciled and adjusted monthly. The reconciliations should be completed and reviewed in a timely basis.

Condition: Account reconciliations, while performed, were not performed and reviewed for accuracy on a timely basis during the course of the fiscal year.

Cause: Individuals responsible for reviewing monthly activity did not complete their procedures in a timely manner.

Effect: Without completing and reviewing the reconciliations in a timely manner, inaccurate financial information may be used for management decisions and reporting.

Recommendation: The District should implement a month end procedure checklist to ensure that all balance sheet accounts are reconciled with 30 days of month end, accruals agree to the subledger balances, etc. The District should implement journal entry review procedures based upon the employee making the journal entry.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Section III - Federal Award Findings

None

LESLIE PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

<u>Finding 2022-001 [originally reported as a material weakness as finding 2018-001]</u> Considered a significant deficiency

Criteria: In order to maintain adequate internal controls and proper reporting, all accounts should be reconciled and adjusted monthly. The reconciliations should be completed and reviewed in a timely basis.

Condition: Account reconciliations, while performed, were not performed and reviewed for accuracy on a timely basis during the course of the fiscal year for federal revenue, due from other governmental units, and deferred revenue.

Cause: Individuals responsible for reviewing monthly activity did not complete their procedures in a timely manner.

Effect: Without completing and reviewing the reconciliations in a timely manner, inaccurate financial information may be used for management decisions and reporting.

Recommendation: The District should implement a month end procedure checklist to ensure that all balance sheet accounts are reconciled with 30 days of month end, accruals agree to the subledger balances, etc. The District should implement journal entry review procedures based upon the employee making the journal entry.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Status: See current year finding 2023-001.

Futures taking flight since 1837

Leslie Public Schools

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LESLIE PUBLIC SCHOOLS
CORRECTIVE ACTION PLAN

Leslie Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2023.

Auditor: Maner Costerisan
2425 E. Grand River Ave., Suite 1
Lansing, Michigan 48912

Audit Period: Year ended June 30, 2023.

District Contact Person: Julie Fletcher, Business Manager.

The findings from the June 30, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding - Financial statement audit.

Finding 2023-001 - Material weakness.

Recommendation: The District should implement a month end procedure checklist to ensure that all balance sheet accounts are reconciled with 30 days of month end, the due to/from accounts agree across the different funds, accruals agree to the subledger balances, etc. The District should implement journal entry review procedures based upon the employee making the journal entry.

Action to be Taken: Management agrees with the finding and we have developed a month end checklist as recommended. We will also compare the general ledger to the budget on a monthly basis.

Maner Costerisan

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October 27, 2023

To the Board of Education of
Leslie Public Schools

In planning and performing our audit of the financial statements of Leslie Public Schools as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Leslie Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 27, 2023 on the financial statements of Leslie Public Schools. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Leslie Public Schools develop a plan to spend down the excess by June 30, 2024.

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

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC

Maner Costerisan

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October 27, 2023

To the Board of Education of
Leslie Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Public Schools for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. 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. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Leslie Public Schools are described in Note 1 to the financial statements. During fiscal year 2023, the District implemented Governmental Accounting Standard No. 96, *Subscription-based IT Arrangements*. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

> Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management 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. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the 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 October 27, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of 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 District'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 required supplementary information (RSI) which are required and supplement 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 the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other 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 other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Maner Costerisan PC