



**ATLANTA COMMUNITY SCHOOLS
FINANCIAL STATEMENTS
AND SINGLE AUDIT COMPLIANCE
June 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Education
Atlanta Community Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Atlanta Community Schools as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the Atlanta 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 of the governmental activities, each major fund, and the aggregate remaining fund information of Atlanta Community Schools, as of June 30, 2023 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Atlanta Community Schools' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 GAAS 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 GAAS 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 Atlanta Community Schools's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atlanta Community Schools's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the pension and other post-employment benefit schedules of proportional share and contributions schedules on pages 5–13 and 49–53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlanta Community Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements, indebtedness schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Information

The financial statements contain summarized total information as of and for the year ended June 30, 2022. The prior year information was obtained from the audited financial statements of the prior year and is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 on our consideration of Atlanta Community Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Atlanta Community Schools's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Atlanta Community Schools's internal control over financial reporting and compliance.

Quast, Janke and Company

A handwritten signature in cursive script that reads "Quast, Janke and Company".

Bay City, Michigan
September 27, 2023

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

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

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Atlanta Community Schools financially as a whole. The District-wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds – the General Fund, the Food Service Fund, the Student Activities Fund, the 2018 Capital Project Fund, the 2016 Debt Retirement Fund and the 2018 Debt Retirement Fund.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Information for the Major Funds

Schedule of Reporting Units Contributions and Liability

Notes to the Required Supplementary Information

Other Supplemental Information

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Reporting the School District as a Whole

District-wide Financial Statements

One of the most important questions asked about the School District is, “As a whole, what is the School District’s financial condition as a result of the year’s activities?” The statement of net position and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District’s net position – the difference between assets and liabilities, as reported in the statement of net position – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to their students, not to generate profits as commercial entities strive to do. One must consider many other nonfinancial factors, such as the quality of the education provided to students and the safety of the schools, to assess the overall health of the School District.

The statements of net position and statement of activities report the governmental activities for the School District, which encompass all of the School District’s services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Reporting the School District's Most Significant Funds

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law or by bond covenants. Other funds are established to help the School District control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine what financial resources are readily available to spend in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

District-wide Financial Analysis

The statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2023 and 2022:

Table 1

	Governmental Activities	
	June 30, 2023	June 30, 2022
Assets:		
Current and other assets	\$ 2,061,866	\$ 1,611,960
Capital assets - net of accumulated depreciation	11,290,459	11,420,102
 Total Assets	 13,352,325	 13,032,062
 Deferred outflows of resources	 1,974,009	 1,002,916
Liabilities:		
Current liabilities	825,281	712,456
Long-term liabilities	9,673,745	7,926,560
 Total liabilities	 10,499,026	 8,639,016
 Deferred inflows of resources	 910,200	 2,074,608
Net Position:		
Net investment in capital assets	6,822,931	6,538,957
Restricted - Debt service	79,746	65,510
Restricted - Food service	44,396	86,151
Restricted - Capital projects	4	43,523
Unrestricted	(3,029,969)	(3,412,787)
 Net Position	 \$ 3,917,108	 \$ 3,321,354

The above analysis focuses on the net position (see Table 1). The School District's net position was \$3,917,108 at June 30, 2023. Net investment in capital assets totaling \$6,822,931 compares original cost less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt requirements and legislation that limit the School District's ability to use those net position for day-to-day operations.

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal years 2023 and 2022.

Table 2

	Governmental Activities	
	Year Ended June 30,	
	2023	2022
Revenue:		
Program revenue:		
Charges for services	\$ 18,957	\$ 17,614
Grants and categorical	2,031,792	1,990,443
General revenue:		
Property taxes	2,354,616	2,312,503
State PILT	4,717	4,764
State unrestricted	559,232	480,677
Investment earnings	50,108	2,751
Other	35,603	37,899
Total Revenue	5,055,025	4,846,651
Function/Program Expenses:		
Instruction	2,039,002	1,754,261
Support services	1,623,789	1,329,017
Community services	1,081	4,056
Food services	233,143	188,844
Interest on long-term debt	132,824	139,830
Depreciation (unallocated)	429,432	351,079
Total Expenses	4,459,271	3,767,087
Increase (Decrease) in Net Position	\$ 595,754	\$ 1,079,564

As reported in the statement of activities, the cost of all of our governmental activities this year was \$4,459,271. Certain activities were partially funded from those who benefited from the program or by other governments and organizations that subsidized certain programs with grants and categoricals of \$2,031,792. We paid for the remaining "public benefit" portion of our governmental activities with \$2,354,616 in taxes, \$559,232 in state foundation allowance, and with our other revenues, such as interest and general entitlements.

The School District experienced an increase in net position of \$557,822. A key reason for the change in net position was increase in state aid revenues. The increase in net position differs from the change in fund balance and the reconciliation appears on page 19.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$1,699,493 which is an increase of \$352,277 from last year. The primary reason was due to receiving a large amount of ESSER federal funds. By allocating federal funds to programs this resulted in adding to the fund balance in the General Fund.

The General Fund balance available to fund general operational costs for instruction, administrative and support services increased by \$430,741 to end the year at \$1,515,048. This can be attributed to an increase in federal and state source revenues.

The Food Service Fund Balance decreased by \$41,755 this was mainly due to the School District completing the spend down plan to bring the fund balance into compliance with federal and state requirements.

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

The General fund's budgeted revenues were increased from the original budget by \$880,926. This was due to an increase in State Aid Categoricals that were expected to decrease at the time of original budget and unexpectedly increased during the school year. Additionally, federal sources increased during the school year as COVID-19 related funding was passed by Congress and the amounts available to the district became clearer during the school year.

The General fund's budgeted expenditures increased from the original budget by \$737,238. This was due to an increase in state and federal revenue sources were known allowing the district to ease up on cost cutting measures that were expected to be necessary to address COVID-19 closures and shut-downs.

Actual revenues were \$44,034 less than the General fund's final budget. This difference is mainly due to budgeting for federal grant revenues that the district was not able to incur the required expenditures by year end. These funds will be carried over into next fiscal year which is allowed in the grant requirements and will be used in the following fiscal year.

Actual expenditures were \$716,588 less than the General fund's final budget. This was due to an effort to stay under budget and due to timing not being able to incur allowable federal expenditures related to federal grants by year end.

The Food Service fund's budgeted revenues were increased from the original budget by \$8,428. This was due to an increase in supply chain grants received from federal sources.

The Food Service fund's budgeted expenditures were increased from the original budget by \$38,980. This was due to the implementation of the School District's spend down plan to eliminate the fund's excess fund balance.

Actual revenues were \$5,711 less than the Food Service fund's final budget. This difference is mainly due to federal lunch and breakfast claims being less than budgeted.

Actual expenditures were \$2,341 less than the Food Service fund's final budget. The difference between actual expenditures and budgeted expenditures is less than 1%.

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Capital Assets

At June 30, 2023, the School District had \$19,513,694 invested in a broad range of capital assets, including land, buildings, vehicles, and equipment. This amount represents a net increase (including additions and disposals) of \$299,788.

	2023	2022
Land	\$ 13,201	\$ 1
Construction in progress	-	2,610,073
Buildings and improvements	16,849,840	14,089,822
Buses and other vehicles	468,021	468,021
Equipment	2,046,701	1,992,045
Right-to-Use leases	53,943	53,943
SBITAs	81,988	-
Total Capital Assets	<u>19,513,694</u>	<u>19,213,905</u>
Less Accumulated Depreciation	<u>8,223,235</u>	<u>7,793,803</u>
Net Capital Assets	<u><u>\$ 11,290,459</u></u>	<u><u>\$ 11,420,102</u></u>

This year's additions of \$299,789 consisted of the following:

Various equipment	\$ 54,656
Donated land	13,200
Building improvements	149,945
SBITAs	<u>81,988</u>
	<u><u>\$ 299,789</u></u>

Debt

At the end of this year, the School District had \$4,467,528 in long-term debt outstanding versus \$4,881,459 in the previous year. The debt was made up of two general obligation bonds and two bus notes.

The School District's General Obligation Bond rating continues to be equivalent to the State's credit rating. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this limit. The School District's outstanding unqualified general obligation debt of \$4,450,000 is significantly below the statutorily imposed limit.

ATLANTA COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2024 fiscal year is 90 percent and 10 percent of the October 2023 and February 2023 student counts, respectively. The 2024 fiscal year budget was adopted in June 2023, based on an estimate of students that will be enrolled in October of 2023. Approximately 6 percent of total General Fund revenues are from the unrestricted state aid. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, School District funding is in part dependent on the State's ability to fund local school operation. Based on early enrollment data at the start of the 2023-2024 school year, we anticipate that the fall student count will be slightly less than the estimates used in creating the 2024 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimates a \$458 per pupil increase in the foundation allowance for the fiscal year 2024.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Jill Olsen at Atlanta Community Schools, 10500 County Road 489, Atlanta, Michigan 49709.

ATLANTA COMMUNITY SCHOOLS
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS:		
Cash & equivalents	\$ 359,282	\$ 521,762
Accounts receivable	2,468	57,197
Due from other governmental units	453,874	381,455
Prepaid items	13,489	6,343
Investments	1,227,698	639,706
Inventories	5,055	5,497
Capital assets	19,513,694	19,213,905
Accumulated depreciation	(8,223,235)	(7,793,803)
Total Assets	13,352,325	13,032,062
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions	1,530,106	711,494
Related to OPEB	443,903	291,422
Total Deferred Outflows of Resources	1,974,009	1,002,916
LIABILITIES:		
Accounts payable	93,391	66,606
Accrued payroll and other liabilities	268,982	198,138
Accrued interest	21,003	23,332
Compensated absences	21,182	11,872
Net OPEB liability	300,222	202,152
Net pension liability	5,195,329	3,166,179
Current portion of long term liabilities	441,905	424,380
Premium on bonds payable	49,803	55,747
Non current portion of long term liabilities	4,107,209	4,490,610
Total Liabilities	10,499,026	8,639,016
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions	274,292	1,281,420
Related to OPEB	635,908	793,188
Total Deferred Inflows of Resources	910,200	2,074,608
NET POSITION:		
Investment in capital assets - net of related debt	6,822,931	6,538,957
Restricted for debt service	79,746	65,510
Restricted for food service	44,396	86,151
Restricted for capital projects	4	43,523
Unrestricted (deficit)	(3,029,969)	(3,412,787)
Total Net Position (deficit)	\$ 3,917,108	\$ 3,321,354

The accompanying notes are an integral part of the financial statements.

ATLANTA COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023 With Comparative Totals for 2022

	Expenses	Program Revenues			Governmental Activities	
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Net (Expenses) Revenues And Changes in Net Position 2023	2022
GOVERNMENTAL ACTIVITIES:						
Instruction	\$ 2,039,002	\$ -	\$ 1,155,174	\$ -	\$ (883,828)	\$ (502,204)
Supporting services	1,623,789	6,610	637,298	20,637	(959,244)	(825,904)
Community services	1,081	-	1,081	-	-	-
Food services	233,143	12,347	217,602	-	(3,194)	59,987
Interest on long term debt	132,824	-	-	-	(132,824)	(139,830)
Depreciation (unallocated)	429,432	-	-	-	(429,432)	(351,079)
Total Governmental Activities	<u>\$ 4,459,271</u>	<u>\$ 18,957</u>	<u>\$ 2,011,155</u>	<u>\$ 20,637</u>	(2,408,522)	(1,759,030)
GENERAL PURPOSE REVENUES:						
Property taxes, levied for operating purposes					1,835,348	1,797,165
Property taxes, levied for debt retirement					519,268	515,338
State school aid - unrestricted					559,232	480,677
State PILT					4,717	4,764
Investment earnings					50,108	2,751
Other					35,603	37,899
Total General Purpose Revenues					<u>3,004,276</u>	<u>2,838,594</u>
Change in net position					595,754	1,079,564
Net Position (deficit) - Beginning of Year					3,321,354	2,241,790
Net Position (deficit) - End of Year					<u>\$ 3,917,108</u>	<u>\$ 3,321,354</u>

The accompanying notes are an integral part of the financial statements.

ATLANTA COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2023 With Comparative Totals at June 30, 2022

	GENERAL	FOOD SERVICE	2016 DEBT RETIREMENT	NONMAJOR GOVERNMENTAL	TOTALS JUNE 30,	
					2023	2022
ASSETS						
Cash	\$ 177,494	\$ 42,475	\$ 52,012	\$ 87,301	\$ 359,282	\$ 521,762
Accounts receivable	1,291	1,177	-	-	2,468	57,197
Grants receivable	207,504	-	-	-	207,504	205,586
Due from State of Michigan	244,105	2,265	-	-	246,370	175,869
Due from other funds	7,201	-	-	-	7,201	2,251
Prepaid items	12,807	682	-	-	13,489	6,343
Investments	1,227,698	-	-	-	1,227,698	639,706
Inventory	-	5,055	-	-	5,055	5,497
	<u>1,878,100</u>	<u>51,654</u>	<u>52,012</u>	<u>87,301</u>	<u>2,069,067</u>	<u>1,614,211</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	93,341	50	-	-	93,391	66,606
Salaries payable	108,331	-	-	-	108,331	111,966
Retirement	30,541	-	-	-	30,541	31,459
Payroll taxes	7,964	-	-	-	7,964	8,219
Employee benefits	17,367	-	-	-	17,367	16,349
Due to other funds	-	7,196	-	5	7,201	2,251
Unearned revenue	104,767	12	-	-	104,779	30,145
	<u>362,311</u>	<u>7,258</u>	<u>-</u>	<u>5</u>	<u>369,574</u>	<u>266,995</u>
Total Liabilities	362,311	7,258	-	5	369,574	266,995
FUND BALANCES:						
Nonspendable	-	5,055	-	-	5,055	5,497
Restricted	-	39,341	52,012	27,738	119,091	189,687
Assigned	-	-	-	59,558	59,558	66,984
Committed	300,000	-	-	-	300,000	-
Unassigned	1,215,789	-	-	-	1,215,789	1,085,048
	<u>1,515,789</u>	<u>44,396</u>	<u>52,012</u>	<u>87,296</u>	<u>1,699,493</u>	<u>1,347,216</u>
Total Fund Balances	1,515,789	44,396	52,012	87,296	1,699,493	1,347,216
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,878,100</u>	<u>\$ 51,654</u>	<u>\$ 52,012</u>	<u>\$ 87,296</u>	<u>\$ 2,069,067</u>	<u>\$ 1,614,211</u>

The accompanying notes are an integral part of the financial statements.

ATLANTA COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET POSITION
June 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	1,699,493
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Amounts reported for governmental activities in the statement
of net position are different because -

Capital assets used in governmental activities are not financial
resources and are not reported in the funds:

Capital assets at cost		19,513,694
Accumulated depreciation		(8,223,235)

Deferred outflows of resources are not reported in
the governmental funds-

Related to pensions		1,530,106
Related to OPEB		443,903

Long term liabilities not due and payable in the current period
and therefore not reported in the funds -

Lease liabilities		(23,083)
Subscription liabilities		(58,503)
Bonds payable		(4,467,528)
Premium on bonds payable		(49,803)
Compensated balances		(21,182)
Net OPEB liability		(300,222)
Net pension liability		(5,195,329)

Deferred inflows of resources are not reported in
the governmental funds-

Related to pensions		(274,292)
Related to OPEB		(635,908)

Accrued interest payable not included as a liability in
governmental activities

(21,003)

Rounding

-

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	3,917,108
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ATLANTA COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
Years Ended June 30, 2023 With Comparative Totals at June 30, 2022

	GENERAL	FOOD SERVICE	2016 DEBT RETIREMENT	NONMAJOR GOVERNMENTAL	TOTALS JUNE 30,	
					2023	2022
REVENUES:						
Local sources						
Property taxes	\$ 1,835,348	\$ -	\$ 322,520	\$ 196,748	\$ 2,354,616	\$ 2,312,503
Transportation fees	5,666	-	-	-	5,666	7,734
Earnings on investments	46,427	282	2,017	1,382	50,108	2,751
Athletics revenue	944	-	-	-	944	1,140
Food sales	-	12,348	-	-	12,348	8,739
Miscellaneous local revenue	111,586	-	-	37,376	148,962	79,449
State sources	1,368,648	8,904	4,717	-	1,382,269	1,042,820
Federal sources	811,866	208,697	-	-	1,020,563	1,309,762
Interdistrict and other sources	79,548	-	-	-	79,548	81,753
Total Revenues	4,260,033	230,231	329,254	235,506	5,055,024	4,846,651
EXPENDITURES:						
Current						
Instruction	2,123,021	-	-	-	2,123,021	1,980,434
Supporting services	1,694,733	-	-	44,802	1,739,535	1,555,594
Community	1,081	-	-	-	1,081	4,056
Food service	-	255,327	-	-	255,327	223,970
Debt service -						
Principal	64,080	-	255,000	125,000	444,080	412,120
Interest and fees	5,922	-	59,750	73,168	138,840	147,255
Taxes charged back	-	-	-	-	-	-
Capital outlay	39,102	-	-	43,749	82,851	77,596
Total Expenditures	3,927,939	255,327	314,750	286,719	4,784,735	4,401,025
OTHER FINANCING SOURCES (USES):						
Operating transfer in	-	-	-	-	-	-
Operating transfer (out)	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-
Indirect cost	16,659	(16,659)	-	-	-	-
SBITAS	81,988	-	-	-	81,988	-
Bond proceeds	-	-	-	-	-	-
Net other financing sources (uses)	98,647	(16,659)	-	-	81,988	-
NET CHANGE IN FUND BALANCES	430,741	(41,755)	14,504	(51,213)	352,277	445,626
FUND BALANCE - BEGINNING OF YEAR	1,085,048	86,151	37,508	138,509	1,347,216	901,590
FUND BALANCE - END OF YEAR	\$ 1,515,789	\$ 44,396	\$ 52,012	\$ 87,296	\$ 1,699,493	\$ 1,347,216

The accompanying notes are an integral part of the financial statements.

ATLANTA COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	352,277
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Amounts reported for governmental activities in the statement of activities are different because -

Governmental funds report capital outlays as expenditures in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	\$	(429,432)	
Capital outlay		305,830	
Loss on asset disposal		-	
Net			(123,602)

Accrued interest recorded in the statement of activities when incurred and reported in governmental funds when paid		2,329
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Amortization of bond premium		5,944
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Proceeds of debt, lease, sbita		(81,988)
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Repayment of long-term liabilities is an expenditure in the governmental funds but reduces long-term liabilities in Statement of Net Position

Repayment of bonds	380,000	
Repayment of leases	10,763	
Repayment of subscriptions	17,444	
Repayment of notes	33,616	
		441,823

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		(203,410)
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The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		211,691
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Increases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6		(9,310)
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Rounding		-
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	595,754
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ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies

The accounting policies of Atlanta Community Schools conform to United States generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Statements

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

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Fund-based Statements

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within approximately 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.

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

The School District reports the following major governmental funds:

General Fund

The General Fund is used to record the general operations of the School District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Food Service Special Revenue Fund

The Food Service Fund is a special revenue fund used by the School District to account for the revenues and expenditures of furnishing breakfast and lunch to the pupils in the School District.

2016 Debt Retirement Fund

The 2016 Debt Retirement Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs of the bonds paid primarily by taxes levied on taxpayers residing within the School District. The fund balance of the Debt Retirement Funds are reserved to signify the amounts restricted exclusively for debt service requirements.

Additionally, the District reports the following fund types:

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Any operating deficits generated by these activities are the responsibility of the General Fund.

Debt Retirement Fund

Debt Retirement Fund are used to account for the accumulation of financial resources for the payment of principal, interest and related costs of the bonds paid primarily by taxes levied on taxpayers residing within the School District. The fund balance of the Debt Retirement Funds are reserved to signify the amounts restricted exclusively for debt service requirements.

Capital Project Funds

Capital Projects funds are used to account for and to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Assets, Liabilities, and Net Position or Equity -

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds”. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds”.

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an individual cost of more than \$1,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have any infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	3-10 years

Compensated Absences

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees, who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Early Retirement Incentives

The liability for early retirement incentives reported in the district-wide financial statements consists of unpaid, early retirement incentives. The District records a liability when an eligible employee, who has met the minimum requirements, formally informs the district they are electing to take the early retirement incentive.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Pension

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

Postemployment Benefits Other Than Pensions

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial 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 and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. They relate to the School District's net pension plan and OPEB liabilities and are composed from the changes in assumptions, changes in proportion and differences between the School District's contributions and proportionate share of contributions, and the School District's contributions subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resource*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has only two of these items, which arises from the School District's net pension plan liability and net OPEB liability. It is composed of the School District's share of the net difference between projected and actual earnings on pension plan investments.

Net Position/Fund Balance

In the government-wide the funds report the following components of net position:

Unrestricted – Net position that is not subject to externally imposed restrictions.

Net investment in capital assets – Capital assets, accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – Nonexpendable - Net position subject to externally imposed constraints that it be maintained permanently by the School District.

Restricted – Expendable – Net position whose use by the School District is subject to externally imposed constraints that can be fulfilled by actions of the School District pursuant to those constraints or that expire by the passage of time.

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources in governmental funds. Under this standard, the fund balance classifications are comprised of the following:

Non-spendable – amounts that are not in a spendable form such as inventory.

Restricted – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Committed – amounts constrained to specific purposes by a government itself.

Assigned – amounts a government intends to use for a specific purpose.

Unassigned – amounts that are available for any purpose, positive amounts are only reported in general fund.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

Sometimes a government will fund outlays for a particular purpose from both restricted and unrestricted resources (including committed and assigned). 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 resources are considered to be applied. It is the School 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.

Program and General Revenue

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 a program revenues.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Property Taxes

Property taxes are assessed as of December 31 each year and attach as an enforceable lien on property as of the following July 1. School property taxes are levied on July 1 each year, based on the previous year's assessment, by various municipalities whose boundaries include property within the District, and are due by September 14. Delinquent real taxes are advanced to the District by the Counties involved. Taxes are recorded as revenue in the year levied. Taxes receivable are recorded for property taxes collected within 60 days of year-end, if any.

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

<u>Fund</u>	<u>Mills</u>
General Fund:	
Non-Principal Resident Exemption (PRE)	17.8043
Commercial Personal Property	6.000
2016 Debt Retirement Fund:	
PRE, Non-PRE, Industrial Personal Property	1.770
2018 Debt Retirement Fund:	
PRE, Non-PRE, Industrial Personal Property	1.080

Use of Estimates

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

Change in Accounting Principles

For 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangement*. GASB Statement No. 96 will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. These changes were incorporated in the District's 2023 financial statements and had an immaterial effect on the beginning net position of the Governmental Activities.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for the General, Debt Service, and Special Revenue Funds. The presentation of the budget information and the basic financial statements is consistent except that capital outlay is presented within the functional categories in the budget and the General Fund budget is presented with the original and amended budget adopted. The budget for athletic activities was adopted separately and the actual results reported, as required by GASB Statement No. 54, as part of the General Fund on the statement of revenue, expenditures, and changes in fund balance. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits school districts to amend their budgets during the year. The budget was amended during the year in a legally permissible manner.

Excess of Expenditures over Appropriations in Budgeted Funds - The School District did not have significant expenditure budget variances.

Fund Deficits - The School District had no accumulated fund balance deficits.

Note 3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

As of June 30, 2023, the book value of the District's demand deposits, consisting of deposits and their cash equivalents, was \$359,281 with a corresponding bank balance of \$407,936. As of June 30, 2023, none of the District's \$407,936 bank balance was exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk.

Custodial Credit Risk of Investments

Custodial risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The School District's policy for custodial risk states that custodial credit will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of 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; 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 School District's cash requirements.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Foreign Currency Risk

The School District is not allowed by State statute to invest in foreign investments and accordingly has no foreign investments.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's policy does not further limit its investment choices.

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

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

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 359,282	\$ 359,282

As of June 30, 2023, the District had the following investment:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>
MILAF+MAX Class	\$ 1,227,698	0.1397	AAAm

The District invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Liquid Asset Fund Plus (MILAF+). MILAF+ is a local government investment pool of "qualified" investments for Michigan school districts. MILAF+ is not regulated nor is it registered with the SEC. MILAF+ reports as of June 30, 2023, the fair value of the District's investments is the same as the value of the pooled shares. MILAF, as defined by GASB, is recorded at amortized cost which approximates fair value. The MILAF+ portfolio offers three share classes which are: Cash Management Class, MAX Class, and GovMIC Class. The only class that has limitations or restrictions on withdrawal is MAX Class, which requires notification of redemptions prior to 14 days to avoid penalties. The MILAF+ portfolio is not subject to fair value disclosures.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4. Capital Assets

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Capital assets not being depreciated				
Land	\$ 1	\$ 13,200	\$ -	\$ 13,201
Construction in progress	2,610,073	-	(2,610,073)	-
	<u>2,610,074</u>	<u>13,200</u>	<u>(2,610,073)</u>	<u>13,201</u>
Capital assets being depreciated				
Buildings and improvements	14,089,822	2,760,018	-	16,849,840
Buses and other vehicles	468,021	-	-	468,021
Furniture and equipment	1,992,045	54,656	-	2,046,701
Intangible Right-to-Use - equipment leases	53,943	-	-	53,943
Intangible Right-to-Use - software agreements	<u>-</u>	<u>81,988</u>	<u>-</u>	<u>81,988</u>
Total capital assets	19,213,905	2,909,862	(2,610,073)	19,513,694
Accumulated depreciation and amortization:				
Land improvements	-	-	-	-
Buildings and improvements	5,656,088	326,129	-	5,982,217
Buses and other vehicles	361,269	28,828	-	390,097
Furniture and equipment	1,755,085	39,167	-	1,794,252
Intangible Right-to-Use - equipment leases	21,361	10,788	-	32,149
Intangible Right-to-Use leases - software agreements	<u>-</u>	<u>24,520</u>	<u>-</u>	<u>24,520</u>
Total accumulated depreciation and amortization	<u>7,793,803</u>	<u>429,432</u>	<u>-</u>	<u>8,223,235</u>
Net capital assets	<u>\$ 11,420,102</u>	<u>\$ 2,480,430</u>	<u>\$ (2,610,073)</u>	<u>\$ 11,290,459</u>

Depreciation and amortization expense was charged to activities of the School District as follows:

Government Activities:	
Depreciation - unallocated	394,124
Amortization - unallocated	<u>35,308</u>
Total Governmental Activities	<u>\$ 429,432</u>

Equipment lease amortization is presented as depreciation/amortization expense on the Statement of Activities related to the School District's intangible office equipment assets, which is included in the above table as Intangible Right to Use Leases. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this Statement requires the lessee to recognize a lease liability and an intangible right to use asset.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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Note 5. Interfund Receivables, Payables and Transfers

The interfund balances between funds result primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The detail for interfund receivable and payable at year end is as follows:

Governmental Funds	Interfund Receivable	Interfund Payable
Food Service	\$ -	\$ 7,196
2018 Capital Projects	-	5
General	7,201	-
	<u>\$ 7,201</u>	<u>\$ 7,201</u>

The detail for interfund transfers is as follows:

Governmental Funds	Interfund Transfer Out	Interfund Transfer In
Food Service	\$ 16,659	\$ -
General	-	16,659
	<u>\$ 16,659</u>	<u>\$ 16,659</u>

Transfers are used to move unrestricted reimbursements to the general fund for allowable indirect cost allocations.

Note 6. Lease Liability

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Annual Payment Amount	Interest Rate	Total Lease Liability	Current Year Additional Outflows	Balance June 30, 2023
Postage meter	6/19/2019	5 years	\$ 699	4.00%	\$ 3,152	\$ -	\$ 682
Copiers	5/12/2020	5 years	11,225	4.00%	50,791	-	22,401

The equipment leases are both for a term of five years with no stated interest rate. The District used the District's the effective interest rate on their most recent borrowings with similar terms and factored in the prime rate at the time of the leases. Both leases have options to renew or purchase the equipment at fair market value at the end of the term but, the District does not anticipate renewing or purchasing.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year ending June 30,	Principal	Interest
2024	\$ 11,202	\$ 722
2025	10,948	276
2026	933	3
	<u>\$ 23,083</u>	<u>\$ 1,001</u>

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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Note 7. SBITA Liability

\$81,988 has been recorded as intangible right-to-use software arrangements in the General Fund capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for accounting software and education software met the criteria of a SBITA; thus, requiring it to be recorded by the School District as intangible assets and a SBITA liability. These assets will be amortized over the lease terms of three to five years since the related equipment will be replaced at the end of the arrangement term and replaced with new equipment and upgraded software. There are no residual value guarantees in the arrangement provisions. The accounting software arrangements end at various points through June 30, 2027.

A summary of the principal and interest amounts for the remaining arrangements includes the following principal and interest payments:

Year ending June 30,	Principal	Interest
2024	\$ 18,175	\$ 2,451
2025	12,895	1,690
2026	13,435	1,149
2027	13,998	587
2028	<u>-</u>	<u>-</u>
	<u>\$ 58,503</u>	<u>\$ 5,877</u>

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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Note 8. Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

On August 29, 2016, the District issued 2016 Building and Site Bonds in the amount of \$3,380,000. The bonds are general obligation bonds of the District, and are payable as to principal and interest from the proceeds of an annual ad valorem tax, levied without limitation as to rate of amount, on all taxable property within the boundaries of the School District. The proceeds of this issue were to be used for the construction of major building and site improvements.

On June 28, 2018, the District issued 2018 Building and Site Bonds in the amount of \$2,620,000. The bonds are general obligation bonds of the District, and are payable as to principal and interest from the proceeds of an annual ad valorem tax, levied without limitation as to rate of amount, on all taxable property within the boundaries of the School District. The proceeds of this issue were to be used for the construction of major building and site improvements.

On September 8, 2017, the District entered into an bus loan agreement in the amount of \$80,292. The note is payable in annual installments of \$17,527 including interest at 2.99%. The proceeds of this note was used for the purchase of a new school bus.

On October 31, 2018, the District entered into an bus loan agreement in the amount of \$81,292. The note is payable in annual installments of \$18,358 including interest at 4.19%. The proceeds of this note was used for the purchase of a new school bus.

The Bonds are fully qualified for the Michigan School Bond Qualification and Loan Program pursuant to Act 92, Public Acts of Michigan, 2005, as amended, enacted pursuant to Article IX, Section 16 of the Michigan Constitution of 1963. Under the terms of these constitutional and statutory provisions, if for any reason the District is unable to pay principal of and interest on the Bonds when due, then the District shall borrow and the State of Michigan shall lend to it an amount sufficient to enable the District to make payment.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2016 Building and site	\$ 2,570,000	\$ -	\$ (255,000)	\$ 2,315,000	\$ 265,000
2018 Building and site	2,260,000	-	(125,000)	2,135,000	130,000
Bus Note - 2018	16,919	-	(16,919)	-	-
Bus Note - 2019	34,226	-	(16,698)	17,528	17,528
Total bond obligations	4,881,145	-	(413,617)	4,467,528	412,528
Other long-term obligations					
Compensated absences	11,872	9,310	-	21,182	-
Total long-term obligations excluding lease & subscription liabilities	\$ 4,893,017	\$ 9,310	\$ (413,617)	4,488,710	412,528
Lease liabilities				23,083	11,202
Subscription agreements				58,503	18,175
Total long-term obligations as reported in the statement of activities				\$ 4,570,296	\$ 441,905

Fiscal year annual debt service requirements for June 30 to maturity for the above governmental fund obligations are as follows:

	Principal	Interest	Total
2023	\$ 412,528	\$ 123,801	\$ 536,329
2024	\$ 410,000	113,867	523,867
2025	\$ 425,000	104,267	529,267
2026	\$ 440,000	94,267	534,267
2027	\$ 450,000	83,867	533,867
Thereafter	2,330,000	225,538	2,555,538
	\$ 4,467,528	\$ 745,607	\$ 5,213,135

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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Compensated Absences

The School District accrues a liability for compensated absences which meet the following criteria:

- (1) The School District's obligation relating to employees' rights to receive compensation for future
- (2) The obligation relates to rights that vest or accumulate.
- (3) Payment of the compensation is probable.
- (4) The amount can be reasonably estimated.

Union personnel, after ten years of employment with the district, are eligible to be reimbursed for accumulated sick days, up to a maximum of 180 days of which \$50 per day is payable, upon retirement. Non-union personnel, after ten years of employment with the district, are eligible to be reimbursed for accumulated sick days, up to a maximum of 180 days with the rate of pay per day varying depending on their contract. As of June 30, 2023, the amount which would be due upon retirement for eligible staff is \$21,182.

Note 9. Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to workers' compensation, general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of coverage in any of the past three fiscal years.

Note 10. Tax Abatements

There were no significant tax abatements made to the District for the fiscal year ended June 30, 2023.

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Retirement Plan

Plan Description

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

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

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

The System's financial statements are available on the ORS website at [Michigan.gov/orsschools](https://michigan.gov/orsschools).

Benefits Provided

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

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

Contributions

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

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

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

<u>Benefit Structure</u>	<u>Member</u>	Pension Contribution Rates	
		<u>Employer</u>	
		Universities	Non-Universities
Basic	0.0 - 4.0%	26.38%	20.14%
Member Investment Plan	3.0 - 7.0%	26.38%	20.14%
Pension Plus	3.0 - 6.4%	N/A	17.22%
Pension Plus 2	6.2%	N/A	19.93%
Defined Contribution	0.0%	19.86%	13.73%

Required contributions to the pension plan from Atlanta Community Schools were \$470,177 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of \$5,195,329 for its proportionate share of the MPSERS net pension liability. 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 rolled forward from September 2020. District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was .01381416 percent, which was an increase of .00044416 percent from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$656,106. 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
Differences between actual and expected experience	\$ 51,971	\$ 11,616
Changes of Assumptions	892,744	-
Net difference between projected and actual earnings on pension plan investments	12,183	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	116,743	11,780
Employer contributions subsequent to the measurement date	418,252	250,896
Total	<u>\$ 1,491,893</u>	<u>\$ 274,292</u>

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

**Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future Pension Expenses)**

2023	\$	299,186
2024		236,984
2025		204,119
2026		309,956

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

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

ATLANTA COMMUNITY SCHOOLS
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Notes:

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.3922 for non-university employers or 1.0000 for university employers]

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at Michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

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

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

Rate of Return

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

Discount Rate

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

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

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

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 6,855,904	\$ 5,195,329	\$ 3,826,940

* Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus, and Pension Plus 2 plans. University employers provide only the Basic and MIP plans.

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

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

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

The District accrued liabilities to the System in the amount of \$63,702 associated with salary and wages recorded as liabilities at year end.

ATLANTA COMMUNITY SCHOOLS
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Note 12. Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

Benefits Provided

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

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

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

ATLANTA COMMUNITY SCHOOLS
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Contributions

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

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

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

OPEB Contribution Rates			
Benefit Structure	Member	Employer	
		Universities	Non-Universities
Premium Subsidy	3.00%	6.79%	8.09%
Personal Healthcare	0.00%	5.87%	7.23%

Required contributions to the OPEB plan from the District were \$107,971 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of \$300,222 for its proportionate share of the MPSERS net OPEB liability. 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 rolled forward from September 2021. Atlanta Community School's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, District's proportion was 0.01417435 percent, which is an increase of .000934 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, Atlanta Community Schools' recognized OPEB expense of (\$111,168). At June 30, 2023, Atlanta Community Schools 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
Differences between actual and expected experience	\$ -	\$ 588,019
Changes of Assumptions	267,597	21,789
Net difference between projected and actual earnings on OPEB plan investments	23,465	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	67,203	26,100
Employer contributions subsequent to the measurement date	85,638	-
Total	<u>\$ 443,903</u>	<u>\$ 635,908</u>

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

**Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)**

2023	\$	(108,597)
2024		(94,923)
2025		(78,302)
2026		(902)
2027		3,037
Thereafter		2,044

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
	Active Members: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

ATLANTA COMMUNITY SCHOOLS
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Other Assumptions:

Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes: Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.2250 for non-university employers or 1.0000 for university employers]

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at Michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

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

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

Rate of Return

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

ATLANTA COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Discount Rate

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

Sensitivity of Atlanta Community Schools' proportionate share of the net OPEB liability to changes in the discount rate

The following presents Atlanta Community Schools' proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what Atlanta Community Schools' 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 higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ 503,593	\$ 300,222	\$ 128,958

Sensitivity of Atlanta Community Schools' proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 125,718	\$ 300,222	\$ 496,105

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

The District accrued liabilities to the System in the amount of \$7,432 associated with salary and wages recorded as liabilities at year end.

Note 13. Management Review

Management has evaluated subsequent events and transactions for potential recognition and disclosure through September 27, 2023, the date the financial statements were available to be issued. No significant events or transactions were identified.

Required Supplemental Information

ATLANTA COMMUNITY SCHOOLS
BUDGET COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Local sources	\$ 1,925,734	\$ 1,952,538	\$ 1,999,971	\$ 47,433
State sources	1,317,091	1,461,332	1,368,648	(92,684)
Federal sources	580,316	1,210,649	811,866	(398,783)
Interdistrict and other sources	-	79,548	79,548	-
Total Revenues	3,823,141	4,704,067	4,260,033	(444,034)
EXPENDITURES:				
Instruction-				
Elementary	686,092	793,273	613,990	179,283
High school	928,061	994,260	873,541	120,719
Special education	193,973	180,559	174,769	5,790
Compensatory education	434,310	656,893	460,721	196,172
				-
Supporting services -				-
Pupil	72,542	54,616	30,202	24,414
Instructional staff	26,513	47,015	24,889	22,126
General administration	132,040	195,090	179,471	15,619
School administration	162,627	188,117	182,182	5,935
Business services	209,354	220,393	206,610	13,783
Operation & maintenance	526,095	652,128	581,529	70,599
Transportation	244,681	265,207	222,618	42,589
Support services - Central	96,550	170,650	157,338	13,312
Support services - Other	119,632	111,883	109,894	1,989
Community services -				
Community activities	4,915	5,339	1,081	4,258
Capital outlay	-	39,200	39,102	98
Total Expenditures	3,837,385	4,574,623	3,857,937	716,588
OTHER FINANCING SOURCES (USES)				
Proceeds from SBITAs	-	90,000	81,988	(8,012)
Principal payments on SBITAs	-	(21,500)	(19,488)	2,012
Interest on SBITAs	-	(3,275)	(2,706)	569
Principal payments on leases	-	(10,764)	(10,763)	1
Interest on leases	-	(1,161)	(1,160)	1
Principal payments	(33,930)	(33,829)	(33,829)	-
Interest on debt	(1,956)	(2,057)	(2,056)	1
Operating transfers out	-	-	-	-
Indirect costs	(77,279)	(58,110)	-	58,110
Indirect costs recovery	77,500	19,000	16,659	(2,341)
Net other financing sources (uses)	(35,665)	(21,696)	28,645	50,341
NET CHANGE IN FUND BALANCE	(49,909)	107,748	430,741	322,993
FUND BALANCE - BEGINNING OF YEAR	1,192,796	1,085,048	1,085,048	-
FUND BALANCE - END OF YEAR	\$ 1,142,887	\$ 1,192,796	\$ 1,515,789	322,993

ATLANTA COMMUNITY SCHOOLS
BUDGET COMPARISON SCHEDULE - FOOD SERVICE FUND
Year Ended June 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
REVENUES:				
Local sources	\$ 8,185	\$ 9,443	\$ 12,630	\$ 3,187
State sources	6,151	8,930	8,904	(26)
Federal sources	213,178	217,569	208,697	(8,872)
Total Revenues	227,514	235,942	230,231	(5,711)
EXPENDITURES:				
Supporting services -				
Food service	234,861	273,841	255,327	18,514
OTHER FINANCING SOURCES (USES):				
Indirect costs	(16,500)	(19,000)	(16,659)	2,341
Operating transfer In	-	-	-	
Net other financing sources (uses)	(16,500)	(19,000)	(16,659)	2,341
NET CHANGE IN FUND BALANCE	(23,847)	(56,899)	(41,755)	15,144
FUND BALANCE - BEGINNING OF YEAR	29,252	86,151	86,151	-
FUND BALANCE - END OF YEAR	\$ 5,405	\$ 29,252	\$ 44,396	\$ 15,144

ATLANTA COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2023

Schedule of the District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. District's proportion of net pension liability (%)		0.01381%	0.01337%	0.01329%	0.01326%	0.01360%	0.01347%	0.01350%	0.01378%	0.01411%
B. District's proportionate share of net pension liability		\$ 5,195,329	\$ 3,166,179	\$ 4,566,448	\$ 4,391,753	\$ 4,089,295	\$ 3,482,663	\$ 3,367,646	\$ 3,377,709	\$ 3,108,312
C. District's covered-employee payroll		\$ 1,421,159	\$ 1,217,413	\$ 1,195,628	\$ 1,141,501	\$ 1,167,742	\$ 1,137,201	\$ 1,135,782	\$ 1,274,118	\$ 1,213,187
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll		365.57%	260.07%	381.93%	384.73%	350.19%	306.25%	296.50%	265.10%	256.21%
E. Plan fiduciary net position as a percentage of total pension liability		60.77%	87.33%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

*The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with fiscal year ending June 30, 2015.

ATLANTA COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2023

Schedule of the District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions		\$ 470,177	\$ 401,549	\$ 396,053	\$ 364,087	\$ 353,029	\$ 392,772	\$ 303,105	\$ 265,908	\$ 247,150
B. Contributions in relation to statutorily required contributions*		\$ 470,177	\$ 401,549	\$ 396,053	\$ 364,087	\$ 353,029	\$ 392,772	\$ 316,904	\$ 265,908	\$ 247,150
C. Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,799)	\$ -	\$ -
D. District's covered-employee payroll**		\$ 1,338,890	\$ 1,376,201	\$ 1,188,626	\$ 1,189,850	\$ 1,173,925	\$ 1,117,152	\$ 1,171,200	\$ 1,170,608	\$ 1,114,363
E. Contributions as a percentage of covered-employee payroll		35.12%	29.18%	33.32%	30.60%	30.07%	35.16%	27.06%	22.72%	22.18%

*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

**The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with fiscal year ending June 30, 2015.

ATLANTA COMMUNITY SCHOOLS

REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2023

Schedule of the District's Proportionate Share of the Net OPEB Liability Michigan Public School Employees Retirement Plan Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Employer's proportion of net OPEB liability (%)					0.01417%	0.01324%	0.01341%	0.01299%	0.01369%	0.01347%
B. Employer's proportionate share of net OPEB liability					\$ 300,222	\$ 202,152	\$ 718,364	\$ 932,165	\$ 1,084,126	\$ 1,192,749
C. Employer's covered payroll (OPEB)*					\$ 1,421,159	\$ 1,217,413	\$ 1,195,628	\$ 1,141,501	\$ 1,167,742	\$ 1,137,201
D. Employer's proportionate share of net OPEB liability as a percentage of its covered payroll (%)					21.13%	16.61%	60.08%	81.66%	92.84%	104.88%
E. Plan fiduciary net position as a percentage of total OPEB liability					83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

*The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

ATLANTA COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2023

Schedule of the District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
A. Statutorily required OPEB contributions					\$ 107,971	\$ 98,315	\$ 94,602	\$ 95,243	\$ 84,453	\$ 56,658
B. OPEB contributions in relation to statutorily required contributions*					107,971	98,315	\$ 94,602	\$ 95,243	\$ 84,453	\$ 56,658
C. Contribution deficiency (excess)					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Employer's covered payroll (OPEB)**					\$ 1,338,890	\$ 1,376,201	\$ 1,188,626	\$ 1,189,850	\$ 1,173,925	\$ 1,117,152
E. OPEB contributions as a percentage of covered payroll					8.06%	7.14%	7.96%	8.00%	7.19%	5.07%

*Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distinct from the statutorily required contributions.

**The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

ATLANTA COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2023

Changes of Benefit Terms

There were no changes of benefit terms in fiscal year 2022.

Changes of Assumptions

There were no changes of benefit assumptions in fiscal year 2022.

Other Supplemental Information

ATLANTA COMMUNITY SCHOOLS
NONMAOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2023 With Comparative Totals for June 30, 2022

	STUDENT ACTIVITY FUND	2018 DEBT RETIREMENT	2018 CAPITAL PROJECT FUND	TOTALS JUNE 30,	
ASSETS				2023	2022
Cash	\$ 59,558	\$ 27,734	\$ 9	\$ 87,301	\$ 138,509
Taxes receivable		-	-	-	-
Accounts receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Due from State of Michigan	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Investments	-	-	-	-	-
Inventory	-	-	-	-	-
	<u>59,558</u>	<u>27,734</u>	<u>9</u>	<u>87,301</u>	<u>138,509</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable	-	-	-	-	-
Salaries payable	-	-	-	-	-
Retirement	-	-	-	-	-
Payroll taxes	-	-	-	-	-
Employee benefits	-	-	-	-	-
Due to other funds	-	-	5	5	-
Unearned revenue	-	-	-	-	-
Total Liabilities	-	-	5	5	-
FUND BALANCES:					
Nonspendable	-	-	-	-	-
Restricted	-	27,734	4	27,738	71,525
Assigned	59,558	-	-	59,558	66,984
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>59,558</u>	<u>27,734</u>	<u>4</u>	<u>87,296</u>	<u>138,509</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 59,558</u>	<u>\$ 27,734</u>	<u>\$ 9</u>	<u>\$ 87,301</u>	<u>\$ 138,509</u>

The accompanying notes are an integral part of the financial statements.

ATLANTA COMMUNITY SCHOOLS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended June 30, 2023 With Comparative Totals at June 30, 2022

	STUDENT ACTIVITY FUND	2018 DEBT RETIREMENT	2018 CAPITAL PROJECT FUND	TOTALS JUNE 30,	
				2023	2022
REVENUES:					
Local sources					
Property taxes	\$ -	\$ 196,748	\$ -	\$ 196,748	\$ 209,625
Transportation fees	-	-	-	-	-
Earnings on investments	-	1,152	230	1,382	485
Athletics revenue	-	-	-	-	-
Food sales	-	-	-	-	-
Miscellaneous local revenue	37,376	-	-	37,376	39,491
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Interdistrict and other sources	-	-	-	-	-
Total Revenues	37,376	197,900	230	235,506	249,601
EXPENDITURES:					
Current					
Instruction	-	-	-	-	-
Supporting services	44,802	-	-	44,802	38,638
Community	-	-	-	-	-
Food service	-	-	-	-	-
Debt service -	-	-	-	-	-
Principal	-	125,000	-	125,000	125,000
Interest and fees	-	73,168	-	73,168	76,917
Taxes charged back	-	-	-	-	-
Capital outlay	-	-	43,749	43,749	77,596
Total Expenditures	44,802	198,168	43,749	286,719	318,151
OTHER FINANCING SOURCES (USES):					
Operating transfer in	-	-	-	-	-
Operating transfer (out)	-	-	-	-	-
Sale of assets	-	-	-	-	-
Indirect cost	-	-	-	-	-
Redemption of school bus loans	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(7,426)	(268)	(43,519)	(51,213)	(68,550)
FUND BALANCE - BEGINNING OF YEAR	66,984	28,002	43,523	138,509	207,059
FUND BALANCE - END OF YEAR	\$ 59,558	\$ 27,734	\$ 4	\$ 87,296	\$ 138,509

The accompanying notes are an integral part of the financial statements.

ATLANTA COMMUNITY SCHOOLS
 DETAIL OF 2016 BUILDING AND SITE BOND
 June 30, 2023

Purpose of issue -

2016 Building & Site Bonds

Amount of issue: \$ 3,380,000

Interest rate - 2.00% - 3.00%

Date of issue - October 18, 2016

Date	May, 1		November, 1	
	Principal	Interest	Interest	Total
2023	\$ -	\$ -	\$ 27,075	\$ 27,075
2024	265,000	27,075	24,425	316,500
2025	270,000	24,425	21,725	316,150
2026	275,000	21,725	18,975	315,700
2027	280,000	18,975	16,175	315,150
2028	290,000	16,175	13,275	319,450
2029	300,000	13,275	9,525	322,800
2030	315,000	9,525	4,800	329,325
2031	320,000	4,800	-	324,800
	<u>\$ 2,315,000</u>	<u>\$ 135,975</u>	<u>\$ 135,975</u>	<u>\$ 2,586,950</u>

ATLANTA COMMUNITY SCHOOLS
 DETAIL OF 2018 BUILDING SITE BOND
 June 30, 2023

Purpose of issue -

2018 Building & Site Bonds

Amount of issue: \$ 2,620,000

Interest rate - 2.00% - 3.00%

Date of issue - June 28, 2018

Date	May, 1		November, 1	
	Principal	Interest	Interest	Total
2023	-	\$ -	\$ 34,459	\$ 34,459
2024	130,000	34,458	32,509	196,967
2025	140,000	32,508	30,409	202,917
2026	150,000	30,408	28,159	208,567
2027	160,000	28,158	25,759	213,917
2028	160,000	25,758	23,279	209,037
2029	160,000	23,278	20,719	203,997
2030	160,000	20,718	18,079	198,797
2031	170,000	18,078	15,274	203,352
2032	445,000	15,273	7,820	468,093
2033	460,000	7,820	-	467,820
	<u>\$ 2,135,000</u>	<u>\$ 236,457</u>	<u>\$ 236,466</u>	<u>\$ 2,607,923</u>

ATLANTA COMMUNITY SCHOOLS
DETAIL OF 2019 BUS NOTE
June 30, 2023

Purpose of issue -

2019 Bus Note

Amount of issue: \$ 81,292

Interest rate - 4.19%

Date of issue - October 31, 2018

Date	October 31,		Total
	Principal	Interest	
2023	\$ 17,528	\$ 734	\$ 18,262

ATLANTA COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

	Assistance Listing Number	Pass Through Grantor's #	Approved Award	Prior Year Expenditure	Accrued (Unearned) Revenue July 1, 2022	Current Year's Receipts	Current Year's Expenditures	Accrued (Unearned) Revenue June 30, 2023
U.S. DEPARTMENT OF AGRICULTURE:								
Passed Through M.D.E. -								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
National School Lunch - Entitlement Commodities	10.555		\$ 9,482	\$ -	\$ -	\$ 9,482	\$ 9,482	\$ -
National School Lunch - Entitlement Bonus	10.555		1,821	-	-	1,821	1,821	-
Total non-cash assistance			11,303	-	-	11,303	11,303	-
Cash Assistance								
School Breakfast Program:								
School Breakfast Program	10.553	221971	8,014	-	-	8,014	8,014	-
School Breakfast Program	10.553	231970	45,449	-	-	45,449	45,449	-
			53,463	-	-	53,463	53,463	-
National School Lunch Program								
Supply Chain Grant	10.555	220910	9,635	-	(1,944)	9,635	11,579	-
Supply Chain Grant	10.555	230910	7,360			7,360	7,360	-
School Lunch Program	10.555	221960	17,457			17,457	17,457	-
School Lunch Program	10.555	231960	105,986	-	-	105,986	105,986	-
			140,438	-	(1,944)	140,438	142,382	-
Total Child Nutrition Cluster			205,204	-	(1,944)	205,204	207,148	-
Local Food for Schools (LFS) Cooperative								
Local Food for Schools	10.185	230985	1,552	-	-	921	921	-
State Pandemic Electronic Benefit Transfer								
Administrative Costs Grant	10.649	220980	628	-	-	628	628	-
Total U.S. Department of Agriculture			207,384	-	(1,944)	206,753	208,697	-

ATLANTA COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

	Assistance Listing Number	Pass Through Grantor's #	Approved Award	Prior Year Expenditure	Accrued (Unearned) Revenue July 1, 2022	Current Year's Receipts	Current Year's Expenditures	Accrued (Unearned) Revenue June 30, 2023
U.S. DEPARTMENT OF EDUCATION:								
Passed Through Michigan Department of Education								
Title I Part A								
2021/2022 Regular	84.010	221530	\$ 172,008	\$ 164,877	\$ 36,971	\$ 36,971	\$ -	\$ -
2022/2023 Regular	84.010	231530	200,302	-	-	142,665	185,597	42,932
			<u>372,310</u>	<u>164,877</u>	<u>36,971</u>	<u>179,636</u>	<u>185,597</u>	<u>42,932</u>
Passed Through Michigan Department of Education								
Title II Part A								
2021/2022 Regular	84.367	220520	24,491	15,463	1,026	1,026	-	-
2022/2023 Regular	84.367	230520	29,545	-	-	23,042	26,409	3,367
			<u>54,036</u>	<u>15,463</u>	<u>1,026</u>	<u>24,068</u>	<u>26,409</u>	<u>3,367</u>
Passed Through Michigan Department of Education								
Title IV Part A								
2021/2022 Regular	84.424	220750	12,442	10,760	3,143	3,143	-	-
2022/2023 Regular	84.424	230750	13,879	-	-	8,949	12,636	3,687
			<u>26,321</u>	<u>10,760</u>	<u>3,143</u>	<u>12,092</u>	<u>12,636</u>	<u>3,687</u>
Small Rural Achievement Program	84.358		<u>6,309</u>	<u>13,387</u>	<u>-</u>	<u>6,309</u>	<u>6,309</u>	<u>-</u>
Passed Through Michigan Department of Education								
Education Stabilization Fund								
ESSER II - Before & After #213752	84.425D	213752	5,500	5,500	717	717	-	-
Elementary and Secondary School Emergency Relief (ESSER) Fund II	84.425D	213712	575,271	512,660	56,298	118,909	62,611	-
Elementary and Secondary School Emergency Relief (ESSER) Fund II	84.425D	213782	13,736	-	-	3,414	6,358	2,944
Elementary and Secondary School Emergency Relief (ESSER) Fund III	84.425U	213713	<u>1,292,894</u>	<u>395,538</u>	<u>107,431</u>	<u>495,160</u>	<u>518,304</u>	<u>130,575</u>
			<u>1,887,401</u>	<u>913,698</u>	<u>164,446</u>	<u>618,200</u>	<u>587,273</u>	<u>133,519</u>
Total U.S. Department of Education			<u>2,346,377</u>	<u>1,118,185</u>	<u>205,586</u>	<u>840,305</u>	<u>818,224</u>	<u>183,505</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:								
Medicaid Cluster								
Special Education Medicaid	93.778	N/A	<u>686</u>	<u>674</u>	<u>-</u>	<u>686</u>	<u>686</u>	<u>-</u>
Total Federal Awards			<u>\$ 2,554,447</u>	<u>\$ 1,118,859</u>	<u>\$ 203,642</u>	<u>\$ 1,047,744</u>	<u>\$ 1,027,607</u>	<u>\$ 183,505</u>

ATLANTA COMMUNITY SCHOOLS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Atlanta Community Schools under programs of the federal government for the year ended June 30, 2023. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Atlanta Community Schools, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Atlanta Community Schools. Pass through entity identifying numbers are presented where available.

Note 2. Indirect Costs

Atlanta Community Schools has not elected to use the 10% de minimus indirect costs rate.

Note 3. Grant Auditor Report

Management utilizes the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4. Noncash Assistance

The value of noncash assistance received was determined in accordance with the provisions of the *Uniform Guidance*.

Note 5. Reconciliation to Financial Statements

The total expenditure amount on the Schedule of Expenditures of Federal Awards agrees to the total amount of federal award revenue reported on the School District's financial statements.



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CERTIFIED PUBLIC ACCOUNTANTS

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David G. Gwizdala, C.P.A.
Robert E. Friske, C.P.A.

Members:
American Institute of C.P.A.'s
Michigan Association of C.P.A.'s

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

Board of Education
Atlanta Community Schools

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 Atlanta Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Atlanta Community Schools' basic financial statements and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Atlanta Community Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Atlanta Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Atlanta 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atlanta 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.

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Quast, Janke and Company



Bay City, Michigan
September 27, 2023



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Education
Atlanta Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

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

In our opinion, Atlanta Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Atlanta Community Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Atlanta Community Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Atlanta Community Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Quast, Janke and Company



Bay City, Michigan
September 27, 2023

ATLANTA COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified:	<u> </u> YES	<u> X </u> NO
Significant deficiencies identified that are not considered to be material weaknesses:	<u> </u> YES	<u> </u> NONE <u> </u> REPORTED

Noncompliance material to financial statements noted: YES X NO

Federal Awards

Internal control over major programs:

Material weakness(es) identified:	<u> </u> YES	<u> X </u> NO
Significant deficiencies identified that are not considered to be material weaknesses:	<u> </u> YES	<u> </u> NONE <u> </u> REPORTED

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200
Uniform Requirements: YES X NO

Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee: YES X NO

ATLANTA COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section II. Financial Statement Audit Findings

None. There were no findings related to the financial statements, which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America for the year ended June 30, 2023.

Section III Major Federal Award Findings

There were no findings related to major program compliance which are required to be reported under Uniform Guidance.



Summary Schedule of Prior Year Findings

Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.