

Ashley Community School District
Ashley, Michigan

Financial Statements
With Supplementary Information
June 30, 2023



Ashley Community School District
Table of Contents
June 30, 2023

	Page Number
Independent Auditor's Report	
Management's Discussion and Analysis	I - X
Basic Financial Statements	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	1
Statement of Activities	2
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	3
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Notes to the Financial Statements	7 - 27
Required Supplementary Information	
Budgetary Comparison Schedule	28
Prospective 10-year trend information - Pension	29 - 30
Prospective 10-year trend information - OPEB	31 - 32
Other Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	33
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	34
Communication with Those Charged with Governance at the Conclusion of the Audit	35 – 37
Federal Awards Supplementary Information	Issued Under Separate Cover



Independent Auditor's Report

To the Members of the Board
Ashley Community School District
Ashley, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashley Community School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Sincerely,

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

October 12, 2023

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

Our discussion and analysis of the Ashley Community School District’s financial performance provides an overview of the District’s financial activities for the year ended June 30, 2023. Please read this discussion and analysis in conjunction with the District’s financial statement beginning on page 1.

I. Description of the Basic Financial Statements

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities on pages 1 and 2 provide information concerning the operation of the District as a whole. This reporting model takes into consideration the cost of capital assets of the district, as well as, reflects the District’s operations on the accrual basis of accounting similar to that used in industry. Most notable is the fact that capital assets are not recorded as an expense at the time of purchase. Instead, under this model, capital assets are depreciated over their expected life. Accumulated depreciation is recorded as an offset to capital assets. This reporting model is intended to present a clearer picture of the cost of utilizing capital assets in the District’s operations. This model generally has a long-term focus.

Fund Financial Statements

The Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance on pages 3 and 5 provide financial information for the individual governmental funds. The focus of this presentation is to present resources available at the beginning of the year, the receipt and use of resources during the year, and the balance of resources available at year-end to be used in future years. This model is referred to as modified accrual and is focused on available spendable resources. This model generally has a short-term focus.

Reconciliation

The statements on pages 4 and 6 reconcile the differences between the District-Wide Financial Statements and the Fund Financial Statements.

Major and Nonmajor Funds

The Major Fund identified in financial statements consist only of the General Fund. This fund is used for primary operations of the school district. Nonmajor Funds include the Student Activity Fund, Food Service, and two debt service funds: 2014 Refunding Debt and 2017 Debt. Information listed under Nonmajor funds contains cumulative financial information of each of the listed funds.

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

II. Condensed Government-Wide Financial Information

There were significant changes in assets, liabilities, and net position from the previous year for the government-wide financial statements.

Current assets increased significantly over the prior year due to an increase in the cash on hand at June 30, 2023. Current assets increased by \$405,355. Of this increase, \$329,663 is an increase of cash and cash equivalents. This increase of cash on hand was due in part to the decision to borrow cash flow resources in the amount of \$200,000. The balance of the increased current asset value is a result of increased utilization of grants. Amounts due from government increased by \$58,861. Because the State of Michigan's fiscal year varies from that of public schools, the amounts of state aid payments for the months of July and August are recognized as due from government. The balance of the increased total of due from government are grant related expenditures that are due to be reimbursed to the District as of years' end at June 30, 2023.

Notably, the General Fund recognized an increase in assets of \$410,228 while the nonmajor funds recognized a decrease in assets of \$4,873. This minor decrease in assets for nonmajor funds is primary a result of the decrease in cash on hand for the two debt funds contained within the total nonmajor funds column. Combined Debt Service cash on hand as of June 30, 2023 decreased by \$40,990 to \$97,954.53.

An increase of capital assets net of depreciation typically indicates that capital assets are being added or replaced at a faster rate than they are depreciating. For the period ending June 30, 2023, capital assets net of depreciation decreased minimally by \$64,123. Total capital asset additions for the period was \$191,153; disposals were \$81,063; and total accumulated depreciation for the year was \$255,276.

The current liabilities increased from the prior year by \$191,824. The District borrowed \$200,000 in State Aid Anticipation Note funds to finance school operations in the short term. Year over year comparison reveals a reduction of \$78,863 in accrued expenses related to payroll costs. This is a result of fewer days of payroll costs crossing financial periods. Unearned revenue increased for the period ending June 30, 2023 by \$49,490. This unearned revenue indicates the balance of restricted grant funds that will be used in the following fiscal period.

Deferred inflows related to leases decreased for period ending June 30, 2023 by \$23,450. This amount reflects one year of leased space for the community library. The balance of deferred inflows related to this lease is \$46,899.

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

Total net position for governmental activities improved to (\$3,488,734), an increase of \$609,401.

All information presented in Table 1 relates to governmental activities. The District does not have any business-type activities.

Table 1
Comparative Summary of Assets, Liabilities, and Net Position
At June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Current Assets	1,756,329	1,356,933	(399,396)
Noncurrent Assets	4,999,902	5,064,025	64,123
Total Assets	<u>6,756,231</u>	<u>6,420,958</u>	<u>(335,273)</u>
Deferred Outflows of Resources	<u>2,193,979</u>	<u>1,084,713</u>	<u>(1,109,266)</u>
Current Liabilities	845,194	659,406	(185,788)
Noncurrent Liabilities	10,445,021	8,655,033	(1,789,988)
Total Liabilities	<u>11,290,215</u>	<u>9,314,439</u>	<u>(1,975,776)</u>
Deferred Inflows of Resources	<u>1,148,729</u>	<u>2,289,367</u>	<u>1,140,638</u>
Investment in Capital Assets (Net of Related Debt)	1,631,508	1,405,777	(225,731)
Restricted	97,955	138,944	40,989
Unrestricted	<u>(5,218,197)</u>	<u>(5,642,856)</u>	<u>(424,659)</u>
Total Net Position	<u>(3,488,734)</u>	<u>(4,098,135)</u>	<u>(609,401)</u>

Total general revenues reported on the Statement of Activities decreased from the previous year while program revenues which reduced stated expenditures increased. The net effect on total revenues reported on the Statement of Activities was an overall increase of \$410,433. Operating Grants and Contributions increased by \$875,825 due to the use of various ESSER grants totaling \$360,301, as well as increased food service funding in the amount of \$9,420. The district also took part in various other one-time funding sources such as the Child Care Stabilization grant that provided \$39,700. Finally, utilization of Title funds in the fiscal year ended June 30, 2023 amounted to increased revenues of \$18,879.

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

Table 2
Comparative Summary of Program, General, and Total Revenues
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Charges for Services	\$152,424	\$67,188	\$85,236
Operating Grants and Contributions	1,492,673	616,848	875,825
Total Program Revenues	\$1,645,097	\$684,036	\$961,061
Property Taxes	\$848,309	\$844,361	\$3,948
State Aid Not Restricted to Specific Purposes	1,944,594	2,445,522	(500,928)
Intermediate sources	76,605	86,262	(9,657)
Interest and Investment Earnings	3,181	658	2,523
Other General Revenues	50,719	59,431	(8,712)
Total General Revenues	\$2,923,408	\$3,436,234	(\$512,826)
Total Revenues	\$4,568,505	\$4,120,270	\$410,433

Total expenses increased by \$353,717 from the previous year. The primary driver of this increase was the one-time MPSERS transaction in the amount of \$144,248. These were funds that were distributed to the district from the State of Michigan that were immediately payable to the Office of Retirement Service. The reduction of expenditures within the Food Service program were as a result of a successful implementation of a fund balance spend down plan in 2022. The student activities increase is indicative of the increased flexibility in activities as the pandemic was officially declared over. Students participated in travel related educational programs in 2023 that were previously unavailable options.

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

Table 3
Comparative Summary of Program Expenses by Function and Total Expenses
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Instruction	\$1,969,647	\$1,734,852	\$234,795
Support Services	1,451,940	1,210,232	241,708
Community Services	299	300	(1)
Food Service	266,394	393,350	(126,956)
Student Activities	95,816	30,190	65,626
Facilities Construction	-	63,405	(63,405)
Interest & Fees on Long-term Debt	175,008	173,058	1,950
Other	-	-	-
Depreciation – Unallocated	-	-	-
Total Expenses	<u>\$3,959,104</u>	<u>\$3,605,387</u>	<u>\$353,717</u>

III. Analysis of the Overall Financial Position and Results of Operations for Governmental Activities

Governmental Activities

The net position and changes in net position are presented in table 4 below. Since the District does not have any business-type activities, this change is entirely comprised of governmental type activities.

Table 4
Comparative Summary of Net Position and Changes in Net Position
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Net Position - Beginning	(4,098,135)	(4,613,018)	514,883
Increase (Decrease) in Net Position	609,401	514,883	94,518
 Net Position - Ending	 (3,488,734)	 (4,098,135)	

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

The District normally operates under the philosophy that it should neither increase nor decrease fund balance from one year to the next based on the Fund Financial Statements (modified accrual). During the current year, the District saw an increase in the per-pupil foundation allowance while experiencing a relatively minor enrollment reduction. The increased fund balance reported is a result of enhanced utilization of grant funding for operational purposes as the availability of many grants are exhausting.

The increase in Net Position is a function of the difference between the District-Wide Financial Statements and the Fund Financial Statements. The reconciliation between these two methods is presented on page 6. One major difference between the two models is the depreciation of capital assets of \$255,276. These purchases are recorded as assets on the District-Wide Financial Statements and depreciated over their useful lives. On the Fund Financial Statements the acquisitions are recorded as expenditures at the time of purchase. The most significant change in net position is a result of changes as related to pension, other post-employment benefits and compensated absences. These expenses are reported on the governmental funds statement, not on the statement of activities because these expenses do not require the use of current financial resources.

Statement of Activities

The Statement of Activities on page 2 is significantly different from the Statement of Revenues, Expenditures, and Changes in Fund Balance on page 5. This statement is organized by program listing the expenses in the first column, charges for services in the second column, grants/contributions in the third column, and net expense/revenue in the fourth column. This manner of presentation illustrates the expenses each program generates as well as the corresponding revenues. The net expense/revenue indicates the portion of that program that must be financed with general revenues of the district or, in the case of food service, may not require any general revenues.

To help the user better understand this statement, the significant program revenues have been identified as follows:

Instruction	Tuition payments, Title IA grant, Title IIA grant, Title IV, ESSER grants.
Support Services	Library agreement, Athletic gate receipts, Season passes, Other revenues
Food Service	Lunch and other food sales, State 31d School Lunch funds, and National School Breakfast and Lunch funds.
Student activities	Fund raising

Ashley Community School District
 Management Discussion and Analysis
 For the Year Ended June 30, 2023

All other revenues are considered General Revenues and are listed at the bottom of the Statement of Activities.

IV. Significant Transactions and Changes in Funds

The General Fund realized an increase in fund equity due an increase in grant revenues and the utilization of those revenue sources over general revenue sources.

The Nonmajor Funds decreased a combined total of \$19,629. The Food Service Fund realized an increase in fund equity due to federally provided free meals for students and small supply chain assistance grants. The total Food Service fund balance increase was \$11,875. The 2014 Refunding Debt Fund decreased by \$25,414 while the 2017 Debt Fund decreased by \$15,576. The two debt funds decreased in fund balance as a result of maximizing payment on existing debts. Finally, the Student Activities Fund recognized an increase of \$9,484 as a result of increased student activity.

A comparison of the change in fund balance to the revenues and other financing sources for each of the governmental funds is as follows:

	Revenues and Other Financing <u>Sources</u>	Net Change in Fund Balance <u>From Prior Year</u>	Percent Change in Fund Balance as a Percent of Revenues and Other Financing <u>Sources</u>
General	\$3,772,825	\$256,610	6.8%
Nonmajor Funds	965,020	(19,629)	-2.0%

General Fund

For the past several years, the District has worked tirelessly to identify support systems for students that are in alignment with grant funding sources. For year ending June 30, 2023, the school district was able eligible to be reimbursed via various ESSER funding grants for services provided to students. These services included tutoring, targeted assistance, programming improvements and support staffing. Because staffing accounts for approximately 73% of the General Fund budget, every attempt is made to ensure adequate staffing levels for all needs.

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

Food Service Fund

The Food Service Fund ended the year with a fund balance of \$84,414. This is an increase of the prior year. The district is permitted to maintain a fund balance of no more than three month's expenditures. For the year ended June 30, 2023, the district successfully maintained compliance with this guidance and has every intention to maintain that position.

Debt Service Fund

The Debt Service Fund collects property taxes and receives interest earnings on bank deposits to finance the payment of interest and principal on bonds issued to construct facilities throughout the District. The tax rate is set each year at a level to pay the current year principal and interest payments on the bond issue with a levy of 8.4 mills. This tax rate is now sufficient to repay principal and interest payments. At this time in the cycle, the District is in the position to repay the School Bond Loan Fund incrementally and is actively doing so.

V. Changes to Budget and Comparison to Actual Results

The District is required by State law to adopt the original budget before the beginning of the fiscal year. For the fiscal year ended June 30, 2023 the original budget was adopted on June 27, 2022. The original budget is adopted two months before school is in session and, therefore, many assumptions are made in constructing the budget for unknowns such as the number of students the District will have for the year. Since much of the District's revenue is determined based on the number of students enrolled, this unknown could have a significant impact on the budget. Often there are a number of unforeseen events that occur throughout the year that impact the budget and/or cause budget variances. The significant variances for the fiscal year ended June 30, 2023 are as follows:

General Fund

Changes from Original Budget to Final Budget

Local Sources – The budget for local sources increased primarily due to local grants provided to the district. Other local revenue assumptions were also changed to reflect actual amounts.

State Sources – The budget for state revenues was increased to reflect updated enrollment data, and additional categorical funding from the State.

Federal Sources – The budget was decreased to reflect the actual federal funding utilized throughout the year.

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

Instruction – The budget was decreased to reflect decreased expenditures for salary and benefits due to the staffing changes.

Support Services – The overall budget was reduced to account for staffing challenges, including unfilled position. Some line items were increased to recognize the impact of the one-time transaction related to the Office of Retirement Services whereas funding was distributed to the District and immediately payable.

Variances between Final Budget and Actual Amounts

Total General Fund revenue final budget to actual variance was \$131,719 or 3.49% of the revenue budget.

- State Sources of Revenue – A calculation error in the foundation allowance formula resulted in under budgeting revenues by \$122,811

Total General Fund expenditure final budget to actual variance was \$1,925 or 0.05% of the expenditure budget.

VI. Capital Assets and Long-Term Debt Activity during the Year

Capital Assets

A summary of the changes in the District’s capital assets is presented on page 15. The significant additions and disposals are described as follows:

The District added multiple assets during the year, including three vehicles (two used busses and one 10-passenger van) totaling \$56,700.

The District performed building improvements throughout the year valued at \$134,453.

The District disposed of several items during the year ended June 30, 2023 via utilization of an auction service. Equipment disposals combined to a book value of \$11,950 while disposal of two buses had a book cost of \$69,113.

Ashley Community School District
Management Discussion and Analysis
For the Year Ended June 30, 2023

Long-Term Debt

Short term debt identified on page 16 in the amount of \$200,000 was the result of the District's cash flow borrowing activities. The interest rate for this borrowing was 3.12% and due on August 21, 2023.

Detailed notes for the long-term debts are on page 16 and 17.

VII. Known Facts, Decisions, or Conditions Having Significant Effect on Future Operations.

The single biggest factor that impacts operations of Ashley Community Schools, much like all others, is enrollment. The trend of declining enrollment continues.

For the fiscal year starting July 1, 2023, Ashley Community Schools is launching a pilot program to support alternative education. This program is intended to support those students with needs that have been left unmet. The size of the program is not yet known, but budgeted for approximately fifteen students.

The district has enjoyed the opportunity to provide additional supports to our students. Through the use of various federal funds in the form of grants intended to assist in addressing various forms of learning loss and other supports, the district has implemented robust programming. While these programs are impactful, the funding for these programs are uncertain going forward. The district has been using federal ESSER funds, in several varieties, however these funds are slated to expire within the next year or two.

Request for Information

This financial report is designed to provide our stakeholders with a general overview of the district's finances and to show the district's accountability for the funding it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Ashley Community Schools, 104 N. New Street, Ashley, Michigan, 48806.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



Ashley Community School District
Statement of Net Position
June 30, 2023

Assets	
Cash and cash equivalents	\$ 1,044,911
Accounts receivable	76,572
Due from other governmental units	601,981
Inventory	12,410
Prepaid expenses	20,455
Noncurrent assets	
Capital assets being depreciated, net	4,999,902
Total assets	<u>6,756,231</u>
Deferred outflows of resources	
Related to pension	1,751,352
Related to other post-employment benefits	442,627
Total deferred outflows of resources	<u>2,193,979</u>
Liabilities	
Accounts payable	32,284
Short-term note payable	200,000
Due to other governmental units	26,239
Accrued interest	18,681
Accrued expenses	217,684
Unearned revenue	66,446
Compensated absences due within one year	3,860
General obligation bonds due within one year	280,000
Non-current liabilities	
Compensated absences due beyond one year	21,874
General obligation bonds due beyond one year	2,980,000
Direct borrowings and direct placements due beyond one year	1,646,657
Bond premiums being amortized, net	108,394
Net pension liability	5,382,654
Net other post-employment benefit liability	305,442
Total liabilities	<u>11,290,215</u>
Deferred inflows of resources	
Related to pension	52,915
Related to other post-employment benefits	656,984
Related to 147c allocation	391,931
Related to leases	46,899
Total deferred inflows of resources	<u>1,148,729</u>
Net position	
Net investment in capital assets	1,631,508
Restricted for:	
Debt service	97,955
Unrestricted	<u>(5,218,197)</u>
Total net position	<u><u>\$ (3,488,734)</u></u>

Ashley Community School District
Statement of Activities
For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 1,969,647	\$ 13,631	\$ 1,228,841	\$ (727,175)
Support services	1,451,940	21,645	-	(1,430,295)
Community service	299	-	-	(299)
Food service	266,394	11,848	263,832	9,286
Student activities	95,816	105,300	-	9,484
Interest and fees on long-term debt	175,008	-	-	(175,008)
Total school district	<u>\$ 3,959,104</u>	<u>\$ 152,424</u>	<u>\$ 1,492,673</u>	<u>(2,314,007)</u>
General revenues:				
Property taxes				848,309
State sources - unrestricted				1,944,594
Intermediate sources				76,605
Unrestricted interest and investment earnings				2,248
Restricted interest and investment earnings				933
Other revenues				50,719
Total general revenues				<u>2,923,408</u>
Change in net position				609,401
Net position - beginning				<u>(4,098,135)</u>
Net position - ending				<u>\$ (3,488,734)</u>

FUND FINANCIAL STATEMENTS



Ashley Community School District
Balance Sheet - Governmental Funds
June 30, 2023

	Major Funds	Total Nonmajor Funds	Totals
	General		
Assets			
Cash and cash equivalents	\$ 771,362	\$ 273,549	\$ 1,044,911
Accounts receivable	76,572	-	76,572
Due from other governmental units	586,838	15,143	601,981
Due from other funds	14,932	6,212	21,144
Prepaid expenditures	10,455	10,000	20,455
Inventory	-	12,410	12,410
Total assets	\$ 1,460,159	\$ 317,314	\$ 1,777,473
Liabilities			
Accounts payable	\$ 13,916	\$ 18,368	\$ 32,284
Short-term note payable	200,000	-	200,000
Due to other governmental units	26,239	-	26,239
Due to other funds	-	21,144	21,144
Accrued expenses	217,684	-	217,684
Unearned revenue	66,446	-	66,446
Total liabilities	524,285	39,512	563,797
Deferred inflows			
Related to leases	46,899	-	46,899
Total deferred inflows	46,899	-	46,899
Fund balances			
Non-spendable	10,455	22,410	32,865
Restricted	-	255,392	255,392
Unassigned	878,520	-	878,520
Total fund balances	888,975	277,802	1,166,777
Total liabilities, deferred inflows and fund balances	\$ 1,460,159	\$ 317,314	\$ 1,777,473

Ashley Community School District
 Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
 to Net Position of Governmental Activities on the Statement of Net Position
 June 30, 2023

Total fund balance - governmental funds	\$	1,166,777
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Add: Cost of capital assets		8,916,773
Deduct: Accumulated depreciation		(3,916,871)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>		
Deduct: 2014 refunding bonds payable		(1,650,000)
Deduct: 2017 building and site bonds payable		(1,610,000)
Deduct: 2014 refunding bonds premium, net		(90,079)
Deduct: 2017 building and site bonds premium, net		(18,315)
Deduct: School loan revolving fund payable		(1,507,759)
Deduct: School bond loan fund payable		(138,898)
Deduct: Accrued interest on long-term liabilities		(18,681)
<p>Other amounts reported in the Statement of Activities that do not require current financial resources consist of:</p>		
Add: Deferred outflow - related to pension		1,751,352
Add: Deferred outflow - related to other post-employment benefits		442,627
Deduct: Compensated absences payable		(25,734)
Deduct: Net pension liability		(5,382,654)
Deduct: Net other post-employment benefit liability		(305,442)
Deduct: Deferred inflow - related to pension		(52,915)
Deduct: Deferred inflow - related to other post-employment benefits		(656,984)
<p>Revenue in support of pension contribution made subsequent to the measurement date:</p>		
Deduct: Deferred inflow - 147c allocation		(391,931)
Total net position - governmental activities	\$	(3,488,734)

Ashley Community School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	Major Funds	Total	Totals
	General	Nonmajor Funds	
Revenues			
Local sources	\$ 349,726	\$ 704,907	\$ 1,054,633
State sources	2,789,336	4,563	2,793,899
Federal sources	557,158	255,550	812,708
Other sources	76,605	-	76,605
Total revenues	3,772,825	965,020	4,737,845
Expenditures			
Instruction			
Basic programs	1,373,657	-	1,373,657
Added needs	502,601	-	502,601
Total instruction	1,876,258	-	1,876,258
Support services			
Pupil	44,567	-	44,567
Instructional staff	94,368	-	94,368
General administration	213,716	-	213,716
School administration	337,205	-	337,205
Business services	42,600	-	42,600
Operation and maintenance	326,463	-	326,463
Pupil transportation	300,992	-	300,992
Central	80,512	-	80,512
Athletics	92,255	-	92,255
Total support services	1,532,678	-	1,532,678
Food service	-	260,282	260,282
Student activities	-	95,816	95,816
Facilities construction	107,279	-	107,279
Debt service - principal	-	503,245	503,245
Debt service - interest and other	-	186,478	186,478
Total expenditures	3,516,215	1,045,821	4,562,036
Revenues over (under) expenditures	256,610	(80,801)	175,809
Other financing sources (uses)			
Proceeds from SBLF & SLRF	-	61,172	61,172
Net change in fund balances	256,610	(19,629)	236,981
Fund balance - beginning	632,365	297,431	929,796
Fund balance - ending	\$ 888,975	\$ 277,802	\$ 1,166,777

Ashley Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	236,981
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Add: Capital outlay		191,153
Deduct: Depreciation expense		(255,276)
<p>Payment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).</p>		
Add: 2014 refunding bonds payment		150,000
Add: 2017 building and site bonds payment		130,000
Add: School loan revolving fund payable payment		223,245
Add: 2014 refunding bonds premium amortization		8,189
Add: 2017 building and site bonds premium amortization		1,665
Add: Change in accrued interest on long-term liabilities		1,614
Deduct: Proceeds from school loan revolving fund payable		(56,533)
Deduct: Proceeds from school bond loan fund payable		(4,639)
<p>Revenue in support of pension contribution made subsequent to the measurement date:</p>		
Deduct: Change in deferred inflow - 147c allocation		(169,339)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Add: Change in deferred outflow - related to pension		1,001,889
Add: Change in deferred outflow - related to other post-employment benefits		107,377
Deduct: Change in accrual for compensated absences		(10,249)
Deduct: Change in net pension liability		(2,142,229)
Deduct: Change in net other post-employment benefit liability		(90,974)
Add: Change in deferred inflow - related to pension		1,087,595
Add: Change in deferred inflow - related to other post-employment benefits		198,932
Change in net position of governmental activities	\$	<u>609,401</u>

NOTES TO THE FINANCIAL STATEMENTS



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ashley Community School District (the District) conform to generally accepted accounting principles (GAAP) in the United States of America 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 following is a summary of the significant accounting policies used by the District. All amounts shown are in dollars.

Reporting Entity

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

The District reports the following non-major governmental funds:

- The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student activities in the special revenue funds.
- The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District accounts for the 2014 Refunding Debt and the 2017 Bond Debt as a non-major debt service funds.

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

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

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

- The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, are noted below as well as in the required supplementary information section.
- Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the general fund as follows:

Function	Original Budget	Final Budget	Actual	Variance
Added needs	510,880	458,195	502,601	(44,406)
Pupil	147,364	42,995	44,567	(1,572)
Business services	36,218	36,475	42,600	(6,125)

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

Cash and Cash Equivalents

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

Investments

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

- Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- 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 United States government or federal agency obligations repurchase agreements.
- Bankers' acceptances of United States banks.
- Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Accounts Receivable/Payable

Accounts receivable/payable in all funds report amounts that have arisen in the ordinary course of business. Accounts receivable are stated net of allowances for uncollectible amounts, if any.

Due from/Due to Other Governmental Units

Due from/due to other governmental units consist primarily of amounts due from/to grantors and the State of Michigan.

Inventory

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

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

Prepaid items

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

Capital Assets

Capital assets, as detailed in the table below, are reported in the government-wide financial statements. Capital assets are tangible and intangible assets, defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible capital assets in the appropriate capital asset class.

The costs of normal maintenance and repairs that do increase the asset's capacity or efficiency or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Assets	Years
Buildings and additions	15 – 50
Equipment	5 – 20
Furniture	10 – 25
Vehicles	3 – 10

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

Accrued Payroll and Benefits

Accrued payroll and benefits relate to salaries and wages earned prior to year-end but not paid until after year-end.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the fund financial statements and Government-wide financial statements, and revenue is recognized.

Compensated Absences

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

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits 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. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. The deferred amounts related to pension and other postemployment benefits relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply. The fourth is unavailable revenues from leases. These amounts are long-term leases entered into by the District in which the District is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

Leases

Lessor

The District is a lessor for a noncancelable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of this lease and will

remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consist of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- *Nonspendable* fund balance represents amounts that are either not in spendable form or are either legally or contractually required to be maintained intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Education prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board of Education adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the finance director to assign fund balance. The Board of Education may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance.

Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Revenues

Program Revenues

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

Property Tax Revenue

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

The District levied the following amounts per \$1,000 of assessed valuation. The District levied 18.00 mills for school general operations on the non-homestead taxable value. The District also levied an additional 8.40 mills on all property in the District for the purpose of debt service.

State Aid 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 current year ended, the foundation allowance was based on pupil membership counts.

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

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

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District, and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

As of year-end, the District had deposits and investments subject to the following risks:

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of year-end, \$885,125 of the District's bank balance of \$1,135,125 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts.

The following summarizes the categorization of these amounts as of year-end:

Description	Amount
Petty cash	400
Checking, savings and money market	1,044,511
Total	1,044,911

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivable and payable shown on the fund financial statements as of June 30th, are as follows:

Description	Due from Other Funds	Due to Other Funds
General fund	14,932	-
Food service fund	-	14,932
2014 Refunding debt service fund	-	6,212
2017 Bond debt service fund	6,212	-
Total	21,144	21,144

The outstanding balances between funds result mainly 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.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

As of June 30th, due from other governmental units is comprised of the following amounts:

Description	Amount
State aid	493,333
Federal grants and other pass-through agencies	108,648
Total	601,981

No allowance for doubtful accounts is considered necessary based on previous experience.

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

NOTE 5 – LEASE RECEIVABLE

During fiscal year 2022, the District began leasing a Library Building to a third-party. The lease is for 5 years. The District will receive principal payments of approximately \$23,450 plus interest. The District recognized lease revenue and interest revenue during the current fiscal year related to this lease as detailed below. Also, the District's ending receivable for lease payments and deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term are detailed below.

Description of Lease	Received during current fiscal year		Remaining amount as of year-end	
	Lease Revenue	Lease Interest	Lease Receivable	Deferred Inflows
Library Lease				
FY2023	23,450	1,821	48,184	46,899
FY2024	23,450	1,121	24,453	23,450
FY2025	23,450	399	-	-

NOTE 6 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Construction in process	7,891	-	-	(7,891)	-
Total capital assets not being depr.	7,891	-	-	(7,891)	-
Capital assets being depreciated					
Buildings and additions	7,964,686	134,453	-	7,891	8,107,030
Equipment	372,153	-	(11,950)	-	360,203
Furniture	92,195	-	-	-	92,195
Vehicles	369,758	56,700	(69,113)	-	357,345
Total capital assets being depr.	8,798,792	191,153	(81,063)	7,891	8,916,773
Accumulated depreciation					
Buildings and additions	(3,169,901)	(215,531)	-	-	(3,385,432)
Equipment	(227,063)	(16,552)	11,950	-	(231,665)
Furniture	(67,584)	(3,797)	-	-	(71,381)
Vehicles	(278,110)	(19,396)	69,113	-	(228,393)
Total accumulated depreciation	(3,742,658)	(255,276)	81,063	-	(3,916,871)
Net capital assets being depreciated	5,056,134	(64,123)	-	7,891	4,999,902
Net capital assets	5,064,025	(64,123)	-	-	4,999,902

Depreciation/amortization expense for the year ended June 30, 2023 was charged to the functions of the District's activities as follows:

Governmental Activities	Amount
Instruction	213,363
Support services	35,128
Food Service	6,486
Community services	300
Total depreciation	255,276

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

NOTE 7 - ACCRUED EXPENSES

Accrued expenses as of year-end include amounts due for accrued wages, retirement, FICA, employee benefit insurances, and termination benefits (if any). Accrued wages represent the remaining balance on teacher contracts to be paid during the summer and other salaries and wages earned as of June 30th.

NOTE 8 - DEBT

Short-term debt

On September 28, 2022, the District borrowed \$200,000 in the form of a State Aid Anticipation Note for the purpose of providing funds for school operations. The interest rate was stated at 3.12% and the maturity date was August 21, 2023.

	Beginning Balance	Additions	(Deletions)	Ending Balance
Short-term debt	-	200,000	-	200,000

Premiums and Discounts

Debt may be issued at par value, with a premium (applicable to debt issued in excess of par value) or at a discount (applicable to debt issued at amounts less than the par value). Premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

The changes in premium and discounts during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance
2014 refunding bonds premium, net	98,268	-	(8,189)	90,079
2017 building and site bonds premium, net	19,980	-	(1,665)	18,315
Total premium and discounts	118,248	-	(9,854)	108,394

Long-term debt

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
General Obligations				
2014 Refunding bonds	3,840,000	3.30% - 4.00%	2034	1,650,000
2017 School building and site bonds	2,240,000	3.00% - 3.50%	2035	1,610,000
Total general obligation bonds	6,080,000			3,260,000
Direct borrowings and direct placements				
School bond loan fund	-	4.11%	-	138,898
School loan revolving fund	-	4.11%	-	1,507,759
Total direct borrowings and direct placements				1,646,657

School Bond Loan Fund and School Loan Revolving Fund

Borrowing from the State of Michigan - School Bond Loan Fund and The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the District, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30th was 4.11%.

Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.0 mills. The school district is required to levy 7.0 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 8.4 mills. Due to the variability of the factors

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

Summary of Long-Term Debt

The changes in long-term debt during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance	Due within one year
Long-term debt					
Compensated absences	15,485	12,572	(2,323)	25,734	3,860
General obligation bonds	3,540,000	-	(280,000)	3,260,000	280,000
Direct borrowings and direct placements	1,808,730	61,172	(223,245)	1,646,657	-
Total long-term debt	5,364,215	73,744	(505,568)	4,932,391	283,860

The requirements to pay principal and interest on the long-term debt outstanding at June 30th, are shown below:

Year Ended June 30	General Obligation Bonds	
	Principal	Interest
2024	280,000	114,576
2025	280,000	104,676
2026	290,000	95,826
2027	290,000	86,676
2028	290,000	76,876
2029 – 2033	1,520,000	228,376
2034 - 2038	310,000	11,600
Total long-term debt	3,260,000	718,606

School Bond Loan Fund and School Loan Revolving Fund (included in direct borrowing and direct placement on the summary of long-term debt) are not subject to annual principal and interest payments and therefore are not included in the schedule above.

NOTE 9 - RETIREMENT BENEFITS

Plan Description

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

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided

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

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

Contributions

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

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

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

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.14%
Member Investment Plan	3.0 - 7.0%	20.14%
Pension Plus	3.0 - 6.4%	17.22%
Pension Plus 2	6.2%	19.93%
Defined Contribution	0.0%	13.73%

Required contributions to the pension plan from the District were \$487,130 for the year ended Sept. 30, 2022.

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

At September 30, 2022, the District reported a liability of \$5,382,654 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of Sept. 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At Sept. 30, 2022, the District's proportion was 0.0143123%, which was an increase of 0.00062537% from its proportion measured as of Sept. 30, 2021.

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

For the plan year ending September 30, 2022, the District recognized pension expense of \$673,817. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	924,933	-
Net difference between projected and actual earnings on pension plan investments	12,622	-
Differences between actual and expected experience	53,845	12,035
Changes in proportion and differences between Employer contributions and proportionate share of contributions	173,544	40,880
Employer contributions subsequent to the measurement date	586,408	-
Total	1,751,352	52,915

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2023	309,971
2024	250,560
2025	225,893
2026	325,605

Actuarial Assumptions

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

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	Sept. 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00% net of investment expenses
- Pension Plus Plan:	6.00% net of investment expenses
- Pension Plus 2 Plan:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality (Retirees):	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality (Active):	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of Sept. 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected
Real Rate of Return*		
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-Term Investment Pools	2.0%	(0.5)%
Total	100.0%	
*Long-term rates of return are net of administrative expenses and 2.2% inflation.		

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
7,103,104	5,382,654	3,964,926

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Payables to the Michigan Public School Employees' Retirement System (MPERS)

The District reported payables to the defined benefit pension plan in the amount of \$99,837 as of June 30, 2023.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple

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

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

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

The System's financial statements are available on the ORS website at Michigan.gov/ORSschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning Jan. 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 Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending Sept. 3, 2012 or were on an approved professional services or military leave of absence on Sept. 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

Contributions

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

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

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

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

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.23%

Required contributions to the OPEB plan from the District were \$109,848 for the year ended September 30, 2022.

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

At September 30, 2022, the District reported a liability of \$305,442 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of Sept. 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At Sept. 30, 2022, the District's proportion was .0144208%, which was an increase of .00037005% from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the District recognized OPEB expense of (\$121,770). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	272,250	22,168
Net difference between projected and actual earnings on OPEB plan investments	23,873	-
Differences between actual and expected experience	-	598,243
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,331	36,573
Employer contributions subsequent to the measurement date	87,173	-
Total	442,627	656,984

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2023	(114,834)
2024	(98,561)
2025	(91,464)
2026	3,606
2027	(1,118)
Thereafter	841

Ashley Community School District
Notes to the Financial Statements
June 30, 2023

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	Sept. 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality (Retirees):	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality (Active):	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions (Opt-Out Assumption):	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Other Assumptions (Survivor Coverage):	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Other Assumptions (Coverage Election at Retirement):	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual valuations beginning with the Sept. 30, 2018 valuation. The total OPEB liability as of Sept. 30, 2022, is based on the results of an actuarial valuation date of Sept. 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2250
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2022 MPERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-term Expected Return on Plan Assets

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

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

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
512,349	305,442	131,200

Sensitivity of the District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
127,904	305,442	504,731

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Payables to the OPEB Plan

The District reported payables to the defined benefit OPEB plan in the amount of \$8,916 as of June 30, 2023.

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

As of June 30th, the composition of net investment in capital assets was comprised of the following:

Net investment in capital assets	Amount
Capital asset being depreciated, net	4,999,902
Capital related general obligation bonds	(3,260,000)
Unamortized premium on bonds	(108,394)
Net investment in capital assets	1,631,508

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District participates in commercial insurance for property loss, torts, errors and omissions, and employee injuries (workers' compensation). The District has purchased commercial insurance for medical claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There was no reduction in coverage obtained through commercial insurance during the past year.

NOTE 13 – CONTINGENT LIABILITIES

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

NOTE 14 – ECONOMIC DEPENDENCE

The District receives approximately 70% of its General Fund revenues from the Michigan Department of Education. Due to the significance of this revenue source, the District is considered to be economically dependent.

NOTE 15 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30, 2023, the District did not receive reduced property tax revenues as a result of tax abatements from taxing authorities within its district boundaries. Additionally, there are no abatements made by the District

NOTE 16 - FUND BALANCE – NON SPENDABLE, COMMITTED, AND RESTRICTED

Non-spendable fund balance for the General Fund is for prepaid items. Non-spendable fund balance for the Food Service Fund is for prepaid items and inventory. Fund balance in the Food Service Fund (other than non-spendable) is restricted for food service activities. Fund balance in the Student Activities Fund is restricted for student activities. Fund balance in the Debt Funds is restricted for debt services.

NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections*, was issued by the GASB in June 2022 and will be effective for the District's fiscal year June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement prescribes the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

GASB Statement No. 101, *Compensated Absences*, was issued by the GASB in June 2022 and will be effective for the District's fiscal year June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



Ashley Community School District
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with final budget
	Original	Final		
Revenues				
Local sources	\$ 316,891	\$ 342,706	\$ 349,726	\$ 7,020
State sources	2,635,608	2,666,525	2,789,336	122,811
Federal sources	716,342	553,714	557,158	3,444
Other sources	104,133	78,161	76,605	(1,556)
Total revenues	<u>3,772,974</u>	<u>3,641,106</u>	<u>3,772,825</u>	<u>131,719</u>
Expenditures				
Instruction				
Basic programs	1,599,980	1,412,640	1,373,657	38,983
Added needs	510,880	458,195	502,601	(44,406)
Total instruction	<u>2,110,860</u>	<u>1,870,835</u>	<u>1,876,258</u>	<u>(5,423)</u>
Support services				
Pupil	147,364	42,995	44,567	(1,572)
Instructional staff	104,341	94,880	94,368	512
General administration	207,571	213,720	213,716	4
School administration	328,400	337,460	337,205	255
Business services	36,218	36,475	42,600	(6,125)
Operation and maintenance	329,316	329,693	326,463	3,230
Pupil transportation	311,659	305,135	300,992	4,143
Other central support	148,388	175,797	172,767	3,030
Total support services	<u>1,613,257</u>	<u>1,536,155</u>	<u>1,532,678</u>	<u>3,477</u>
Community service	500	-	-	-
Facilities construction	23,000	107,300	107,279	21
Total expenditures	<u>3,747,617</u>	<u>3,514,290</u>	<u>3,516,215</u>	<u>(1,925)</u>
Revenues over (under) expenditures	25,357	126,816	256,610	129,794
Fund balance - beginning of year	<u>632,365</u>	<u>632,365</u>	<u>632,365</u>	<u>-</u>
Fund balance - end of year	<u>\$ 657,722</u>	<u>\$ 759,181</u>	<u>\$ 888,975</u>	<u>\$ 129,794</u>

Ashley Community School District
Required Supplemental Information
Michigan Public School Employees Retirement Plan
Prospective 10-year trend information - Pension

Schedule of the District's Proportionate Share of the Net Pension Liability

Description	Plan year Sept 30, 2014	Plan year Sept 30, 2015	Plan year Sept 30, 2016	Plan year Sept 30, 2017	Plan year Sept 30, 2018
District's proportion of net pension liability (%)	0.01389860%	0.0141429%	0.0146158%	0.0142754%	0.0139263%
District's proportionate share of net pension liability	\$ 3,061,376	\$ 3,454,412	\$ 3,646,515	\$ 3,699,350	\$ 4,186,509
District's covered employee payroll	\$ 1,183,770	\$ 1,191,634	\$ 1,220,939	\$ 1,181,044	\$ 1,189,004
District's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	258.61%	289.89%	298.66%	313.23%	352.10%
Plan fiduciary net position as a percentage of total pension liability	66.20%	62.92%	63.01%	63.27%	62.36%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's Pension Contributions

Description	Fiscal year June 30, 2015	Fiscal year June 30, 2016	Fiscal year June 30, 2017	Fiscal year June 30, 2018	Fiscal year June 30, 2019
Statutorily required pension contributions	\$ 263,680	\$ 332,819	\$ 335,669	\$ 374,062	\$ 363,738
Contributions in relation to statutorily required pension contributions	263,680	332,819	335,669	374,062	363,738
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,215,043	\$ 1,197,257	\$ 1,184,021	\$ 1,199,609	\$ 1,213,896
Contributions as a percentage of covered-employee payroll	21.70%	27.80%	28.35%	31.18%	29.96%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms
Changes of assumptions: There were no changes of benefit assumptions

Ashley Community School District
Required Supplemental Information
Michigan Public School Employees Retirement Plan
Prospective 10-year trend information - Pension

Schedule of the District's Proportionate Share of the Net Pension Liability

Description	Plan year Sept 30, 2019	Plan year Sept 30, 2020	Plan year Sept 30, 2021	Plan year Sept 30, 2022
District's proportion of net pension liability (%)	0.0139068%	0.0135003%	0.0136869%	0.0143123%
District's proportionate share of net pension liability	\$ 4,605,468	\$ 4,637,493	\$ 3,240,425	\$ 5,382,654
District's covered employee payroll	\$ 1,244,749	\$ 1,194,537	\$ 1,278,166	\$ 1,403,759
District's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	369.99%	388.23%	253.52%	383.45%
Plan fiduciary net position as a percentage of total pension liability	60.31%	59.72%	72.60%	60.77%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's Pension Contributions

Description	Fiscal year June 30, 2020	Fiscal year June 30, 2021	Fiscal year June 30, 2022	Fiscal year June 30, 2023
Statutorily required pension contributions	\$ 370,607	\$ 390,225	\$ 490,215	\$ 622,936
Contributions in relation to statutorily required pension contributions	370,607	390,225	490,215	622,936
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,242,248	\$ 1,194,537	\$ 1,415,788	\$ 1,397,092
Contributions as a percentage of covered-employee payroll	29.83%	32.67%	34.62%	44.59%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms
Changes of assumptions: There were no changes of benefit assumptions

Ashley Community School District
Required Supplemental Information
Michigan Public School Employees Retirement Plan
Prospective 10-year trend information - OPEB

Schedule of the District's Proportionate Share of the Net OPEB Liability

Description	Plan year Sept 30, 2017	Plan year Sept 30, 2018	Plan year Sept 30, 2019	Plan year Sept 30, 2020	Plan year Sept 30, 2021
District's proportion of net OPEB liability (%)	0.0143826%	0.0139041%	0.0141495%	0.0133987%	0.0140508%
District's proportionate share of net OPEB liability	\$ 1,273,646	\$ 1,105,231	\$ 1,015,616	\$ 717,804	\$ 214,468
District's covered employee payroll	\$ 1,181,044	\$ 1,189,004	\$ 1,244,749	\$ 1,194,537	\$ 1,278,166
District's proportionate share of net OPEB liability as a percentage of its covered employee payroll (%)	107.84%	92.95%	81.59%	60.09%	16.78%
Plan fiduciary net position as a percentage of total OPEB liability	36.39%	42.95%	48.46%	59.44%	87.33%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's Contributions

Description	Fiscal year June 30, 2018	Fiscal year June 30, 2019	Fiscal year June 30, 2020	Fiscal year June 30, 2021	Fiscal year June 30, 2022
Statutorily required OPEB contributions	\$ 92,378	\$ 99,938	\$ 100,972	\$ 102,143	\$ 119,035
Contributions in relation to statutorily required OPEB contributions	92,378	99,938	100,972	102,143	119,035
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,199,609	\$ 1,213,896	\$ 1,242,248	\$ 1,196,627	\$ 1,415,788
Contributions as a percentage of covered-employee payroll	7.70%	8.23%	8.13%	8.54%	8.41%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms
Changes of assumptions: The Healthcare cost trend rate has changed: The Pre 65 rate is 7.50% Year 1 graded to 3.50% year 15. The Post 65 rate is 6.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as: The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 to 3.50% Year 15.

Ashley Community School District
 Required Supplemental Information
 Michigan Public School Employees Retirement Plan
 Prospective 10-year trend information - OPEB

Schedule of the District's Proportionate Share of the Net OPEB Liability

Description	Plan year Sept 30, 2022
District's proportion of net OPEB liability (%)	0.0144208%
District's proportionate share of net OPEB liability	\$ 305,442
District's covered employee payroll	\$ 1,403,759
District's proportionate share of net OPEB liability as a percentage of its covered employee payroll (%)	21.76%
Plan fiduciary net position as a percentage of total OPEB liability	83.09%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's Contributions

Description	Fiscal year June 30, 2023
Statutorily required OPEB contributions	\$ 102,355
Contributions in relation to statutorily required OPEB contributions	102,355
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 1,397,092
Contributions as a percentage of covered-employee payroll	7.33%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms

Changes of assumptions: The Healthcare cost trend rate has changed: The Pre 65 rate is 7.50% Year 1 graded to 3.50% year 15. The Post 65 rate is 6.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as: The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 to 3.50% Year 15.

OTHER SUPPLEMENTARY INFORMATION



Ashley Community School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds		Debt Service Funds		Total Nonmajor Funds
	Food Service	Student Activities	2014 Refunding Debt	2017 Bond Debt	
Assets					
Cash and cash equivalents	\$ 80,162	\$ 95,432	\$ 56,218	\$ 41,737	\$ 273,549
Due from other governmental units	15,143	-	-	-	15,143
Due from other funds	-	-	-	6,212	6,212
Prepaid expenditures	10,000	-	-	-	10,000
Inventory	12,410	-	-	-	12,410
Total assets	\$ 117,715	\$ 95,432	\$ 56,218	\$ 47,949	\$ 317,314
Liabilities					
Accounts payable	\$ 18,368	\$ -	\$ -	\$ -	\$ 18,368
Due to other funds	14,932	-	6,212	-	21,144
Total liabilities	33,300	-	6,212	-	39,512
Fund balances					
Non-spendable	22,410	-	-	-	22,410
Restricted	62,005	95,432	50,006	47,949	255,392
Total fund balances	84,415	95,432	50,006	47,949	277,802
Total liabilities and fund balances	\$ 117,715	\$ 95,432	\$ 56,218	\$ 47,949	\$ 317,314

Ashley Community School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		Debt Service Funds		Total Nonmajor Funds
	Food Service	Student Activities	2014 Refunding Debt	2017 Bond Debt	
Revenues					
Local sources	\$ 12,045	\$ 105,300	\$ 351,777	\$ 235,785	\$ 704,907
State sources	4,563	-	-	-	4,563
Federal sources	255,550	-	-	-	255,550
Total revenues	272,158	105,300	351,777	235,785	965,020
Expenditures					
Food service	260,282	-	-	-	260,282
Student activities	-	95,816	-	-	95,816
Debt service - principal	-	-	309,209	194,036	503,245
Debt service - interest and other	-	-	123,551	62,927	186,478
Total expenditures	260,282	95,816	432,760	256,963	1,045,821
Revenues over (under) expenditures	11,876	9,484	(80,983)	(21,178)	(80,801)
Other financing sources (uses)					
Proceeds from SBLF & SLRF	-	-	55,570	5,602	61,172
Net change in fund balances	11,876	9,484	(25,413)	(15,576)	(19,629)
Fund balance - beginning	72,539	85,948	75,419	63,525	297,431
Fund balance - ending	\$ 84,415	\$ 95,432	\$ 50,006	\$ 47,949	\$ 277,802



Communication with Those Charged with Governance at the Conclusion of the Audit

To the Members of the Board
Ashley Community School District
Ashley, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ashley Community School District (the District) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* 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 during planning. 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 the District are described in the notes to the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates 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 District's financial statements were:

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

Management's allocation of current and noncurrent compensated absences is based on an estimate of the percentage of employee's use of compensated absences.

Management's estimated lives of capital assets are based on the expected life of the asset. We evaluated the key factors and assumptions used to develop the estimated lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimated incremental borrowing rate used to discount future payments under GASB 87 is based on the entity's current borrowing rate. We evaluated the key factors and assumptions used to develop the estimated intrinsic borrowing rate in determining that it is reasonable in relation to the financial statements taken as a whole.

The assumptions used in the actuarial valuations of the pension and other postemployment benefit plans are based on historical trends and industry standards. We evaluated the key factors and assumptions used to develop the information used in the financial statements in determining that they are 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedules and the prospective 10-year trend information, 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 which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

We were engaged to report on the combining statements 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.

Restriction on Use

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

Sincerely,

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants