PECK COMMUNITY SCHOOLS
Peck, Michigan

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

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Peck Community Schools

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 Peck Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Peck Community Schools' basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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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 Peck Community Schools' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Peck Community Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Peck Community Schools' 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 is 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 2, 2023, on our consideration of Peck Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Peck Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peck Community Schools' internal control over financial reporting and compliance.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CARO, MICHIGAN

October 2, 2023

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

FINANCIAL HIGHLIGHTS

The District's general fund, fund balance increased by $157,024 to a total of $1,819,956 as of June 30, 2023.

The District's 2017 capital projects fund had no fund balance as of June 30, 2023 due to closing the fund, which was a decrease of $77,448 compared to the prior year.

In the District's food service fund, the fund balance decreased by $10,494 to a total of $141,687 as of June 30, 2023.

In the District's student/school activities fund, the fund balance increased by $25,148 to a total of $131,419 as of June 30, 2023.

In the District's debt retirement fund, the fund balance decreased by $3,768 to a total of $70,773 as of June 30, 2023.

In the District's capital projects sinking fund, the fund balance increased by $14,317 to a total of $146,223 as of June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.
- The governmental fund statements tell how basic services like instruction and support services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year and required supplementary pension and OPEB information.

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

Figure A-1
Major Features of District-Wide and Fund Financial Statements

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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position, includes all of the District's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows, and liabilities - are one way to measure the District's financial health or position.

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

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

- Governmental activities - Most of the District's basic services are included here, such as instruction, support services, and food services. Property taxes and state aid finance most of these activities.

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FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying debt, and its capital projects fund) or to show that it is properly using certain revenues (like food service and student/school activities funds).

The District has one kind of fund:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's combined net position as of June 30, 2023 totaled $(1,301,349).

The following schedule summarizes the net position at fiscal year ended June 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
Assets		
Current assets	$ 2,792,114	$ 2,692,899
Capital assets and other	4,707,776	4,761,587
Total assets	7,499,890	7,454,486
Deferred Outflows of Resources	3,081,713	1,447,660
Liabilities		
Current liabilities	497,078	503,117
Long-term liabilities	9,989,559	7,105,307
Total liabilities	10,486,637	7,608,424
Deferred Inflows of Resources	1,396,315	2,780,933
Net Position		
Net investment in capital assets	2,170,504	2,174,047
Restricted for debt service	55,751	59,044
Restricted for capital projects (Sinking Fund)	146,223	131,906
Restricted for food service	141,687	152,181
Unrestricted	(3,815,514)	(4,004,389)
Total net position	$ (1,301,349)	$ (1,487,211)

The following schedule summarizes the government-wide results of operations for the fiscal years ended June 30, 2023 and 2022.

	June 30, 2023		June 30, 2022	
	Amount	% of Total	Amount	% of Total
General Revenues				
Property taxes	$ 541,368	9%	$ 508,725	10%
Investment earnings	9,314	0%	3,060	0%
State sources	1,386,828	23%	1,384,041	26%
Transfers from other districts	22,116	0%	17,899	0%
Other	13,776	0%	14,120	0%
Program Revenues				
Charges for services	140,452	2%	98,028	2%
Operating grants and contributions	3,818,796	64%	3,308,920	62%
Total revenues	5,932,650	100%	5,334,793	100%
Expenses				
Instruction	2,781,518	48%	2,187,721	46%
Support services	1,955,082	34%	1,681,808	35%
Food services	419,187	7%	319,516	7%
Student/school activities	187,419	3%	123,754	3%
Interest on long-term debt	94,202	2%	96,927	2%
Capital outlay	10,293	0%	59,865	1%
Unallocated depreciation	299,087	5%	271,730	6%
Total expenses	5,746,788	100%	4,741,321	100%
Change in net position	$ 185,862		$ 593,472	

District's Governmental Activities

The District's financial condition has been impacted by a number of factors:

- The State Foundation Allowance increased to $9,150 per student in 2023.
- Full time equivalent students enrolled in the District increased from 364.18 in 2022 to 370.37 in 2023, stopping the trend of several years of decreasing enrollment.
- The District has implemented planned cost cutting activities to keep pace with minimal revenue increases and rising employee benefit costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District as a whole has combined fund balances of $2,310,058 at June 30, 2023 compared to $2,205,279 at June 30, 2022. The general fund increased its fund balance by $157,024, debt retirement fund decreased by $3,768, sinking fund capital projects fund increased by $14,317, food service fund decreased by $10,494, student/school activities fund increased by $25,148, and the 2017 bond capital projects fund decreased by $77,448.

General Fund and Budget Highlights

During the 2023 fiscal year, the original District budget was amended to reflect changes which affected the District. These changes included adjustments for the final student count, adjustments to the state revenue projections and final determination of grant awards.

The general fund’s final amended budget projected revenues and other financing sources exceeding expenditures by $141,527. Final results showed that revenues came in $14,593 higher than were anticipated and expenditures were lower than anticipated by $904. The net result was a change in fund balance of $157,024, increasing the fund balance to $1,819,956.

Overall, the difference between the final District's amended budget and end of the year figures amounted to a $15,497 variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

	BALANCE 7/1/2022	ADDITIONS	DELETIONS	BALANCE 6/30/2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 50,000	$ -	$ -	$ 50,000
Total capital assets, not being depreciated	50,000	-	-	50,000
Capital assets, being depreciated:				
Land improvements	793,691	-	-	793,691
Building and additions	6,778,465	192,473	-	6,970,938
Machinery and equipment	1,671,921	52,803	-	1,724,724
Transportation equipment	527,641	-	-	527,641
Total capital assets, being depreciated	9,771,718	245,276	-	10,016,994
Accumulated depreciation:				
Land improvements	(477,250)	(26,219)	-	(503,469)
Building and additions	(3,059,312)	(151,566)	-	(3,210,878)
Machinery and equipment	(1,172,958)	(71,857)	-	(1,244,815)
Transportation equipment	(350,611)	(49,445)	-	(400,056)
Total accumulated depreciation	(5,060,131)	(299,087)	-	(5,359,218)
Net capital assets being depreciated	4,711,587	(53,811)	-	4,657,776
Net governmental capital assets	$ 4,761,587	$ (53,811)	$ -	$ 4,707,776

The capital asset additions made in 2023 were the additions of a dishwasher, floor scrubber, bathroom remodels, cabinets, and other various equipment and improvements.

Long-Term Debt

At year end the District had $2,597,990 long-term debt outstanding as shown below. More detailed information is available in the notes to the financial statements.

	Principal Balance June 30, 2022	Principal Payments June 30, 2023	Additions June 30, 2023	Principal Balance June 30, 2023
Bonds Payable	$ 2,631,076	$ 93,804	$ -	$ 2,537,272
Compensated Absences Payable	56,317		4,401	60,718
Total Long-Term Debt	$ 2,687,393	$ 93,804	$ 4,401	$ 2,597,990

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The State's per pupil foundation allowance will be $9,608 for the 2023-2024 fiscal year. This is an increase of $458 per pupil.
- The District projects a decline in enrollment due to reduced population in the county and state.
- The district will receive additional financial federal funding through ESSER III.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Superintendent's Office, Peck Community Schools.

BASIC FINANCIAL STATEMENTS

PECK COMMUNITY SCHOOLS
Statement of Net Position
June 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	$ 2,024,563
Receivables:	
Accounts receivable	2,082
Intergovernmental receivables	765,469
Capital assets not being depreciated	50,000
Capital assets, net of accumulated depreciation/amortization	4,657,776
TOTAL ASSETS	7,499,890
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	2,447,237
Related to other postemployment benefits	634,476
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,081,713
LIABILITIES	
Accounts payable	102,985
Accrued salaries and related items	231,310
Accrued retirement	59,155
Accrued interest	15,022
Unearned revenue	88,606
Noncurrent liabilities:	
Due within one year	100,000
Due in more than one year	2,437,272
Compensated absences	60,718
Net pension liability	6,989,039
Net other postemployment benefit liability	402,530
TOTAL LIABILITIES	10,486,637
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	40,454
Related to other postemployment benefits	844,897
Related to state aid funding for pension	510,964
TOTAL DEFERRED INFLOWS OF RESOURCES	1,396,315
NET POSITION	
Net investment in capital assets	2,170,504
Restricted for debt service	55,751
Restricted for capital projects (Sinking Fund)	146,223
Restricted for food service	141,687
Unrestricted	(3,815,514)
TOTAL NET POSITION	$ (1,301,349)

See notes to financial statements.

PECK COMMUNITY SCHOOLS
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Instruction	$ 2,781,518	$ -	$ 2,256,054	$ (525,464)
Support services	1,955,082	115,802	966,880	(872,400)
Food services	419,187	24,650	383,295	(11,242)
Student/school activities	187,419		212,567	25,148
Interest and fees on long-term debt	94,202	-	-	(94,202)
Capital outlay	10,293	-	-	(10,293)
Unallocated depreciation/amortization	299,087	-	-	(299,087)
Total governmental activities	$ 5,746,788	$ 140,452	$ 3,818,796	(1,787,540)
General revenues:				
Property taxes, levied for general purposes				231,375
Property taxes, levied for debt service				184,146
Property taxes, levied for sinking fund				125,847
State sources - unrestricted				1,386,828
Transfers from other districts				22,116
Investment revenue				9,314
Miscellaneous				13,776
Total general revenues				1,973,402
Change in net position				185,862
Net position, beginning of year				(1,487,211)
Net position, end of year				$ (1,301,349)

See notes to financial statements.

PECK COMMUNITY SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2023

	GENERAL FUND	2017 CAPITAL PROJECTS FUND	CAPITAL PROJECTS SINKING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
ASSETS:					
Cash and cash equivalents	$ 1,539,720	$ -	$ 146,223	$ 338,620	$ 2,024,563
Receivables:					
Accounts receivable	1,118	-	-	964	2,082
Intergovernmental receivables	761,174	-	-	4,295	765,469
TOTAL ASSETS	***$ 2,302,012***	***$ -***	***$ 146,223***	***$ 343,879***	***$ 2,792,114***
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 102,985	$ -	$ -	$ -	$ 102,985
Accrued salaries and related items	231,310	-	-	-	231,310
Accrued retirement	59,155	-	-	-	59,155
Unearned revenue	88,606	-	-	-	88,606
TOTAL LIABILITIES	482,056	-	-	-	482,056
FUND BALANCES:					
Restricted for:					
Food service	-	-	-	141,687	141,687
Capital projects (Sinking Fund)	-	-	146,223		146,223
Debt service	-	-	-	70,773	70,773
Committed for:					
Student/school activities			-	131,419	131,419
Unassigned	1,819,956	-	-	-	1,819,956
TOTAL FUND BALANCES	1,819,956	-	146,223	343,879	2,310,058
TOTAL LIABILITIES & FUND BALANCES	***$ 2,302,012***	***$ -***	***$ 146,223***	***$ 343,879***	***$ 2,792,114***

See notes to financial statements.

PECK COMMUNITY SCHOOLS
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2023

Total governmental fund balances	$ 2,310,058
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - related to pensions	2,447,237
Deferred outflows of resources - related to other postemployment benefits	634,476
Deferred inflows of resources - related to pensions	(40,454)
Deferred inflows of resources - related to other postemployment benefits	(844,897)
Deferred inflows of resources - related to state pension funding	(510,964)
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is	10,066,994
Accumulated depreciation is	(5,359,218)
Long term liabilities are not due and payable in the current period and are not reported in the funds.	
Bond and other long-term debt obligations	(2,537,272)
Compensated absences	(60,718)
Accrued interest is not included as a liability in governmental funds; it is recorded when paid	(15,022)
Net pension liability	(6,989,039)
Net other postemployment benefit liability	(402,530)
Net position of governmental activities	$ (1,301,349)

See notes to financial statements.

PECK COMMUNITY SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	GENERAL FUND	2017 CAPITAL PROJECTS FUND	CAPITAL PROJECTS SINKING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Property taxes	$ 231,375	$ -	$ 125,847	$ 184,146	$ 541,368
Food sales	-	-	-	24,650	24,650
Student/school activity income	-	-	-	212,567	212,567
Other	137,555	21	-	1,315	138,891
Total local sources	368,930	21	125,847	422,678	917,476
State sources	4,394,074	-	-	11,241	4,405,315
Federal sources	449,890	-	-	372,054	821,944
Incoming transfers and other	22,116	-	-	-	22,116
Total revenues	5,235,010	21	125,847	805,973	6,166,851
EXPENDITURES:					
Instruction	2,988,250	-	-	-	2,988,250
Supporting services	2,089,736	-	-	-	2,089,736
Food service activities	-	-	-	419,187	419,187
Student/school activities	-	-	-	187,419	187,419
Capital outlay	-	77,469	111,530	-	188,999
Debt service:					
Principal retirement	-	-	-	95,000	95,000
Interest and other charges	-	-	-	92,981	92,981
Bond fees	-	-	-	500	500
Total expenditures	5,077,986	77,469	111,530	795,087	6,062,072
NET CHANGE IN FUND BALANCES	157,024	(77,448)	14,317	10,886	104,779
FUND BALANCES - BEGINNING OF YEAR	1,662,932	77,448	131,906	332,993	2,205,279
FUND BALANCES - END OF YEAR	$ 1,819,956	$ -	$ 146,223	$ 343,879	$ 2,310,058

See notes to financial statements.

PECK COMMUNITY SCHOOLS

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

Net change in fund balances of total governmental funds	$ 104,779
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization expense:	
Depreciation/amortization expense	(299,087)
Capital outlay	245,276
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable at the beginning of the year	15,497
Accrued interest payable at the end of the year	(15,022)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:	
Amortization of discount on bond	(1,196)
Principal payments	95,000
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences at the beginning of the year	56,317
Accrued compensated absences at the end of the year	(60,718)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension related items	(24,926)
Other postemployment benefit related items	304,143
Restricted revenue reported in governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.	
Change in state aid funding for pension	(234,201)
Change in net position of governmental activities	$ 185,862

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

REPORTING ENTITY:

Peck Community Schools (the "District") is governed by the Peck Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all 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 Statements (GASB) Statements.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS:

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from 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 – governmental– are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

The *capital projects sinking fund* records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

The *2017 capital projects fund* includes capital projects activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of section 1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the *2017 capital projects fund*. The projects for which the 2017 bonds were issued were substantially complete as of December 31, 2021. The following is a summary of the cumulative revenues and expenditures recognized for the capital projects bond activity, since inception:

	Total
Revenue and other financing sources	$ 3,009,845
Expenditures and outgoing transfers	$ 3,009,845

Revenue and other financing sources include net bond proceeds of $2,970,095.

OTHER NONMAJOR FUNDS:
The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service activities and student/school activities in the special revenue fund.

The *debt retirement fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental 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 and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in 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 process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events at the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

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 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 lease are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on the 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 Exception (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 30th 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 expended for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

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

BUDGETARY INFORMATION:

Budgetary basis of accounting:

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

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

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

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

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (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, or in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

4. 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.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to the year ended June 30th. The District does not consider these amendments to be significant.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE:

1. Cash and cash equivalents

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

2. Investments

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

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

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

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

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

e. Bankers' acceptances of United States banks.

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

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

3. Inventories and prepaid items

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

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

4. Capital assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Capital Asset Classes:	Asset Lives
Land improvements	15 - 20 years
Buildings and additions	20 - 50 years
Machinery and equipment	5 - 20 years
Transportation equipment	5 - 10 years

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

6. Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has two items that qualify for reporting in this category. They are 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. These amounts are expensed in the plan year in which they apply.

7. Deferred Inflows

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

8. Net position flow assumption

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

9. Fund balance flow assumptions

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

10. Fund balance policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of education may also assign fund balances 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.

REVENUES AND EXPENDITURES/EXPENSES:

1. 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 for 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.

2. Property taxes

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

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

FUND	MILLS
General Fund:	
Non-Principle Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt Service Fund:	
PRE, Non-PRE, Commercial Personal Property	2.2000
Sinking Fund:	
PRE, Non-PRE, Commercial Personal Property	1.4968

3. 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.

4. 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 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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

As of June 30, 2023, the District had no deposits which meet the GASB No. 42 definition of investments.

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 June 30, 2023, none of the District's bank balance of $2,313,721 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $2,024,563.

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

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

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

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

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

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

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of an input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District does not have any investments subject to the fair value measurement.

The cash and cash equivalents referred to above have been reported in the cash and cash equivalents captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2023:

District wide:	
Cash and cash equivalents	$ 2,024,563
	$ 2,024,563

NOTE 3 – INTERGOVERNMENTAL RECEIVABLES:

Intergovernmental receivables at June 30, 2023 consist of the following:

Other governmental units:		
State aid - State of Michigan	$	762,772
Federal revenue		2,697
	$	765,469

Amounts due from governmental units include due from federal and state sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 4 – CAPITAL ASSETS:

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

	BALANCE 7/1/2022	ADDITIONS	DELETIONS	BALANCE 6/30/2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 50,000	$ -	$ -	$ 50,000
Total capital assets, not being depreciated	50,000	-	-	50,000
Capital assets, being depreciated:				
Land improvements	793,691	-	-	793,691
Building and additions	6,778,465	192,473	-	6,970,938
Machinery and equipment	1,671,921	52,803	-	1,724,724
Transportation equipment	527,641	-	-	527,641
Total capital assets, being depreciated	9,771,718	245,276	-	10,016,994
Accumulated depreciation:				
Land improvements	(477,250)	(26,219)	-	(503,469)
Building and additions	(3,059,312)	(151,566)	-	(3,210,878)
Machinery and equipment	(1,172,958)	(71,857)	-	(1,244,815)
Transportation equipment	(350,611)	(49,445)	-	(400,056)
Total accumulated depreciation	(5,060,131)	(299,087)	-	(5,359,218)
Net capital assets being depreciated	4,711,587	(53,811)	-	4,657,776
Net governmental capital assets	$ 4,761,587	$ (53,811)	$ -	$ 4,707,776

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to $299,087. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 – LONG-TERM OBLIGATIONS:

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

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

	General Obligation Bonds	Compensated Absences	Total
Beginning balance	$ 2,631,076	$ 56,317	$ 2,687,393
Additions	-	4,401	4,401
Deletions	(93,804)	-	(93,804)
Ending balance	2,537,272	60,718	2,597,990
Due within one year	(100,000)	-	(100,000)
Due in more than one year	$ 2,437,272	$ 60,718	$ 2,497,990

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

General obligation bonds:

2017 School and Site Bonds due in annual installments of $25,000 to $160,000 through May 2042 with interest from 3.0% to 4.0%.	$ 2,560,000
Discount on bonds (net)	(22,728)
Total general obligation bonds	2,537,272
Compensated absences	60,718
Total long-term obligations	$ 2,597,990

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

	GENERAL OBLIGATION BONDS		
YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2024	$ 100,000	$ 90,132	$ 190,132
2025	100,000	87,132	187,132
2026	105,000	84,132	189,132
2027	110,000	80,982	190,982
2028	115,000	77,682	192,682
2029-2033	650,000	332,524	982,524
2034-2038	750,000	214,574	964,574
2039-2042	630,000	63,400	693,400
Total	2,560,000	1,030,558	3,590,558
Discount on bonds	(22,728)	-	(22,728)
Compensated absences	-	-	60,718
Total	$ 2,537,272	$ 1,030,558	$ 3,628,548

Interest expense (all funds) for the year ended June 30, 2023 was $92,981.

At June 30, 2023, $70,773 is available in the debt service funds to service the general obligation debt.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

There were no interfund payable and receivable balances at June 30, 2023.

There were no transfers made during the year ended June 30, 2023.

NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS:

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

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

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

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

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

Benefits Provided –Pension - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

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

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

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

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

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

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

Option 2 – Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

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

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

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

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

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

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

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

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

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

Regular Retirement (no reduction factor for age)

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

Annual Amount – The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

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

PECK COMMUNITY SCHOOLS
Notes to Financial Statements
Year Ended June 30, 2023

Employer Contributions

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

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

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

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

	Pension	Other Postemployment Benefit
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately $899,000. Of the total pension contributions approximately $887,000 was contributed to fund the Defined Benefit Plan and approximately $12,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately $158,000. Of the total OPEB contributions approximately $153,000 was contributed to fund the Defined Benefit Plan and approximately $5,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

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

MPSERS (Plan) Non-university employers:	September 30, 2022	September 30, 2021
Total Pension Liability	$ 95,876,795,620	$ 86,392,473,395
Plan Fiduciary Net Position	$ 58,268,076,344	$ 62,717,060,920
Net Pension Liability	$ 37,608,719,276	$ 23,675,412,475
Proportionate Share	0.01858%	0.01752%
Net Pension Liability for the District	$ 6,989,039	$ 4,147,385

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

For the year ended June 30, 2023, the District recognized pension expense of $901,488.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes of assumptions	$ 1,200,967	
Net difference between projected and actual earnings on pension plan investments	16,389	
Difference between expected and actual experience	69,915	$ (15,627)
Changes in proportion and differences between employer contributions and proportionate share of contributions	324,435	(24,827)
Reporting Unit's contributions subsequent to the measurement date	835,531	
	$ 2,447,237	$ (40,454)

$835,531, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year ended September 30,	Amount
2023	$ 451,418
2024	374,429
2025	316,062
2026	429,343

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

OPEB Liabilities

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

MPSERS (Plan) Non-university employers	September 30, 2022	September 30, 2021
Total Other Postemployment Benefit Liability	$ 12,522,713,324	$ 12,046,393,511
Plan Fiduciary Net Position	$ 10,404,650,683	$ 10,520,015,621
Net Other Postemployment Benefit Liability	$ 2,118,062,641	$ 1,526,377,890
Proportionate Share	0.01900%	0.01772%
Net Other Postemployment Benefit Liability for the District	$ 402,530	$ 270,529

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

For the year ended June 30, 2023, the District recognized OPEB benefit of $156,236.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Change of assumptions	$ 358,788	$ (29,215)
Net difference between projected and actual earnings on OPEB plan investments	31,461	
Difference between expected and actual experience		(788,402)
Changes in proportion and differences between employer contributions and proportionate share of contributions	112,623	(27,280)
Reporting Unit's contributions subsequent to the measurement date	131,604	
	$ 634,476	$ (844,897)

$131,604, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year ended September 30,	Amount
2023	$ (144,948)
2024	(115,920)
2025	(96,207)
2026	6,914
2027	5,345
2028	2,791

Actuarial Assumptions

Investment rate of return for Pension – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus and Pension Plus 2 groups.

Investment rate of return for OPEB – 6.00% a year, compounded annually net of investment and administrative expenses.

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

Inflation – 3.0%.

Mortality assumptions –

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

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

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

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

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

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

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

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

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

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

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

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

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

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

Sensitivity 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 a single discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 9,222,935	$ 6,989,039	$ 5,148,208

Sensitivity of the net OPEB liability to changes in the discount rate -The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 675,205	$ 402,530	$ 172,903

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

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 168,560	$ 402,530	$ 665,165

Pension and OPEB Plan Fiduciary Net Position

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

Payable to Pension and OPEB Plan

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

NOTE 8 - RISK MANAGEMENT:

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

The District continues to carry commercial insurance for other risks of loss, including property and casualty, errors and omissions, fleet and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2023 or any of the prior three years.

NOTE 9 - TAX ABATEMENTS:

The District is required to disclose significant tax abatements as a required by GASB statement 77, *Tax Abatements*.

The District could receive reduced property tax revenues as a result of Industrial Facilities Tax Exemptions granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The District did not have any property taxes abated under this program.

There are no significant abatements made by the District.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE:

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

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended.

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

NOTE 11 – UPCOMING ACCOUNTING PRONOUNCEMENTS:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement N*o. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting 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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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

NOTE 12 – FEDERAL REVENUE:

Federal revenue recorded in the District's financial statements exceeded $750,000, the threshold for a single audit. However, a portion of that federal revenue is not subject to single audit requirements. Because the expenditures of federal awards does not exceed $750,000, no single audit was performed.

Federal revenue per the financial statements	$ 821,944
Less federal assistance funding not subject to single audit act:	
Child Care Sustainability Grant	(153,313)
Expenditures of federal awards subject to single audit	$ 668,631

REQUIRED SUPPLEMENTARY INFORMATION

PECK COMMUNITY SCHOOLS
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Local sources:				
Property taxes	$ 231,375	$ 231,375	$ 231,375	$ -
Other	90,228	136,532	137,555	1,023
State sources	3,903,572	4,380,585	4,394,074	13,489
Federal sources	510,129	449,809	449,890	81
Incoming transfers and other	31,400	22,116	22,116	-
Total revenues	4,766,704	5,220,417	5,235,010	14,593
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	2,412,159	2,320,015	2,319,968	47
Added needs	617,972	668,293	668,282	11
Total instruction	3,030,131	2,988,308	2,988,250	58
Supporting Services:				
Pupil	110,002	182,180	182,178	2
Instructional staff	98,052	13,712	13,712	-
General administration	328,320	367,943	367,943	-
School administration	389,790	420,822	420,765	57
Business	3,000	2,315	2,315	-
Operations & maintenance	440,947	517,705	516,949	756
Pupil transportation	143,982	156,562	156,543	19
Non-instructional technology services	103,891	113,491	113,487	4
Central services	36,362	37,789	37,788	1
Athletics	119,475	130,276	130,272	4
Other supporting services	82,928	147,787	147,784	3
Total supporting services	1,856,749	2,090,582	2,089,736	846
Total expenditures	4,886,880	5,078,890	5,077,986	904
NET CHANGE IN FUND BALANCE	$ (120,176)	$ 141,527	157,024	$ 15,497
FUND BALANCE - BEGINNING OF YEAR			1,662,932	
FUND BALANCE - END OF YEAR			$ 1,819,956	

PECK COMMUNITY SCHOOLS

Required Supplementary Information
Schedule of the Reporting Unit's Proportionate
Share of the Net Pension Liability
Michigan Public School Employees' Retirement Plan
Last 10 Fiscal Years (Determined as of
Plan Year Ended September 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting unit's proportion of net pension liability (%)	0.01858%	0.01752%	0.01707%	0.01699%	0.01773%	0.01828%	0.01917%	0.02041%	0.02234%
Reporting unit's proportionate share of net pension liability	$ 6,989,039	$ 4,147,385	$ 5,865,012	$ 5,625,348	$ 5,330,508	$ 4,737,737	$ 4,782,496	$ 4,984,238	$ 4,919,886
Reporting unit's covered-employee payroll	$ 1,888,502	$ 1,690,953	$ 1,572,072	$ 1,511,112	$ 1,699,658	$ 1,618,693	$ 1,657,999	$ 1,753,222	$ 1,948,019
Reporting unit's proportionate share of net pension liability as a percentage of it's covered-employee payroll	370.08%	245.27%	373.08%	372.27%	313.62%	292.69%	288.45%	284.29%	252.56%
Plan fiduciary net position as a percentage of total pension liability pension liability (Non-university employers)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

PECK COMMUNITY SCHOOLS
Required Supplementary Information
Schedule of the Reporting Unit's Pension Contributions
Michigan Public School Employees' Retirement Plan
Last 10 Fiscal Years (Determined as of
the Year Ended June 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 887,357	$ 622,424	$ 515,786	$ 467,334	$ 450,116	$ 451,816	$ 427,662	$ 440,396	$ 383,043
Contributions in relation to statutorily required contributions	887,357	622,424	515,786	467,334	450,116	451,816	427,662	440,396	383,043
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting unit's covered-employee payroll	$ 2,005,703	$ 1,846,735	$ 1,635,055	$ 1,569,894	$ 1,511,279	$ 1,717,268	$ 1,616,277	$ 1,616,772	$ 1,810,832
Contributions as a percentage of covered-employee payroll	44.24%	33.70%	31.55%	29.77%	29.78%	26.31%	26.46%	27.24%	21.15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

PECK COMMUNITY SCHOOLS
Required Supplementary Information
Schedule of the Reporting Unit's Proportionate
Share of the Net OPEB Liability
Michigan Public School Employees' Retirement Plan
Last 10 Fiscal Years (Determined as of
Plan Year Ended September 30)

	2022	2021	2020	2019	2018	2017
Reporting unit's proportion of net OPEB liability (%)	0.01900%	0.01772%	0.01730%	0.01669%	0.01733%	0.01830%
Reporting unit's proportionate share of net OPEB liability	$ 402,530	$ 270,529	$ 926,950	$ 1,197,922	$ 1,377,763	$ 1,620,371
Reporting unit's covered-employee payroll	$ 1,888,502	$ 1,690,953	$ 1,572,072	$ 1,511,112	$ 1,699,658	$ 1,618,693
Reporting unit's proportionate share of net OPEB liability as a percentage of it's covered-employee payroll	21.31%	16.00%	58.96%	79.27%	81.06%	100.10%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

PECK COMMUNITY SCHOOLS
Required Supplementary Information
Schedule of the Reporting Unit's OPEB Contributions
Michigan Public School Employees' Retirement Plan
Last 10 Fiscal Years (Determined as of the
Year Ended June 30)

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 152,899	$ 142,945	$ 124,896	$ 120,924	$ 113,156	$ 99,120
Contributions in relation to statutorily required contributions	152,899	142,945	124,896	120,924	113,156	99,120
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Reporting unit's covered-employee payroll	$ 2,005,703	$ 1,846,735	$ 1,635,055	$ 1,569,894	$ 1,511,279	$ 1,717,268
Contributions as a percentage of covered-employee payroll	7.62%	7.74%	7.64%	7.70%	7.49%	5.77%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

PECK COMMUNITY SCHOOLS
Notes to Required Supplementary Information
Year Ended June 30, 2023

Note 1 - Pension Information

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

Changes of assumptions - the assumption changes for 2022 were:

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

Note 2 - OPEB Information

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

Changes of assumptions - the assumption changes for 2022 were:

Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

PECK COMMUNITY SCHOOLS

Nonmajor Governmental Fund Types
Combining Balance Sheet
June 30, 2023

	SPECIAL REVENUE							
	FOOD SERVICE		STUDENT/SCHOOL ACTIVITIES		DEBT RETIREMENT FUND		TOTAL NONMAJOR FUNDS	
ASSETS								
ASSETS:								
Cash and cash equivalents	$	136,428	$	131,419	$	70,773	$	338,620
Accounts receivable		964		-		-		964
Intergovernmental receivable		4,295		-		-		4,295
TOTAL ASSETS	***$***	***141,687***	***$***	***131,419***	***$***	***70,773***	***$***	***343,879***
LIABILITIES & FUND BALANCES								
LIABILITIES:								
Accounts Payable	$	-	$	-	$	-	$	-
TOTAL LIABILITIES		-		-		-		-
FUND BALANCES:								
Restricted for:								
Food service		141,687		-		-		141,687
Debt service		-		-		70,773		70,773
Committed for:								
Student/school activities				131,419				131,419
TOTAL FUND BALANCES		141,687		131,419		70,773		343,879
TOTAL LIABILITIES & FUND BALANCES	***$***	***141,687***	***$***	***131,419***	***$***	***70,773***	***$***	***343,879***

PECK COMMUNITY SCHOOLS
Nonmajor Governmental Fund Types
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended June 30, 2023

	SPECIAL REVENUE			
	FOOD SERVICE	STUDENT/SCHOOL ACTIVITIES	DEBT RETIREMENT FUND	TOTAL NONMAJOR FUNDS
REVENUES:				
Local sources:				
Property taxes	$ -	$ -	$ 184,146	$ 184,146
Food sales	24,650	-	-	24,650
Student/school activity income	-	212,567	-	212,567
Other	748	-	567	1,315
Total local sources	25,398	212,567	184,713	422,678
State sources	11,241	-	-	11,241
Federal sources	372,054	-	-	372,054
Total revenues	408,693	212,567	184,713	805,973
EXPENDITURES:				
Food service activities	419,187	-	-	419,187
Student/school activities	-	187,419	-	187,419
Debt service:				
Principal retirement	-	-	95,000	95,000
Interest	-	-	92,981	92,981
Fees	-	-	500	500
Total expenditures	419,187	187,419	188,481	795,087
NET CHANGE IN FUND BALANCES	(10,494)	25,148	(3,768)	10,886
FUND BALANCES AT BEGINNING OF YEAR	152,181	106,271	74,541	332,993
FUND BALANCES AT END OF YEAR	$ 141,687	$ 131,419	$ 70,773	$ 343,879

PECK COMMUNITY SCHOOLS
Schedule of Bonded Debt -
2017 School and Site Bonds
June 30, 2023

YEAR ENDING June 30,	PRINCIPAL DUE	INTEREST DUE	TOTAL PAYMENT
2024	$ 100,000	$ 90,132	$ 190,132
2025	100,000	87,132	187,132
2026	105,000	84,132	189,132
2027	110,000	80,982	190,982
2028	115,000	77,682	192,682
2029-2033	650,000	332,524	982,524
2034-2038	750,000	214,574	964,574
2039-2042	630,000	63,400	693,400
	$ 2,560,000	$ 1,030,558	$ 3,590,558

The above bonds dated May 2, 2017 were issued for the purpose of remodeling, including the installation of security measures for, furnishing and refurnishing, and equipping and re-equipping school facilities; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; and constructing, remodeling, equipping, developing and improving athletic facilities, playgrounds, driveways, parking areas, and sites. The amounts of the original issue was $3,000,000.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
Certified Public Accountants

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

To the Board of Education
Peck Community Schools
Peck, MI 48466

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Peck Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Peck Community Schools' basic financial statements and have issued our report thereon dated October 2, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Peck Community Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peck Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Peck Community Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Peck Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CARO, MICHIGAN

October 2, 2023

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
Certified Public Accountants

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Kendra K. Bednarski, CPA

To the Members of the Board
Peck Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Peck Community Schools*** for the year ended ***June 30, 2023***. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ***Peck Community Schools*** are described in Note 1 to the financial statements. As described in Note 10 to the financial statements, the District adopted Governmental Accounting Standards Board No. 96, *Subscription-based IT Arrangements*, during the year ended June 30, 2023. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by ***Peck Community Schools*** during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all 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 of in the aggregate, to the financial statements taken as a whole.

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

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 2, 2023.

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

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as ***Peck Community Schools'*** auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistent with management's responses to our inquiries, the basic financial statements, other knowledge we obtained during the 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 additional supplementary information, 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 this information to determine that the information complies with accounting principles general 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 additional supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use
This information is intended solely for the use of management and members of the Board of Education of ***Peck Community Schools*** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants
Caro, Michigan
October 2, 2023

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
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Kendra K. Bednarski, CPA

Board of Education
Peck Community Schools
Peck, Michigan

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 2, 2023 on the financial statements of Peck Community Schools. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

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

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

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

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants
Caro, Michigan

October 2, 2023

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