

**Leslie Public Schools**

Financial Report  
With Supplemental Information

Year Ended June 30, 2024

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**WILLIS & JURASEK**

CPAS AND CONSULTANTS

## **Independent Auditors' Report**

Board of Education  
Leslie Public Schools  
Leslie, Michigan

### **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, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Public Schools, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, budgetary comparison information, and certain pension and OPEB information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 combining nonmajor fund financial statements and schedules of debt are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary 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 combining nonmajor fund financial statements and schedules of debt 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 September 30, 2024 (under separate cover), 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.

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

September 30, 2024

**Leslie Public Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2024

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As Administration of Leslie Public Schools, Ingham County, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

**Financial Highlights**

- The District's total net position increased by \$5,008,297
- As of the close of the current fiscal year, the District's aggregated fund balance for the District's governmental funds was \$5,022,431.
- The General Fund had a net change in fund balance of \$1,199,253. At the end of the year, the total fund balance for the General Fund was \$3,563,275 or approximately 22% of the total General Fund expenditures.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the School District's most significant fund – the General Fund, as well as totals for the District's other major and nonmajor funds.

**Reporting the District as a Whole**

**The Statement of Net Position and Statement of Activities** – One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, liabilities, deferred outflows, and deferred inflows of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations.

The statement of net position and statement of activities report the governmental activities for the District. These services include instruction, support services, community services, athletics, food services, student activities, and transfers to other local districts. Property taxes, intergovernmental revenues, (unrestricted and restricted State Aid), and charges for services finance most of these activities. All of the current year's revenues and expenses for these services are taken into consideration regardless of when cash is received or paid.

The statement of net position reports the District's net position, the difference between assets and deferred outflows, and liabilities and deferred inflows. The statement of activities reports the District's change in net position, the revenues less expenses for the fiscal year, either as an increase or a decrease, or in other words, the operating results for the year. However, the School District's goal is to provide services to its students, not to generate profits, as private-sector corporations do.

These two statements report the District's net position and changes in net position. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as the property tax base, political conditions at the State Capitol, student enrollment growth or shrinkage, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The district-wide financial statements can be found on pages 1-2 of this report.

**Leslie Public Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2024

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**Reporting the District's Most Significant Funds**

**Fund Financial Statements** – The fund financial statements provide detailed information about the most significant funds – not the District as a whole. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Accounting Manual*.

**Governmental Funds** – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition and thus, no capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

**Additional Information** – The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-25 of this report.

**Leslie Public Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2024

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**Government-Wide Financial Analysis**

The government-wide financial analysis focuses on the net position and changes in net position of the District's governmental activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following is a summary of the School District's net position as of June 30, 2024 and 2023:

	<b><u>Governmental Activities</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Assets:</b>		
Current assets	\$ 9,068,624	\$ 8,686,212
Non-current assets	16,050,204	13,417,869
Total assets	<u>25,118,828</u>	<u>22,104,081</u>
 <b>Deferred Outflows of Resources</b>	 <u>6,487,889</u>	 <u>9,706,792</u>
 <b>Liabilities:</b>		
Current liabilities	4,046,193	1,449,651
Non-current liabilities	23,038,004	31,944,210
Total liabilities	<u>27,084,197</u>	<u>33,393,861</u>
 <b>Deferred Inflows of Resources</b>	 <u>8,266,690</u>	 <u>7,169,479</u>
 <b>Net Position:</b>		
Invested in capital assets - net of related debt	14,039,067	12,040,383
Restricted	1,490,469	1,554,353
Unrestricted	<u>(19,273,706)</u>	<u>(22,347,203)</u>
Total net position	<u><u>\$ (3,744,170)</u></u>	<u><u>\$ (8,752,467)</u></u>

The above analysis focuses on the net position. The change in net position of the School District's governmental activities is discussed below. The net position differs from fund balances and a reconciliation appears on page 4.

By far the largest portion of the District's positive net position reflects its investment in capital assets (i.e. land, buildings, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Typically, one portion of the District's net position, the *restricted* portion, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these included amounts restricted for student activities, food service activities, and debt service. The *unrestricted* balance of \$(19,273,706), which is a *negative* net position, is negative as a result of the net pension and net OPEB liabilities. The pension and OPEB liabilities at fiscal year-end are expected to be reduced to \$0 by September 30, 2038.



**Leslie Public Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2024

The results of this year's operations for the School District as a whole are reported in the Statement of Activities which shows the change in net position for the fiscal year 2024.

The following is a summary of the changes in net position for the years ended June 30, 2024 and 2023:

	<b><u>Governmental Activities</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 837,386	\$ 434,415
Operating grants	7,323,515	5,370,258
General revenues:		
Property taxes	2,884,755	2,763,013
State School Aid	9,048,580	8,313,868
Unrestricted investment earnings	171,028	681,294
Other	63,023	191,163
Total revenues	<u>20,328,287</u>	<u>17,754,011</u>
<b>Expenses:</b>		
Instruction	7,475,395	7,950,482
Support services	5,380,550	4,958,056
Food service	843,990	542,661
Student activities	565,285	336,162
Community service	101,289	200,442
Interest	28,310	4,351
Depreciation (unallocated)	925,171	754,453
Total expenses	<u>15,319,990</u>	<u>14,746,607</u>
Change in net position	5,008,297	3,007,404
Net position, beginning of year	<u>(8,752,467)</u>	<u>(11,759,871)</u>
Net position, end of year	<u>\$ (3,744,170)</u>	<u>\$ (8,752,467)</u>

The District's net position increased by \$5,008,297 during the current fiscal year. The increase in net position differs from the change in fund balance and a reconciliation appears on page 6.

Since property taxes for operations and unrestricted State Aid constitute the vast majority of the School District's operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

**Leslie Public Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2024

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**General Fund Budgeting and Operating Highlights**

During the fiscal year, the original budget was amended as additional information became known, including student counts and the final allocation amounts for the District's federal grants.

The change between the original and final amended budget for revenues was an increase of \$1,880,337. Local revenue changed by \$176,216 largely based on earnings on investments, purchase of the Leslie Learning Center, and increased Head Start per pupil funding.

The change between the original and final amended budget for expenditures was an increase of \$1,958,595 over the original budget. The difference was because we purchased the Leslie Learning Center for \$800,000 in which we got a loan that is recorded as revenue. Our earnings on investments were more than originally budgeted.

Overall, the actual general fund revenues were \$180,880 more than the final amended budget, and the actual general fund expenditures were \$1,041,756 less than the final amended budget. The budget to actual expense variance was caused by estimation of end of year expenses and incoming revenue.

**Capital Asset and Debt Administration**

**Capital Assets** – At the end of the fiscal year 2024, the School District had \$33,825,297 invested in land and buildings, furniture and equipment, vehicles, and construction in progress. Of this amount, \$18,144,532 in depreciation/amortization has been taken over the years. We currently have a net book value of \$15,680,765.

	<u>2024</u>	<u>2023</u>
Land	\$ 661,357	\$ 661,357
Construction in progress	675,848	-
Buildings and improvements	29,892,891	27,659,918
Vehicles	1,200,539	1,056,276
Furniture and equipment	1,306,347	1,171,364
Right to use - SBITAs	88,315	88,315
Total capital assets	<u>33,825,297</u>	<u>30,637,230</u>
Less accumulated depreciation/amortization	<u>(18,144,532)</u>	<u>(17,219,361)</u>
Net capital assets	<u>\$ 15,680,765</u>	<u>\$ 13,417,869</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Leslie Public Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2024

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**Long-Term Debt** – At June 30, 2024, the District had total long-term debt outstanding of \$1,682,614. Long-term debt at fiscal year-end included the following:

	<u>2024</u>	<u>2023</u>
Bonds payable	\$ 455,000	\$ 920,000
Notes and capital leases payable	1,109,310	390,087
Bond premium	45,776	91,552
Compensated absences	72,528	48,012
Total long-term debt	<u>\$ 1,682,614</u>	<u>\$ 1,449,651</u>

Additional information on the District's long-term debt can be found in the notes to the financial statements.

**Outlook for the 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 2024-25 proposed budget was based on the State Aid Foundation allowance increasing from \$9,608 to \$9,823, or an increase of \$215 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 2024-25 school year, the District anticipates the loss of about 23 students from the 2023 fall count.

**Requests for Information**

This financial report is designed to provide a general overview of the Leslie Public Schools' finances for all those with an interest in the District's finances. Questions concerning any of this information provided in this report or requests for additional information should be addressed to:

Central Administration  
Leslie Public Schools  
4141 Hull Road  
Leslie, MI 49251

**Leslie Public Schools**  
Statement of Net Position  
June 30, 2024

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 6,267,816
Due from other governmental units	2,596,521
Inventories	21,317
Prepaid expenses	182,970
Net OPEB asset	369,439
Capital assets:	
Cost of capital assets	33,825,297
Less: accumulated depreciation/amortization	<u>(18,144,532)</u>
Net capital assets	<u>15,680,765</u>
Total assets	<u>25,118,828</u>
<b>Deferred Outflows of Resources:</b>	
Deferred charge on refunding	12,076
Pension related	5,221,155
OPEB related	<u>1,254,658</u>
Total deferred outflows of resources	<u>6,487,889</u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	1,756,270
Unearned revenue	575,637
State aid note payable	1,714,286
Long-term liabilities:	
Due within one year:	
Bonds and notes payable	542,402
Accrued interest	31,612
Compensated absences	7,252
Due in more than one year:	
Bonds and notes payable	1,067,684
Compensated absences	65,276
Net pension liability	<u>21,323,778</u>
Total liabilities	<u>27,084,197</u>
<b>Deferred Inflows of Resources:</b>	
Pension related	4,823,624
OPEB related	<u>3,443,066</u>
Total deferred inflows of resources	<u>8,266,690</u>
<b>Net Position:</b>	
Invested in capital assets, net of related debt	14,039,067
Restricted for:	
Student activities	162,277
Debt service	19,697
Capital projects	939,056
Net other post-employment benefits	369,439
Unrestricted	<u>(19,273,706)</u>
Total net position	<u>\$ (3,744,170)</u>

See Notes to Financial Statements.

**Leslie Public Schools**  
Statement of Activities  
Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Governmental Activities</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Change in Net Position</u>
<b>Primary Government</b>				
Governmental activities:				
Instruction	\$ 7,475,395	\$ -	\$ 4,806,155	\$ (2,669,240)
Support services	5,380,550	88,235	666,739	(4,625,576)
Community services	101,289	98,098	369,930	366,739
Food service activities	843,990	107,759	868,370	132,139
Student activities	565,285	543,294	-	(21,991)
Interest on long-term debt	28,310	-	-	(28,310)
Capital outlay	-	-	612,321	612,321
Depreciation and amortization	925,171	-	-	(925,171)
Total governmental activities	<u>\$ 15,319,990</u>	<u>\$ 837,386</u>	<u>\$ 7,323,515</u>	<u>(7,159,089)</u>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				1,630,791
Property taxes, levied for debt service				411,868
Property taxes, levied for capital projects				842,096
State aid not restricted to specific purposes				9,048,580
Unrestricted investment earnings				171,028
Other				63,023
Total general revenues				<u>12,167,386</u>
<b>Change in Net Position</b>				5,008,297
<b>Net Position - Beginning of Year</b>				<u>(8,752,467)</u>
<b>Net Position - End of Year</b>				<u>\$ (3,744,170)</u>

**Leslie Public Schools**  
Balance Sheet  
Governmental Funds  
June 30, 2024

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and investments	\$ 4,796,474	\$ 928,728	\$ 542,614	\$ 6,267,816
Due from other funds	125,638	-	2,930	128,568
Due from other governments	2,477,527	-	118,994	2,596,521
Inventories	-	-	21,317	21,317
Prepaid expenditures	182,970	-	-	182,970
Total assets	<u>\$ 7,582,609</u>	<u>\$ 928,728</u>	<u>\$ 685,855</u>	<u>\$ 9,197,192</u>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 241,722	\$ -	\$ 675	\$ 242,397
Accrued interest payable	45,143	-	-	45,143
Accrued salaries and related items	1,443,465	-	25,265	1,468,730
Due to other funds	2,930	-	125,638	128,568
Revenue anticipation notes	1,714,286	-	-	1,714,286
Unearned revenue	571,788	-	3,849	575,637
Total liabilities	<u>4,019,334</u>	<u>-</u>	<u>155,427</u>	<u>4,174,761</u>
<b>Fund Balances:</b>				
Nonspendable:				
Inventories	-	-	21,317	21,317
Prepays	182,970	-	-	182,970
Restricted:				
Debt service	-	-	19,697	19,697
Capital projects	-	928,728	10,328	939,056
Food service	-	-	316,809	316,809
Student activities	-	-	162,277	162,277
Unassigned	3,380,305	-	-	3,380,305
Total fund balances	<u>3,563,275</u>	<u>928,728</u>	<u>530,428</u>	<u>5,022,431</u>
Total liabilities and fund balances	<u>\$ 7,582,609</u>	<u>\$ 928,728</u>	<u>\$ 685,855</u>	<u>\$ 9,197,192</u>

## Leslie Public Schools

Reconciliation of Fund Balances on the Balance Sheet of Governmental Funds to  
Net Position of Governmental Activities on the Statement of Net Position  
June 30, 2024

**Total Fund Balances - Governmental Funds** \$ 5,022,431

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

The cost of capital assets is	\$ 33,825,297	
Accumulated depreciation and amortization is	<u>(18,144,532)</u>	15,680,765

Some assets are not current resources and therefore are not reported in the Governmental Funds Balance Sheet:

Noncurrent assets at year-end consist of:

Net OPEB asset		369,439
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Long-term liabilities and related deferred outflows and inflows are not due and payable in the current period and are not reported in the funds.

Bonds payable	(455,000)	
Notes and capital leases payable	(1,109,310)	
Unamortized bond premiums, net	(45,776)	
Compensated absences	(72,528)	
Unamortized deferred charge on bond refunding	12,076	
Accrued interest on bonds and notes payable	(31,612)	
Deferred outflows related to net pension liability	5,221,155	
Deferred outflows related to net OPEB asset/liability	1,254,658	
Deferred inflows related to net pension liability	(4,823,624)	
Deferred inflows related to net OPEB asset/liability	(3,443,066)	
Net pension liability	<u>(21,323,778)</u>	<u>(24,816,805)</u>

**Total Net Position - Governmental Activities** \$ (3,744,170)

**Leslie Public Schools**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2024

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Local sources	\$ 2,091,606	\$ 860,624	\$ 1,086,726	\$ 4,038,956
State sources	12,556,106	-	280,839	12,836,945
Federal sources	970,904	-	587,531	1,558,435
Interdistrict and other	632,041	-	-	632,041
Total revenues	<u>16,250,657</u>	<u>860,624</u>	<u>1,955,096</u>	<u>19,066,377</u>
<b>Expenditures:</b>				
Instruction	8,248,750	-	-	8,248,750
Support services	6,066,630	-	-	6,066,630
Community services	101,289	-	-	101,289
Food service activities	-	-	891,121	891,121
Student activities	-	-	584,947	584,947
Capital outlay	1,413,397	1,414,777	-	2,828,174
Debt service:				
Principal repayment on debt	80,777	-	465,000	545,777
Interest on debt	12,561	-	37,299	49,860
Total expenditures	<u>15,923,404</u>	<u>1,414,777</u>	<u>1,978,367</u>	<u>19,316,548</u>
<b>Revenues Over (Under) Expenditures</b>	<u>327,253</u>	<u>(554,153)</u>	<u>(23,271)</u>	<u>(250,171)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from long-term debt, net	800,000	-	-	800,000
Transfers in	72,000	-	-	72,000
Transfers out	-	-	(72,000)	(72,000)
Total other financing sources (uses)	<u>872,000</u>	<u>-</u>	<u>(72,000)</u>	<u>800,000</u>
<b>Net Changes in Fund Balances</b>	1,199,253	(554,153)	(95,271)	549,829
<b>Fund Balances - Beginning of Year</b>	<u>2,364,022</u>	<u>1,482,881</u>	<u>625,699</u>	<u>4,472,602</u>
<b>Fund Balances - End of Year</b>	<u>\$ 3,563,275</u>	<u>\$ 928,728</u>	<u>\$ 530,428</u>	<u>\$ 5,022,431</u>



**Leslie Public Schools**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2024

**Net Change in Fund Balances - Total Governmental Funds** \$ 549,829

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

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

Depreciation expense	\$ (925,171)	
Capital outlay	3,188,067	
		2,262,896

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds:

Issuance of long-term debt	(800,000)	
Principal payments on long-term debt	545,777	
Amortization of bond premium	45,776	
Amortization of deferred charge on refunding	(12,077)	
		(220,524)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest on bonds and notes payable	(12,649)	
Change in accrued compensated absences	(24,516)	
		(37,165)

Governmental funds report the required pension and OPEB contributions for the District's fiscal year ended June 30 as expenditures. The Statement of Activities reports the fully accrued pension and OPEB expenses based upon a September year-end to coincide with the State of Michigan's fiscal year.

Changes in pension related liabilities and deferrals	1,244,871	
Changes in OPEB related assets/liabilities and deferrals	1,208,390	
		2,453,261

**Change in Net Position of Governmental Activities** \$ 5,008,297

**Leslie Public Schools**  
Notes to Financial Statements

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

The basic financial statements of Leslie Public Schools (the “School District” or “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

**Reporting Entity**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**District-Wide and Fund Financial Statements**

**District-Wide Statements** – The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District’s government-wide activities are considered governmental activities.

The Statement of Net Position presents all governmental activities on a consolidated basis. The Statement of Net Position reports all assets and liabilities including those of a long-term nature. The net difference is reported as net position. Net position is categorized as net investment in capital assets, restricted net position, and unrestricted net position. It is the District’s policy to allocate resource outlays first to restricted net position with the remainder allocated to unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other unrestricted items are not included as program revenues but instead as general revenue. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

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

**Fund-Based Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, severance pay, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds; issuance of long-term debt and acquisition of lease and SBITA assets are reported as other financing sources.

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

The School District reports the following major governmental funds:

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

**Sinking Fund** – The Sinking Fund is a Capital Projects Fund and is used to record tax receipts or other revenue and the disbursement of monies specifically designated for the acquisition or construction of capital assets. For the Sinking Fund, the District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and State of Michigan Department of Treasury Letter No. 01-95.

Additionally, the government reports the following fund types:

**Capital Projects Funds** – Capital Projects Funds are used to record tax receipts or other revenue and the disbursement of monies specifically designated for the acquisition or construction of capital assets. The District maintains the Capital Projects Fund and Sinking Fund (a major fund).

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes (not including expendable trusts or major capital projects). The District maintains the Food Service Fund and the Student Activities Fund.

**Debt Funds** – Debt funds are used to account for and report financial resources that are restricted to expenditures for principal and interest. The District maintains the 2019 Debt Fund.

**Revenue, Assets, Liabilities, and Net Position or Equity**

**State Revenue** – 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 year ended June 30, 2024, the foundation allowance was based on pupil membership counts taken in February 2023 and October 2023.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**State Revenue (Continued)** – The State portion of the foundation is provided primarily by a State education property tax millage of 6 mills and an allocated portion of State sales and other taxes. The local portion of the foundation is funded primarily by non-PRE (principal residence exemption) property taxes which may be levied at a rate of up to 18 mills. The local portion also includes 6 mills on commercial personal property. The State revenue is recognized during the foundation period and is funded through payments from October 2023 to August 2024. The unpaid portion at June 30<sup>th</sup> is reported as due from other governmental units.

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 categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

**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 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 date is September 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, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

General Fund – non-primary residence	18.0000
General Fund – commercial personal property	6.0000
Sinking Fund – all taxable values	2.9649
Debt Fund – all taxable values	1.4500

Tax abatements provided to property taxpayers, if any, were not significant, and thus, no disclosure was deemed required in accordance with GASB Statement No. 77, *Tax Abatement Disclosures*.

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit. The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in 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. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**Receivables and Payables** – In general, outstanding balances between funds are reported as “due to/from other funds.” Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The District has determined the uncollectible amounts are immaterial and no provision has been recorded.

**Inventories and Prepaid Items** – Inventories are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. The government defines capital assets as assets with an initial individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

Right-to-use assets are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Capital assets, including right-to-use assets, are depreciated/amortized using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	8 years
Equipment and technology	5-20 years
Right-to-use – leased equipment	5 years

**Leases and Subscription-Based IT Arrangements (SBITAs)** – The District recognizes lease/subscription-based IT arrangement liabilities and the related intangible right-to-use assets in the government-wide financial statements with an initial individual value of \$10,000 or more.

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

Key estimates and judgments related to leases/SBITAs include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA terms, and (3) lease/SBITA 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/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**Leases and Subscription-Based IT Arrangements (SBITAs) (Continued)** – The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA liabilities and remeasures lease/SBITA assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liabilities.

Lease/SBITA assets are reported with other capital assets, and lease/SBITA liabilities are reported with long-term obligations on the Statement of Net Position.

**Compensated Absences** - The District reports a liability for compensated absences which consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method in which leave amounts for employees who are currently eligible to receive termination payments are included.

**Long-Term Obligations** – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District currently reports deferred outflows of resources related to deferred pension and OPEB plan expenses. Deferred pension and OPEB plan expenses are recognized in the applicable plan years. The District also currently reports deferred outflows of resources from pension and OPEB payments made subsequent to the measurement date to be recognized as the corresponding time lags are met.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows of resources related to its pension and OPEB plan earnings. These future resources will be amortized and recognized over a time period established by the actuary and relate to differences between actuarial estimates and actual results.

**Defined Benefit Pension Plan** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value. See Note 10 for detailed information.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**Postemployment Benefits Other Than Pensions** – For purposes of measuring the net OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related investments are reported at fair value. See Note 10 for detailed information.

**Fund Equity** – The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this guidance, fund balances of governmental funds are categorized according to five defined categories of fund balance. These categories consist of *nonspendable* amounts which are not in spendable form or are legally or contractually required to be maintained intact; *restricted* amounts that are constrained for specific purposes set by external parties or law; *committed* amounts that are constraints set by the highest decision-making authority (the School Board) through adoption of a resolution and may only be removed by the School Board through a rescindment resolution; *assigned* amounts that have an intended purpose but require no formal specific action; and *unassigned* amounts which are the residual of the other categories and have no specific purpose.

It is the District's policy to generally use fund balance in order according to the hierarchy of fund balance categories, from restricted down to unassigned.

**Use of Estimates** - 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 expenditures. 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.

**Note 2 – Stewardship, Compliance, and Accountability**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at fiscal year-end. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. 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 supplemental information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the *Uniform Budgeting and Accounting Act* (P.A. 621 of 1978). 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, for the General Fund are noted in the required supplemental information section.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 2 – Stewardship, Compliance, and Accountability (Continued)**

4. The Superintendent is authorized to transfer budgeted amounts between major expenditures 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.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to fiscal year-end.

**Note 3 – Cash and Investments**

At year-end, the District's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and investments	\$ 6,267,816

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

Deposits (checking, savings accounts, CDs)	<u>\$ 6,267,816</u>
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**Investment and Deposit Risk** – The District's cash and investments are subject to several types of risk, as noted below.

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District requires that financial institutions be evaluated and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. At year-end, the District's deposit balance of approximately \$6,400,000 had approximately \$375,000 of bank deposits that were uninsured and uncollateralized.

**Custodial Credit Risk – Investments** – Custodial credit risk of investments 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 does not have an investment policy for custodial credit risk.

**Interest Rate Risk** – State law limits the allowable investments and the maturities of some of the allowable investments. The District's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. See Note 1 for a full description of allowed investments. The District's investment policy does not further limit its investment choices.



**Leslie Public Schools**  
Notes to Financial Statements

**Note 4 – Receivables**

Receivables at year end totaled \$2,596,521 and consist mainly of amounts due from the Michigan Department of Education for State aid and federal grants.

**Note 5 – Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Year-End Balance</u>
Capital assets not being depreciated/ amortized:				
Land	\$ 661,357	\$ -	\$ -	\$ 661,357
Construction in progress	-	675,848	-	675,848
Subtotal	<u>661,357</u>	<u>675,848</u>	<u>-</u>	<u>1,337,205</u>
Capital assets being depreciated/ amortized:				
Buildings and additions	27,659,918	2,232,973	-	29,892,891
Buses and other vehicles	1,056,276	144,263	-	1,200,539
Equipment and technology	1,171,364	134,983	-	1,306,347
Right-to-use - leased equipment	88,315	-	-	88,315
Subtotal	<u>29,975,873</u>	<u>2,512,219</u>	<u>-</u>	<u>32,488,092</u>
Accumulated depreciation/amortization:				
Buildings and additions	15,651,061	739,502	-	16,390,563
Buses and other vehicles	729,472	93,365	-	822,837
Equipment and technology	838,828	74,641	-	913,469
Right-to-use - leased equipment	-	17,663	-	17,663
Subtotal	<u>17,219,361</u>	<u>925,171</u>	<u>-</u>	<u>18,144,532</u>
Net capital assets being depreciated/ amortized	<u>12,756,512</u>	<u>1,587,048</u>	<u>-</u>	<u>14,343,560</u>
Net capital assets	<u>\$ 13,417,869</u>	<u>\$ 2,262,896</u>	<u>\$ -</u>	<u>\$ 15,680,765</u>

Depreciation/amortization for the current year totaled \$925,171. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

**Leslie Public Schools**  
Notes to Financial Statements

**Note 6 – Interfund Receivables, Payables and Transfers**

The District reports interfund balances between some of its funds. The sum of all balances presented in the table below agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

As of June 30, 2024, interfund receivables and payables consisted of the following:

	<b>Due From:</b>	
<b>Due To:</b>	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>
General Fund	\$ -	\$ 125,638
Nonmajor governmental funds	2,930	-
	\$ 2,930	\$ 125,638

For the year ended June 30, 2024, interfund transfers consisted of a transfer of \$72,000 from the Food Service Fund to the General Fund for the payment of indirect costs.

**Note 7 – Notes Payable – State Aid Anticipation Notes**

The District issued State Aid Anticipation Notes for the school year to allow for needed cash flow prior to receipt of State Aid in the amount of \$3,000,000; \$1,500,000 was borrowed under a set-aside arrangement due in seven increments including interest at 3.46% of \$221,103 per month beginning January, 2024 and ending July, 2024. Another \$1,500,000 was borrowed, also with an interest rate of 3.46%, and maturity date of August 20, 2024. The State Aid Anticipation Notes are secured by the full faith and credit of the School District as well as pledged State Aid. At year end, the outstanding balance, totaled \$1,714,286.

The activity related to State Aid Anticipation Notes for the year is as follows:

<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance June 30, 2024</b>
\$ 2,031,878	\$ 3,000,000	\$ 3,317,592	\$ 1,714,286

For the fiscal year ending June 30, 2025, the School District issued State Aid Anticipation Notes which totaled \$2,000,000. Of the balance, \$1,000,000 is payable in a set-aside arrangement with monthly payments due beginning January, 2025 and ending July, 2025 and an interest rate of 3.33%. The remaining balance due of \$1,000,000 has an interest rate of 3.31% and is due August, 2025.

**Leslie Public Schools**  
Notes to Financial Statements

**Note 8 – Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment, and right-to-use assets. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Activity is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation bonds payable	\$ 920,000	\$ -	\$ 465,000	\$ 455,000	\$ 455,000
Notes & leases payable	390,087	800,000	80,777	1,109,310	87,402
Subtotal - installment debt	1,310,087	800,000	545,777	1,564,310	542,402
Bond premium	91,552	-	45,776	45,776	-
Compensated absences	48,012	24,516	-	72,528	7,252
Total long-term debt	<u>\$ 1,449,651</u>	<u>\$ 824,516</u>	<u>\$ 591,553</u>	<u>\$ 1,682,614</u>	<u>\$ 549,654</u>

General obligation bonds payable consist of:

Bonds payable - 2019 Refunding bonds; due in annual installments of \$430,000 to \$465,000 through May 2025; interest from 3.00% to 4.00%	<u>\$ 455,000</u>
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Future principal and interest payment requirements on bonds payable are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 455,000</u>	<u>\$ 18,200</u>	<u>\$ 473,200</u>

**Leslie Public Schools**  
Notes to Financial Statements

**Note 8 – Long-Term Debt (Continued)**

Notes and capital lease payable consists of:

Copier lease payable - due in monthly installments of \$1,732 through July 2028, with an implied interest rate of 8.25%	\$ 74,295
Note payable Independent Bank - due in monthly installments of \$2,952 through February 2025, with interest of 4.55%	18,958
Note payable Independent Bank - due in annual installments of \$20,724 through October 2027, with interest of 5.75%	141,980
Note payable Independent Bank - due in annual installments of \$10,813 through October 2027, with interest of 5.75%	74,077
Note payable Independent Bank - building loan, due in annual installments of \$82,300 through December, 2030, with interest of 5.90%	800,000
	\$ 1,109,310

Annual debt service requirements to maturity on the above notes and leases payable are as follows:

	<b>Notes &amp; Leases Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 87,402	\$ 66,575	\$ 153,977
2026	73,067	61,554	134,621
2027	77,836	56,787	134,623
2028	216,367	51,698	268,065
2029	48,465	39,031	87,496
2030-2031	606,173	39,768	645,941
Total	\$ 1,109,310	\$ 315,413	\$ 1,424,723

**Note 9– Risk Management**

The School District is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. 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 year, 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.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions**

**Organization**

**Pension/OPEB Plan Description** – The School District participates in the Michigan Public School Employees' Retirement System ("MPERS" or "the System"), a State-wide, cost-sharing, multiple-employer defined benefit public employee retirement plan governed by the State of Michigan. The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees, and covers substantially all employees of the School District. There are currently approximately 690 participating employers in the System which meets the definition of a qualified pension trust fund under Section 401(a) of the Internal Revenue Code. In addition, the System maintains a health plan ("OPEB") which provides postemployment healthcare benefits to all eligible retirees as an elective option including health, prescription drug, dental, and vision coverage.

The System was originally created under Public Act 136 of 1945, recodified, and currently operates under the provisions of Public Act 300 of 1980, as amended. Section 25 of this Act establishes a governing board and its authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System is administered by the Office of Retirement Services 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.

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Annual Comprehensive Financial Report and are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools). Information provided in this report includes financial data, actuarial assumptions data, and detailed information about the pension plan and OPEB plan fiduciary net positions.

**Pension Benefits Provided** – Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. Depending on the plan option selected, member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Based on current benefit provisions, new hires can opt between two plans. The first plan, called Pension Plus 2, is a hybrid plan that contains a pension component with a required employee contribution and a flexible and transferrable defined contribution tax deferred investment account component that contains 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%. The second option is a Defined Contribution plan under which a participant receives a 4% employer contribution to a tax-deferred 457 account and can choose to make employee contributions up to the maximum allowed per IRS regulations.

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

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Organization (Continued)**

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

Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the MPSERS, who earned service credit in the twelve 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 with 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 stopped paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

**Pension/OPEB Plan Contributions** – Public Act 300 of 1980, as amended, requires contributions from both the participating employers and the active plan members. The School District, as a participating employer, is required to contribute amounts necessary to finance the coverage of pension and OPEB benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees (plan members) during the year, with an additional amount paid in to finance a portion of the unfunded actuarial accrued liability.

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 plan year. The remainder is called the actuarial accrued liability. The unfunded (overfunded) actuarial accrued liability will be amortized over a declining period ending September 30, 2038.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Organization (Continued)**

**Pension Plan Contributions** – The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2023:

<u>Benefit Type</u>	<u>Member Rates</u>	<u>Status</u>
Basic (Defined Benefit)	0.0% - 4.0%	Closed
MIP (Defined Benefit)	3.0% - 7.0%	Closed
Pension Plus (Hybrid)	3.0% - 6.4%	Closed
Pension Plus 2 (Hybrid)	6.2%	Open
Defined Contribution	0.0%	Open

Employer contributions range from 13.75% to 20.16% for the plan year ended September 30, 2023 and are determined based on employee elections. The District's required and actual contributions to the plan for the year ended September 30, 2023 were \$2,374,501. The District's required and actual pension contributions include an allocation of \$1,144,845 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2023.

**OPEB Contributions** – OPEB employee contributions in effect for the fiscal year ended September 30, 2023 range from 0% - 3%. OPEB contributions are also subject to law under Public Act 300 of 1980, as amended, and the provisions may be amended only by action of the State Legislature. Employers are required to contribute amounts necessary to finance the coverage of active and retired members.

Employer contributions range from 0.00% to 8.07% for the plan year ended September 30, 2023 and are determined based on employee elections. Required contributions to the OPEB plan from the District were \$508,736 for the year ended September 30, 2023. The District's required and actual OPEB contributions include an allocation of \$0 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2023.

**Pension/OPEB Assets/Liabilities, Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB**

**Proportionate Share of School District's Net Pension Liability** - At June 30, 2024, the District reported a liability of \$21,323,778 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2022. The District's proportionate share of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of statutorily required pension contributions from all applicable employers during the measurement period. At September 30, 2023, the District's proportionate share was .06588313 percent, a decrease of .00404732 percent from its proportion measured as of September 30, 2022.

**Leslie Public Schools**  
Notes to Financial Statements

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

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

**Pension Expense** - For the year ended June 30, 2024, the School District recognized pension expense of \$1,814,025, inclusive of payments to fund the MPSERS UAAL stabilization rate.

**Proportionate Share of School District's Net OPEB Asset/Liability** - At June 30, 2024, the District reported an asset of \$369,439 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB asset used to calculate the net OPEB asset/liability was determined by an actuarial valuation rolled forward from September 30, 2022. The District's proportionate share of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of statutorily required OPEB contributions from all applicable employers during the measurement period. At September 30, 2023, the District's proportionate share was .06530670 percent, a decrease of .00134337 percent from its proportion measured as of September 30, 2022.

**OPEB Expense** - For the year ended June 30, 2024, the School District recognized OPEB benefit of \$770,686 inclusive of payments to fund the MPSERS UAAL stabilization rate.

**Deferred Outflows and Deferred Inflows** - At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Pension</u>	<u>OPEB</u>	<u>Pension</u>	<u>OPEB</u>
Difference between expected and actual experience	\$ 673,127	\$ -	\$ 32,665	\$ 2,791,671
Changes of assumptions	2,889,469	822,436	1,666,002	99,037
Net difference between projected and actual earnings on pension/OPEB plan investments	-	1,126	436,354	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	12,627	2,139,423	552,358
District contributions subsequent to the measurement date	1,658,559	418,469	549,180	-
Total	<u>\$ 5,221,155</u>	<u>\$ 1,254,658</u>	<u>\$ 4,823,624</u>	<u>\$ 3,443,066</u>

\$1,658,559 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 year ended June 30, 2025.

\$418,469 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 asset/liability in the year ended June 30, 2025.



**Leslie Public Schools**  
Notes to Financial Statements

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

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

**Deferred Outflows and Deferred (Continued)**

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

<u>Year Ended</u> <u>June 30</u>	<u>Pension</u>	<u>OPEB</u>
2025	\$ (407,986)	\$ (819,324)
2026	(391,771)	(781,325)
2027	520,963	(387,498)
2028	(433,054)	(314,790)
2029	-	(205,736)
2030	-	(98,204)

**Payables to the Pension/OPEB Plan** - The District reported an accrued pension/OPEB plan payable at June 30, 2024 of \$239,226. This amount represents employee withholdings and the employer amount payable for wages earned at June 30, 2024 but not yet paid. The District is current on all required pension and OPEB plan payments. Amounts accrued at year-end 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).

**Actuarial Assumptions**

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

A summary of actuarial assumptions as of the latest actuarial valuation follows:

Valuation date	September 30, 2022
Actuarial cost method	Entry age, normal
Asset valuation method	Fair value
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans	6.00%, net of investment expenses
Pension Plus Plan and Plus 2 Plan	6.00%, net of investment expenses
OPEB	6.00%, net of investment expenses
Projected salary increases	2.75 – 11.55%, including wage inflation at 2.75%
Healthcare cost trend rate	Pre-65: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 6.25% Year 1 graded to 3.5% Year 15
Cost of living pension adjustments	3.0% annual non-compounded for MIP members
Mortality: Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Actuarial Assumptions (Continued)**

Mortality: Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees:	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions (OPEB) – 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 coverages continuing after the retiree’s death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Additional assumption information includes the following:

- Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension/OPEB asset/liability as of September 30, 2023 is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years – 4.4406 for pension plan employers and 6.5099 for OPEB plan employers.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Rate of Return on Plan Assets** – The long-term expected rate of return on pension/OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/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.

**Leslie Public Schools**  
Notes to Financial Statements

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Actuarial Assumptions (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension/OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equity pools	25.0%	5.8%
Private equity pools	16.0%	9.6%
International equity	15.0%	6.8%
Fixed income pools	13.0%	1.3%
Real estate and infrastructure pools	10.0%	6.4%
Absolute return pools	9.0%	4.8%
Real return/opportunistic pools	10.0%	7.3%
Short-term investment pools	<u>2.0%</u>	0.3%
Total	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.7% inflation.

**Rate of Return** – For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension/OPEB plan investments, net of pension/OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate** – A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rates of return on pension and OPEB plan investments of 6.00%.

The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on these assumptions, the pension/OPEB plans' 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/OPEB plan investments was applied to all periods of projected benefits payments to determine the total pension/OPEB liabilities.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability calculated using a discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<b>1% Decrease</b>	<b>Current Single Discount Rate</b>	<b>1% Increase</b>
<b>5.00%</b>	<b>Assumption</b>	<b>7.00%</b>
<b>5.00%</b>	<b>6.00%</b>	<b>7.00%</b>
<u>\$28,808,361</u>	<u>\$21,323,778</u>	<u>\$15,092,591</u>

**Leslie Public Schools**  
Notes to Financial Statements

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**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Actuarial Assumptions (Continued)**

**Sensitivity of the Net OPEB (Asset)/Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net OPEB (asset) liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
<u>\$382,997</u>	<u>(\$369,439)</u>	<u>(\$1,016,084)</u>

**Sensitivity of the Net OPEB (Asset)/Liability to Changes in the Healthcare Cost Trend Rate** - The following presents the School District's proportionate share of the net OPEB (asset) liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB (asset) liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>(\$1,017,696)</u>	<u>(\$369,439)</u>	<u>\$332,188</u>

**Note 11 – Federal and State Grants**

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

**Note 12 – Commitments**

In June, 2024, the District accepted bids for the high school roof replacement project to be completed in the 2024-2025 fiscal year. The accepted bid came in at \$549,300 and will be paid out of the Sinking Fund.

## **Required Supplementary Information**

**Leslie Public Schools**  
 Budgetary Comparison Schedule - General Fund  
 Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources	\$ 1,814,784	\$ 1,991,000	\$ 2,091,606	\$ 100,606
State sources	11,199,996	12,595,504	12,556,106	(39,398)
Federal sources	1,118,691	981,609	970,904	(10,705)
Interdistrict and other	855,969	501,664	632,041	130,377
Total revenues	<u>14,989,440</u>	<u>16,069,777</u>	<u>16,250,657</u>	<u>180,880</u>
<b>Expenditures:</b>				
Instruction:				
Basic programs	6,993,427	7,091,288	6,568,414	522,874
Added needs	1,540,753	1,723,088	1,680,336	42,752
Support services:				
Pupil	942,423	987,606	716,149	271,457
Instructional staff	569,317	525,053	508,413	16,640
General administration	339,984	365,997	333,822	32,175
School administration	736,948	816,225	774,990	41,235
Business	251,318	288,868	343,664	(54,796)
Operation and maintenance	1,444,890	1,819,298	1,703,081	116,217
Pupil transportation	748,704	849,933	731,557	118,376
Central services	320,205	426,299	498,938	(72,639)
Athletic activities	413,322	449,912	447,981	1,931
Other	11,119	8,050	8,035	15
Community services	166,155	115,766	101,289	14,477
Capital outlay	520,000	1,489,777	1,413,397	76,380
Debt service:				
Principal	-	-	80,777	(80,777)
Interest and other charges	8,000	8,000	12,561	(4,561)
Total expenditures	<u>15,006,565</u>	<u>16,965,160</u>	<u>15,923,404</u>	<u>1,041,756</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(17,125)</u>	<u>(895,383)</u>	<u>327,253</u>	<u>1,222,636</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from long-term debt	-	800,000	800,000	-
Transfers in	25,000	25,000	72,000	47,000
Total other financing sources (uses)	<u>25,000</u>	<u>825,000</u>	<u>872,000</u>	<u>47,000</u>
<b>Net Changes in Fund Balances</b>	7,875	(70,383)	1,199,253	<u>\$ 1,269,636</u>
<b>Fund Balances - Beginning of Year</b>	<u>2,364,022</u>	<u>2,364,022</u>	<u>2,364,022</u>	
<b>Fund Balances - End of Year</b>	<u>\$ 2,371,897</u>	<u>\$ 2,293,639</u>	<u>\$ 3,563,275</u>	

See Independent Auditors' Report.

**Leslie Public Schools**

Schedule of the District's Proportionate Share of the Net Pension Liability of the MPSERS Plan  
Last Ten Fiscal Years (Amounts Determined Each Year as of September 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)	0.06588%	0.06993%	0.07488%	0.07856%	0.07902%	0.07756%	0.07717%	0.08094%	0.07970%	0.07744%
District's proportionate share of net pension liability	\$ 21,323,778	\$ 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
District's covered-employee payroll	\$ 6,527,343	\$ 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
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	326.68%	388.37%	268.19%	387.64%	376.50%	346.72%	317.62%	290.15%	301.42%	260.81%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**Leslie Public Schools**

Schedule of the District's Pension Contributions to the MPERS Plan  
Last Ten Fiscal Years (Amounts Determined Each Year as of June 30)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 2,625,126	\$ 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	2,625,126	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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,536,610	\$ 6,504,655	\$ 6,488,035	\$ 6,705,529	\$ 7,017,544	\$ 6,857,345	\$ 6,577,513	\$ 6,578,407	\$ 6,620,123	\$ 6,473,985
Contributions as a percentage of covered-employee payroll	40.16%	47.50%	36.10%	33.25%	30.13%	30.35%	29.10%	28.13%	26.79%	21.46%



**Leslie Public Schools**

Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability of the MPSERS Plan  
Last Seven Fiscal Years (Amounts Determined as of September 30)

	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB (asset) liability (%)	0.06531%	0.06665%	0.07285%	0.07876%	0.07953%	0.07897%	0.07285%
District's proportionate share of net OPEB (asset) liability	\$ (369,439)	\$ 1,411,690	\$ 1,111,973	\$ 4,219,395	\$ 5,708,118	\$ 6,277,657	\$ 6,862,401
District's covered-employee payroll	\$ 6,527,343	\$ 6,771,943	\$ 6,610,195	\$ 6,962,102	\$ 6,950,947	\$ 6,724,376	\$ 6,295,783
District's proportionate share of net OPEB (asset) liability as a percentage of its covered-employee payroll	-5.66%	20.85%	16.82%	60.61%	82.12%	93.36%	109.00%
Plan fiduciary net position as a percentage of total OPEB (asset) liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

**Leslie Public Schools**

Schedule of the District's OPEB Contributions to the MPSERS Plan  
Last Seven Fiscal Years (Amounts Determined as of June 30)

	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	\$ 514,488	\$ 566,417	\$ 528,201	\$ 572,512	\$ 584,914	\$ 576,559	\$ 531,612
OPEB contributions in relation to statutorily required contributions	514,488	566,417	528,201	572,512	584,914	576,559	531,612
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll (OPEB)	\$ 6,536,610	\$ 6,504,655	\$ 6,488,035	\$ 6,705,529	\$ 7,017,544	\$ 6,857,345	\$ 6,577,513
OPEB contributions as a percentage of covered-employee payroll	7.87%	8.71%	8.14%	8.54%	8.34%	8.41%	8.08%

**Leslie Public Schools**  
Notes to Required Supplementary Information Pension and OPEB Schedules  
Year Ended June 30, 2024

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**Changes of Benefit Terms:** There were no changes of benefit terms in fiscal year 2023.

**Changes of Assumptions:** For the State's fiscal year ended September 30, 2023:

The recognition period for liabilities, an average of the expected remaining service lives of all employees, changed to 4.4406 from 4.3922 for pension plan employers and to 6.5099 from 6.2250 for OPEB plan employers.

The healthcare cost trend rate was adjusted as follows:

Pre-65: From 7.75% to 7.50% for Year 1

Post-65: From 5.25% to 6.25% for Year 1

The mortality assumptions were adjusted by updates to the Mortality Tables from RP-2014 to Pub-2010 for the three mortality categories - retirees, active members, and disabled retirees.

The experience study applied in the annual pension and OPEB valuations was updated from using the periods 2012 - 2017 to using the periods 2017 - 2022 starting with the September 30, 2023 valuation.

## **Other Supplementary Information**

**Leslie Public Schools**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2024

	Special Revenue			Debt Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	2019 Debt Fund			
Cash and investments	\$ 348,196	\$ 164,393	\$ 19,697	\$ 10,328	\$ 542,614	
Due from other funds	2,930	-	-	-	2,930	
Receivable from other governments	118,994	-	-	-	118,994	
Inventories	21,317	-	-	-	21,317	
Total assets	\$ 491,437	\$ 164,393	\$ 19,697	\$ 10,328	\$ 685,855	

**Assets**

**Liabilities and Fund Balances**

<b>Liabilities:</b>					
Accounts payable	\$ (49)	\$ 724	\$ -	\$ -	\$ 675
Due to other funds	124,246	1,392	-	-	125,638
Accrued salaries and related	25,265	-	-	-	25,265
Unearned revenue	3,849	-	-	-	3,849
Total liabilities	153,311	2,116	-	-	155,427

**Fund Balances:**

Nonspendable:					
Inventories	21,317	-	-	-	21,317
Restricted	316,809	162,277	19,697	10,328	509,111
Total fund balances	338,126	162,277	19,697	10,328	530,428
Total liabilities and fund balances	\$ 491,437	\$ 164,393	\$ 19,697	\$ 10,328	\$ 685,855

See Notes to Financial Statements.

## Leslie Public Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2024

	Special Revenue		Debt Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	2019 Debt Fund		Capital Projects		
<b>Revenues:</b>							
Local sources	\$ 111,871	\$ 543,294	\$ 431,561	\$ -	\$ -	\$ 1,086,726	
State sources	280,839	-	-	-	-	280,839	
Federal sources	587,531	-	-	-	-	587,531	
Total revenues	<u>980,241</u>	<u>543,294</u>	<u>431,561</u>	<u>-</u>	<u>-</u>	<u>1,955,096</u>	
<b>Expenditures:</b>							
Food service activities	891,121	-	-	-	-	891,121	
Student activities	-	584,947	-	-	-	584,947	
Debt service:							
Principal	-	-	465,000	-	-	465,000	
Interest and other charges	-	-	37,299	-	-	37,299	
Capital outlay	-	-	-	-	-	-	
Total expenditures	<u>891,121</u>	<u>584,947</u>	<u>502,299</u>	<u>-</u>	<u>-</u>	<u>1,978,367</u>	
<b>Revenues Over (Under) Expenditures</b>	<u>89,120</u>	<u>(41,653)</u>	<u>(70,738)</u>	<u>-</u>	<u>(23,271)</u>		
<b>Other Financing Sources (Uses):</b>							
Transfers out	(72,000)	-	-	-	-	(72,000)	
Total other financing sources (uses)	<u>(72,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,000)</u>		
<b>Net Changes in Fund Balances</b>	17,120	(41,653)	(70,738)	-	(95,271)		
<b>Fund Balances - Beginning of Year</b>	321,006	203,930	90,435	10,328	625,699		
<b>Fund Balances - End of Year</b>	<u>\$ 338,126</u>	<u>\$ 162,277</u>	<u>\$ 19,697</u>	<u>\$ 10,328</u>	<u>\$ 530,428</u>		

See Notes to Financial Statements.

**Leslie Public Schools**  
Schedule of Bonded Indebtedness  
June 30, 2024

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Fiscal Year Interest Requirements</u>	<u>Amount of Annual Maturity</u>	<u>Bonds Outstanding June 30, 2024</u>
2019 Refunding Bonds	October 7, 2019	\$ 2,870,000	4.00%	5/1/2025	\$ 18,200	\$ 455,000	\$ 455,000
							<u>\$ 455,000</u>

**Leslie Public Schools**  
Schedule of Installment Debt  
June 30, 2024

	<b>Date of Issue</b>	<b>Amount of Issue</b>	<b>Interest Rate</b>	<b>Fiscal Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Amount Outstanding June 30, 2024</b>
Installment Purchase	September 19, 2023	\$ 161,929	5.75%	2025	\$ 8,300	\$ 12,425	\$ 12,425
				2026	7,553	13,172	13,172
				2027	6,785	13,940	13,940
				2028	5,972	102,443	102,443
						<u>\$ 141,980</u>	
Installment Purchase	September 19, 2023	\$ 84,485	5.75%	2025	\$ 4,330	\$ 6,483	\$ 6,483
				2026	3,941	6,872	6,872
				2027	3,540	7,273	7,273
				2028	3,116	53,449	53,449
						<u>\$ 74,077</u>	
Installment Purchase	December 13, 2018	\$ 184,297	4.55%	2025	\$ 396	\$ 18,958	\$ 18,958
							<u>\$ 18,958</u>
Installment Purchase	December 27, 2023	\$ 800,000	5.90%	2025	\$ 47,987	\$ 34,314	\$ 34,314
				2026	45,803	36,497	36,497
				2027	43,620	38,681	38,681
				2028	41,306	40,994	40,994
				2029	38,960	43,340	43,340
				2030	36,261	46,039	46,039
				2031	33,507	560,135	560,135
						<u>\$ 800,000</u>	



# **Leslie Public Schools**

Single Audit Report

Year Ended June 30, 2024

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**WILLIS & JURASEK**

CPAS AND CONSULTANTS

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Education  
Leslie Public Schools  
Leslie, Michigan

We have audited, 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, 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, 2024, and the related notes to the financial statements, which collectively comprise Leslie Public Schools' basic financial statements, and have issued our report thereon dated September 30, 2024.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

## **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 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 Leslie Public Schools' response to the findings 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.

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

September 30, 2024



**WILLIS & JURASEK**

CPAS AND CONSULTANTS

**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education  
Leslie Public Schools  
Leslie, Michigan

**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, 2024. Leslie Public Schools' major federal programs are identified in the summary of auditors' 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, 2024.

***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 these standards and the Uniform Guidance are further described in the Auditors' 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.

## ***Auditors' 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 Auditors' 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.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Public Schools as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Leslie Public Schools' basic financial statements. We issued our report thereon dated September 30, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

September 30, 2024

**Leslie Public Schools**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal ALN</u>	<u>Pass-through Grantor's Number</u>	<u>Award/Grant Entitlement Program Amount</u>	<u>Accrued (Unearned) Revenue 7/1/2023</u>	<u>Prior Year Expenditures (Memorandum Only)</u>	<u>Prior Year Adjustments</u>	<u>Current Year Receipts</u>	<u>Current Year Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/2024</u>
<b><u>U.S. Department of Agriculture:</u></b>									
Child Nutrition Cluster:									
Passed through Michigan Department of Education:									
Non-cash Assistance (Commodities):									
National School Lunch Program - Regular	10.555		\$ 43,872	\$ -	\$ -	\$ -	\$ 43,872	\$ 43,872	\$ -
			<u>43,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,872</u>	<u>43,872</u>	<u>-</u>
Cash Assistance:									
National School Lunch Program	10.555	231960	555,698	45,503	230,784	-	90,586	45,083	-
National School Lunch Program	10.555	240910	32,333	-	-	-	32,333	32,333	-
National School Lunch Program	10.555	241960	289,067	-	-	-	237,283	289,067	51,784
			<u>877,098</u>	<u>45,503</u>	<u>230,784</u>	<u>-</u>	<u>360,202</u>	<u>366,483</u>	<u>51,784</u>
Total National School Lunch Program			<u>920,970</u>	<u>45,503</u>	<u>230,784</u>	<u>-</u>	<u>404,074</u>	<u>410,355</u>	<u>51,784</u>
National School Breakfast Program	10.553	231970	65,975	12,143	55,545	-	22,573	10,430	-
National School Breakfast Program	10.553	241970	79,846	-	-	-	66,522	79,846	13,324
			<u>145,821</u>	<u>12,143</u>	<u>55,545</u>	<u>-</u>	<u>89,095</u>	<u>90,276</u>	<u>13,324</u>
Total Cash Assistance			<u>1,022,919</u>	<u>57,646</u>	<u>286,329</u>	<u>-</u>	<u>449,297</u>	<u>456,759</u>	<u>65,108</u>
Total Child Nutrition Cluster			<u>1,066,791</u>	<u>57,646</u>	<u>286,329</u>	<u>-</u>	<u>493,169</u>	<u>500,631</u>	<u>65,108</u>
Child and Adult Care Food Program	10.558	231920	37,851	7,219	38,315	-	19,262	12,043	-
Child and Adult Care Food Program	10.558	232010	1,842	390	1,893	-	1,049	659	-
Child and Adult Care Food Program	10.558	241920	70,654	-	-	-	57,344	70,654	13,310
Child and Adult Care Food Program	10.558	242010	3,543	-	-	-	2,859	3,543	684
			<u>113,890</u>	<u>7,609</u>	<u>40,208</u>	<u>-</u>	<u>80,514</u>	<u>86,899</u>	<u>13,994</u>
Total U.S. Department of Agriculture			<u>1,180,681</u>	<u>65,255</u>	<u>326,537</u>	<u>-</u>	<u>573,683</u>	<u>587,530</u>	<u>79,102</u>
<b><u>U.S. Department of Education:</u></b>									
Passed through Michigan Department of Education:									
Title I Grants to Local Educational Agencies	84.010	231530-2223	206,613	49,943	168,076	-	49,943	-	-
Title I Grants to Local Educational Agencies	84.010	241530-2324	211,339	-	-	-	148,882	191,348	42,466
			<u>417,952</u>	<u>49,943</u>	<u>168,076</u>	<u>-</u>	<u>198,825</u>	<u>191,348</u>	<u>42,466</u>
Supporting Effective Instruction State Grants	84.367	230520-2223	75,408	45,734	64,044	-	45,734	-	-
Supporting Effective Instruction State Grants	84.367	240520-2324	39,778	-	-	-	19,471	39,411	19,940
			<u>115,186</u>	<u>45,734</u>	<u>64,044</u>	<u>-</u>	<u>65,205</u>	<u>39,411</u>	<u>19,940</u>
Student Support and Academic Enrichment	84.424A	230750-2223	27,730	1,644	13,921	-	13,921	-	(12,277)
Student Support and Academic Enrichment	84.424A	240750-2324	10,324	-	-	-	-	10,324	10,324
			<u>38,054</u>	<u>1,644</u>	<u>13,921</u>	<u>-</u>	<u>13,921</u>	<u>10,324</u>	<u>(1,953)</u>



**Leslie Public Schools**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal ALN</u>	<u>Pass-through Grantor's Number</u>	<u>Award/Grant Entitlement Program Amount</u>	<u>Accrued (Unearned) Revenue 7/1/2023</u>	<u>Prior Year Expenditures (Memorandum Only)</u>	<u>Prior Year Adjustments</u>	<u>Current Year Receipts</u>	<u>Current Year Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/2024</u>
<b><u>U.S. Department of Education (Continued):</u></b>									
Education Stabilization Fund:									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	1,598,556	315,555	844,860	-	914,982	643,082	43,655
ARP - Homeless Children & Youth	84.425W	211014-2021	9,536	-	-	-	-	9,536	9,536
COVID-19 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	-	-
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER II Credit Recovery 9-12)	84.425D	213782-2223	55,475	-	-	15,660	52,999	30,189	(7,150)
			<u>1,676,217</u>	<u>326,555</u>	<u>855,860</u>	<u>15,660</u>	<u>978,981</u>	<u>682,807</u>	<u>46,041</u>
Total passed through Michigan Department of Education			<u>2,247,409</u>	<u>423,876</u>	<u>1,101,901</u>	<u>15,660</u>	<u>1,256,932</u>	<u>923,890</u>	<u>106,494</u>
Total U.S. Department of Education			<u>2,247,409</u>	<u>423,876</u>	<u>1,101,901</u>	<u>15,660</u>	<u>1,256,932</u>	<u>923,890</u>	<u>106,494</u>
<b><u>U.S. Department of Treasury</u></b>									
Passed through Michigan Department of Education:									
Grow Your Own	21.027	232423-20231	13,707	-	-	-	13,707	13,707	-
Total Passed through Michigan Department of Education			<u>13,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,707</u>	<u>13,707</u>	<u>-</u>
Total U.S. Department of Treasury			<u>13,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,707</u>	<u>13,707</u>	<u>-</u>
<b><u>U.S. Department of Health and Human Services:</u></b>									
Passed through the Ingham Intermediate School District:									
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	2023	224,000	92,060	217,980	-	97,745	5,685	-
Medicaid Cluster:									
Medical Assistance Program	93.778	2024	11,963	-	-	-	11,963	11,963	-
Total U.S. Department of Health and Human Services			<u>235,963</u>	<u>92,060</u>	<u>217,980</u>	<u>-</u>	<u>109,708</u>	<u>17,648</u>	<u>-</u>
			<u>\$ 3,677,760</u>	<u>\$ 581,191</u>	<u>\$ 1,646,418</u>	<u>\$ 15,660</u>	<u>\$ 1,954,030</u>	<u>\$ 1,542,775</u>	<u>\$ 185,596</u>

**Leslie Public Schools**  
Schedule of Reconciliation of Revenues with  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

	<u>Amount</u>
Revenue from federal sources - per financial statements (includes all funds)	\$ 1,558,435
Less: prior year revenue recorded in current year	<u>15,660</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 1,542,775</u>

**Leslie Public Schools**  
Notes to Schedule of Expenditures of Federal Awards

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Leslie Public Schools (the "District") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. 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 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.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenue is recognized when the qualifying expenditures have been included and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue, and accounts payable at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports with any reconciling items. The amounts on the Grant Auditor Report reconcile with this Schedule. The amounts reported on the Recipient Entitlement Balance (PAL) Report agree with this Schedule for USDA donated food commodities and the expenditures include any spoilage or pilferage.

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by Section 200.414 of the Uniform Guidance.

**Note 3 – Subrecipients**

No federal awards were passed through the District to any subrecipients during the year.

**Leslie Public Schools**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2024

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:	
Material weakness identified	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported

Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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Auditee qualified as low-risk	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
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**Section II – Financial Statement Findings**

**2024-001 – Material Adjustments**

Criteria or Specific Requirement: It is management’s responsibility to prepare the financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: During the course of the audit, material adjustments were proposed that had a significant impact on the financial statements.

Cause and Effect: Reconciliations were not performed in a timely manner and reviewed for accuracy during the course of the year. Without completing and reviewing the reconciliations in a timely manner, the financial statements were materially misstated.

**Leslie Public Schools**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

**Section II – Financial Statement Findings (Continued)**

**2024-001 – Material Adjustments (Continued)**

Recommendation: We recommend the District implement a month-end procedure checklist to ensure all balance sheet accounts are reconciled, accruals agree to the subledger balances, etc. The District should also implement journal entry review procedures.

Views of Responsible Officials and Planned Corrective Action: We will review our procedures over financial statement review to ensure accuracy of the financial activity reported.

**2024-002 – Financial Statement Preparation**

Criteria or Specific Requirement: It is management's responsibility to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements including the related footnotes.

Condition: The District's staff prepares the interim and annual financial statements but requires the assistance of the auditors to prepare the financial statements required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

Cause and Effect: The District has determined that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary expertise required to perform this task internally.

Recommendation: We recommend the District consider additional training for financial personnel to obtain this expertise.

Views of Responsible Officials and Planned Corrective Action: The District is aware of this deficiency and will seek training opportunities to develop this expertise.

**Section III – Federal Award Findings and Questioned Costs**

None reported

**Leslie Public Schools**  
Comments on Resolution of Findings from June 30, 2023  
Single Audit Report

**Financial Statement Findings**

**2023-001 – Reconciliations Not Performed Timely**

Criteria or Specific Requirement: 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 on 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 and Effect: Individuals responsible for reviewing monthly activity did not complete their procedures in a timely manner. 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 within 30 days of month-end, accruals agree to subledger balances, etc. The District should implement journal entry review procedures based upon the employee making the journal entry.

Views of Responsible Officials and Planned Corrective Action: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Status: This is a continued finding in the current year.

**Federal Award Findings and Questioned Costs**

None reported



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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, 2024.

**Auditor:** Willis & Jurasek, P.C.  
4100 Spring Arbor Road  
Jackson, Michigan 49201

**Audit Period:** Year ended June 30, 2024

**District Contact Person:** Julie Fletcher, Business Manager

The findings from the June 30, 2024 schedule of finding and questions costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

### **Finding – Financial statement audit**

#### **Finding 2024-001 - Material Adjustments**

**Recommendation:** We recommend the District implement a month-end procedure checklist to ensure all balance sheet accounts are reconciled, accruals agree to the subledger balances, etc. The District should also implement journal entry review procedures.

**Action to be taken:** We will review our procedures over financial statement review to ensure accuracy of the financial activity reported prior to fiscal year-end June 30, 2025.

#### **Finding 2024-002 – Financial Statement Preparation**

**Recommendation:** We recommend the District consider additional training for financial personnel to obtain this expertise.

**Action to be taken:** Training is planned to better prepare and address the issue prior to fiscal year-end June 30, 2025.

Julie Fletcher

Business Manager  
Leslie Public Schools  
4141 Hull Road  
Leslie, Michigan 49251  
517-589-8200 ext. 103



**WILLIS & JURASEK**

CPAS AND CONSULTANTS

September 30, 2024

Board of Education  
Leslie Public Schools  
Leslie, Michigan

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, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Leslie Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2024. We noted no transactions entered into by Leslie Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Estimates were used for the calculation of net pension and other post-employment benefits (OPEB) liabilities and assets as well as related deferred inflows and deferred outflows of resources. This information has been provided by ORS to all school districts participating in the MPSERS pension/OPEB system. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Management has estimated the value of capitalized assets and the related accumulated depreciation. The bulk of the capitalized costs is based upon an appraisal done in a prior year. Related depreciation is based upon estimated consumption using estimated lives and methods to formulate net book value. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Management has also estimated the liability for compensated absences. We have evaluated the key factors and assumptions used to develop the estimated liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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

##### *Difficulties Encountered in Performing the Audit*

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



### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material adjustments include unearned revenue correction, payroll related accruals, and other various that were material in total.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. 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 September 30, 2024.

### *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 Leslie Public Schools' financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *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 Leslie Public Schools' 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 Budgetary Comparison Schedule, the Schedules of the District's Proportionate Share of the Net Pension/OPEB Asset/Liability of the MPSERS Plan, and the Schedules of the District's Contributions to the MPSERS Pension/OPEB Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

### Comments and Recommendations

To improve internal controls, we recommend the following:

- Approve all hourly time with signatures in time card system
- Approve transactions for all student activities
- Formally prepare and approve (with signatures) bank reconciliations; clean up differences including old outstanding checks; enter checks when written
- Set up system to ensure that accruals are complete on a regular basis including year-end

Restriction on Use

This information is intended solely for the information and 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,

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.