West Village Academy

Report to the Board of Directors

June 30, 2022

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To the Board of Directors
West Village Academy

We have recently completed our audit of the basic financial statements of West Village Academy (the "Academy") as of and for the year ended June 30, 2022. In addition to our audit report, we are providing the following results of the audit and informational items that impact the Academy:

We are grateful for the opportunity to be of service to West Village Academy. We would also like to extend our thanks to the individuals at the Academy and Provision Business Solutions for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 17, 2022

Results of the Audit

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October 17, 2022

To the Board of Directors
West Village Academy

We have audited the financial statements of West Village Academy (the "Academy") as of and for the year ended June 30, 2022 and have issued our report thereon dated October 17, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 7, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Academy. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Academy's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Academy, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 17, 2022 regarding our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 26, 2022.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Academy are described in Note 2 to the financial statements.

As described in Note 2, the Academy adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Accordingly, the accounting change has been retrospectively applied to July 1, 2021, as required by the standard.

We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

The most sensitive estimates affecting the financial statements were the Academy's share of the MPSERS net liabilities for the pension and other postemployment benefit (OPEB) plans recorded on the government-wide statements related to GASB Statement Nos. 68 and 75, respectively. The Academy's estimates as of June 30, 2022 were $302,920 and $20,225 for the pension and OPEB plans, respectively, based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Academy, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 17, 2022.

To the Board of Directors
West Village Academy

October 17, 2022

Management Consultations with Other Independent Accountants

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

This information is intended solely for the use of the board of directors and management of the Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Michael D. Foster, CPA, CGMA
Partner

Informational Items

Pupil Count Trends

During the pandemic, in general, public schools across Michigan experienced a decline in enrollment. Statewide enrollment has historically been slightly under 1.5 million students. Prior to the pandemic, annual enrollment figures were declining annually at about 10,000 per year. However, during the pandemic, statewide enrollment decreased in excess of 50,000. As part of the Consensus Revenue Estimating Conference process, total enrollment is tracked and estimated. A key consideration in the projections continues to be to what extent the 50,000 student reduction will recover. Currently, it is estimated that some portion will return, but enrollment will not recover to pre-pandemic levels. While this data is important statewide, it is very important at the local district level. Since the foundation allowance is computed on a per pupil basis, a stable and predictable enrollment will have a substantial impact on the financial picture. As a practical example, on average, it takes about 10 students to fully fund a teacher position. As districts continue the return to in-person instruction and offer new learning options, focusing on recruiting students and families will be essential to improving student enrollment.

West Village Academy

Financial Report
with Supplemental Information
June 30, 2022

Contents

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Independent Auditor's Report

To the Board of Directors
West Village Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Village Academy (the "Academy") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Academy as of June 30, 2022 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Academy adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
West Village Academy

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 the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy'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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors
West Village Academy

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 the Academy's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 17, 2022

This section of the annual financial report for West Village Academy (the "Academy") presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2022. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand West Village Academy financially as a whole. The government-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy'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 Academy's operations in more detail than the government-wide financial statements by providing information about the Academy's most significant fund - the General Fund - with all other funds presented in one column as the nonmajor funds - the Food Service Fund and Student Activities Fund. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Notes to Required Supplemental Information

Other Supplemental Information

Reporting the Academy as a Whole - Academy-wide Financial Statements

One of the most important questions asked about the Academy is, “As a whole, what is the Academy'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 Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 Academy's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Academy.

The statement of net position and the statement of activities report the governmental activities for the Academy, which encompass all of the Academy's services, including instruction, support services, community services, athletics, and food services. Unrestricted state aid (foundation allowance revenue) and state and federal grants finance most of these activities.

Reporting the Academy's Fund Financial Statements

The Academy's fund financial statements provide detailed information about the most significant funds, not the Academy as a whole. Some funds are required to be established by state law and by bond covenants. However, the Academy establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using grants and other money.

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They 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 operations of the Academy and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The Academy as a Whole

Recall that the statement of net position provides the perspective of the Academy as a whole. The following table provides a summary of the Academy's net position as of June 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
	(in thousands)	
Assets		
Current and other assets	$ 1,122.9	$ 1,085.7
Capital assets	2,784.0	125.9
Total assets	3,906.9	1,211.6
Deferred Outflows of Resources	128.1	135.9
Liabilities		
Current liabilities	388.8	445.1
Noncurrent liabilities	3,091.0	601.5
Total liabilities	3,479.8	1,046.6
Deferred Inflows of Resources	196.1	67.0
Net Position		
Net investment in capital assets	37.3	125.9
Restricted	45.8	9.4
Unrestricted	276.0	98.6
Total net position	**$ 359.1**	**$ 233.9**

The above analysis focuses on net position. The change in net position of the Academy's governmental activities is discussed below. The Academy's net position was $359.1 thousand at June 30, 2022. Net investment in capital assets totaling $37.3 thousand compares the original cost, less depreciation and amortization of the Academy's capital assets, to long-term debt used to finance the acquisition of those assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Academy's ability to use that net position for day-to-day operations. The remaining amount of net position ($276.0 thousand) was unrestricted.

The $276.0 thousand in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Academy to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The unrestricted net position balance is impacted significantly by the $323.1 thousand of net pension and OPEB liabilities and related activity arising from the underfunded MPSERS obligation.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 87, *Leases*, as of July 1, 2021. This standard resulted in a single lease accounting model (except for short-term leases) where the net present value of the future lease payments is reported as both a lease asset and liability on the statement of net position. The effect on net position at July 1, 2021 as a result of adoption was to increase net position by $128,718. Further information regarding the lease asset and lease liability balances at June 30, 2022 is included in additional detail in the sections that follow. All school districts and academies with a June 30, 2022 year end were required to adopt this new accounting standard.

The results of this year's operations for the Academy as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2022 and 2021.

	Governmental Activities	
	2022	2021
	(in thousands)	
Revenue		
Program revenue - Operating grants	$ 1,940.0	$ 997.7
General revenue:		
State aid not restricted to specific purposes	2,778.5	2,954.4
Other	7.3	1.1
Total revenue	4,725.8	3,953.2
Expenses		
Instruction	1,969.3	1,552.4
Support services	1,873.0	2,143.5
Food services	182.0	133.2
Community services	12.5	7.1
Debt service	100.0	-
Depreciation and amortization expense (unallocated)	592.5	9.2
Total expenses	4,729.3	3,845.4
Change in Net Position	(3.5)	107.8
Net Position - Beginning of year (as restated) (Note 2)	362.6	126.1
Net Position - End of year	**$ 359.1**	**$ 233.9**

As reported in the statement of activities, the cost of all of our governmental activities this year was $4,729.3 thousand. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions ($1,940.0 thousand). We paid for the remaining public benefit portion of our governmental activities with $2,778.5 thousand in state foundation allowance.

The Academy experienced a decrease in net position of $3.5 thousand. The key reason for the change in net position was additional expenditures associated with the COVID-19 pandemic.

As discussed above, the net cost shows the financial burden that was placed on the State and the Academy's taxpayers by each of these functions. Since unrestricted state aid constitutes the vast majority of academy operating revenue sources, the board of directors and administration must annually evaluate the needs of the Academy and balance those needs with state-prescribed available unrestricted resources.

The Academy's Funds

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

As the Academy completed this year, the governmental funds reported a combined fund balance of $729.9 thousand, which is an increase of $89.4 thousand from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased $53.0 thousand to $684.1 thousand. The change is due mainly to a combination of additional funding associated with the COVID-19 pandemic and managing to reduce expenditures.

The fund balance of our special revenue funds increased $36.4 thousand from last year. The key reason for this increase is receiving additional revenue in conjunction with reducing expenditures.

Budgetary Highlights

Over the course of the year, the Academy revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2022. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2021-2022 original budget. Budgeted revenue was increased $788.8 thousand due to additional funding appropriations due to the COVID-19 pandemic in 2021-2022.

Budgeted expenditures were also increased $670.7 thousand to account for the elevated expenses due to the COVID-19 pandemic.

There were no significant variances between the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the Academy had $2,784.0 thousand invested in furniture and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately $2,658.1 thousand from 2021 to 2022, which is largely attributed to addition of leased assets.

The significant increase in capital assets during 2022 is due to the implementation of GASB Statement No. 87, *Leases*, as discussed above. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the fiscal Academy has long-term debt obligations for leases payable. We present more detailed information about our leases payable in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our administration considers many factors when setting the Academy's 2022-2023 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 2022-2023 budget was adopted in June 2022 based on an estimate of students who will enroll in September 2022. Approximately 68.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the Academy cannot access additional property tax revenue for general operations. As a result, academy funding is heavily dependent on the State’s ability to fund local school operations. Based on early enrollment data at the start of the 2023 school year, we anticipate that the fall student count will be higher than the estimates used in creating the 2022-2023 budget. Once the final student count and related per pupil funding are validated, state law requires the Academy to amend the budget if actual academy resources are not sufficient to fund original appropriations.

Since the Academy'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 revenue to fund its appropriation to the Academy. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, it is uncertain whether state funds are sufficient to fund the appropriation.

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash (Note 4)	$ 341,246
Receivables:	
Other receivables	4,898
Due from other governments	730,182
Prepaid costs	46,508
Capital assets - Net (Note 5)	2,784,025
Total assets	3,906,859
Deferred Outflows of Resources	
Deferred pension costs (Note 11)	90,732
Deferred OPEB costs (Note 11)	37,359
Total deferred outflows of resources	128,091
Liabilities	
Accounts payable	111,508
Unearned revenue	5,523
Accrued liabilities and other:	
Payroll taxes and withholdings	193,662
Other accrued liabilities	20,691
State aid anticipation note (Note 10)	57,300
Noncurrent liabilities:	
Due within one year - Current portion of leases payable (Note 7)	500,716
Due in more than one year:	
Net pension liability (Note 11)	302,920
Net OPEB liability (Note 11)	20,225
Leases payable, net of current portion (Note 7)	2,267,186
Total liabilities	3,479,731
Deferred Inflows of Resources	
Other deferred inflows (Note 11)	18,637
Deferred pension cost reductions (Note 11)	101,009
Deferred OPEB cost reductions (Note 11)	76,491
Total deferred inflows of resources	196,137
Net Position	
Net investment in capital assets	37,282
Restricted:	
Food service	44,662
Student activities	1,149
Unrestricted	275,989
Total net position	**$ 359,082**

See notes to financial statements.

Statement of Activities

Year Ended June 30, 2022

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 1,969,315	$ -	$ 1,539,533	$ (429,782)
Support services	1,872,939	-	161,270	(1,711,669)
Food services	182,017	-	226,679	44,662
Community services	12,472	-	12,472	-
Interest	100,041	-	-	(100,041)
Depreciation and amortization expense (unallocated) (Note 5)	592,503	-	-	(592,503)
Total primary government	**$ 4,729,287**	**$ -**	**$ 1,939,954**	(2,789,333)
General revenue:				
State aid not restricted to specific purposes				2,778,453
Other sources				7,352
Total general revenue				2,785,805
Change in Net Position				(3,528)
Net Position - Beginning of year (as restated) (Note 2)				362,610
Net Position - End of year				**$ 359,082**

See notes to financial statements.

Governmental Funds Balance Sheet

June 30, 2022

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash (Note 4)	$ 341,246	$ -	$ 341,246
Receivables:			
Other receivables	4,898	-	4,898
Due from other governments	730,182	-	730,182
Due from other funds (Note 6)	-	50,335	50,335
Prepaid costs	46,508	-	46,508
Total assets	**$ 1,122,834**	**$ 50,335**	**$ 1,173,169**
Liabilities			
Accounts payable	$ 106,984	$ 4,524	$ 111,508
Unearned revenue	5,523	-	5,523
Due to other funds (Note 6)	50,335	-	50,335
Accrued liabilities and other	214,353	-	214,353
State aid anticipation note (Note 10)	57,300	-	57,300
Total liabilities	434,495	4,524	439,019
Deferred Inflows of Resources - Unavailable revenue	4,201	-	4,201
Total liabilities and deferred inflows of resources	438,696	4,524	443,220
Fund Balances			
Nonspendable - Prepaid costs	46,508	-	46,508
Restricted - Food service	-	44,662	44,662
Committed - Student activities	-	1,149	1,149
Unassigned	637,630	-	637,630
Total fund balances	684,138	45,811	729,949
Total liabilities, deferred inflows of resources, and fund balances	**$ 1,122,834**	**$ 50,335**	**$ 1,173,169**

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

	June 30, 2022
Fund Balances Reported in Governmental Funds	$ 729,949
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	3,764,707
Accumulated depreciation and amortization	(980,682)
Net capital assets and lease assets used in governmental activities	2,784,025
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	4,201
Lease liabilities are not due and payable in the current period and are not reported in the funds	(2,767,902)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Net pension liability and related deferred inflows and outflows	(313,197)
Net OPEB liability and related deferred inflows and outflows	(59,357)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(18,637)
Net Position of Governmental Activities	**$ 359,082**

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Local sources	$ 80	$ 7,272	$ 7,352
State sources	3,059,983	2,290	3,062,273
Federal sources	1,412,775	224,389	1,637,164
Interdistrict sources	18,068	-	18,068
Total revenue	4,490,906	233,951	4,724,857
Expenditures			
Current:			
Instruction	1,969,315	-	1,969,315
Support services	1,873,358	15,545	1,888,903
Food services	-	182,017	182,017
Community services	12,472	-	12,472
Debt service:			
Principal	482,700	-	482,700
Interest	100,041	-	100,041
Total expenditures	4,437,886	197,562	4,635,448
Net Change in Fund Balances	53,020	36,389	89,409
Fund Balances - Beginning of year	631,118	9,422	640,540
Fund Balances - End of year	**$ 684,138**	**$ 45,811**	**$ 729,949**

See notes to financial statements.

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	$	89,409
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation or amortization - Depreciation and amortization expense		(592,503)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		4,201
Revenue in support of pension contributions made subsequent to the measurement date		(3,299)
Repayment of lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces lease liabilities)		482,700
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		15,964
Change in Net Position of Governmental Activities	**$**	**(3,528)**

See notes to financial statements.

Note 1 - Nature of Business

West Village Academy (the "Academy") is a charter school in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Academy follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Academy:

Reporting Entity

The Academy was formed as a charter school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy obtained reauthorization of its charter from the Central Michigan University board of trustees not to exceed five years beginning on July 1, 2019 following expiration of the Academy's previous charter through June 30, 2019. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the state constitution. The Central Michigan University board of trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays the Central Michigan University board of trustees 3.0 percent of state aid as administrative fees. Administrative fees for the year ended June 30, 2022 to the Central Michigan University board of trustees totaled approximately $83,000.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Unrestricted intergovernmental receipts and other items not properly included among program revenue are reported instead as general revenue.

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

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

Note 2 - Significant Accounting Policies (Continued)

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Academy has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Academy considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fund Accounting

The Academy accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Academy to show the particular expenditures for which specific revenue is used. The various funds are aggregated into two broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds include the General Fund and the special revenue funds. The Academy’s only major fund is the General Fund, which is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Additionally, the Academy reports the following nonmajor governmental fund type:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Academy's two special revenue funds are the Food Service Fund and the Student Activities Fund. Revenue sources for the Food Service Fund include sales to customers, as well as grants received from state and federal sources. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.

Interfund Activity

During the course of operations, the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

Cash includes cash on hand and demand deposits.

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.

All receivables are expected to be fully collected in July and August 2022 and are considered current for the purposes of these financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Capital Assets

Capital assets, which include leasehold improvements, furniture and fixtures, and leased assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

	Depreciable/ Amortizable Life - Years
Leasehold improvements	3
Furniture and equipment	5-7
Lease asset - Building	7
Lease asset - Equipment	3-4

Leases

The Academy is a lessee for a noncancellable leases of its building. The Academy recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The Academy recognizes lease assets and liabilities with an initial value of $1,000 or more.

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

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

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

Note 2 - Significant Accounting Policies (Continued)

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The Academy reports deferred outflows related to deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Academy reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date, deferred pension, and OPEB plan cost reductions. Other deferred inflows reported relate to unavailable revenue, which arises only under the modified accrual basis of accounting and is, therefore, reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from amounts due from other governmental units not considered to be available to liquidate liabilities of the current period.

Net Position

Net position of the Academy is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Academy will sometimes 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 (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

During the current year, the Academy adopted GASB Statement No. 87, *Leases*. As a result, the statement of net position now includes a liability for the present value of payments expected to be made and right-to-use assets. The previously recorded deferred lease expense is no longer applicable. Lease activity is further described in Note 7.

	Governmental Activities
Net position/fund balance - June 30, 2021 - As previously reported	$ 233,892
Adjustment for GASB Statement No. 87	128,718
Net position/fund balance - June 30, 2021 - As restated	$ 362,610

Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2023.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2025.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 17, 2022, which is the date the financial statements were available to be issued.

Note 3 - 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 Fund and all special revenue funds, except that capital outlay expenditures are reported in other expenditure categories. All annual appropriations lapse at fiscal year end.

The Academy formally adopted a General Fund budget by line item and a special revenue funds budget by function for the fiscal year ended June 30, 2022. 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 Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits academies to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. Amendments were made during the year to refine enrollment and related spending projections, as well as adjustment for amendments made to federal grants.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

The Academy budgets and reports expenditures of principal and interest on leased assets within the related function in the budgetary comparison schedule. In accordance with generally accepted accounting principles, the Academy reports principal and interest on leased assets separately in the statement of revenue, expenditures, and changes in fund balances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Academy did not have significant expenditure budget variances.

Note 4 - Deposits and Investments

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy 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 no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with statutory authority. As of June 30, 2022, the Academy does not have any investments.

The Academy has designated one bank for the deposit of its funds.

The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government; obligations, the principal and interest of which are fully guaranteed by the United States; obligations of the State; certificates of deposit issued by financial institutions organized and authorized to operate in this state; commercial paper rated prime 1 or prime 2 at the time of purchase and maturing no more than 270 days after the date of purchase; and Michigan Investment Liquid Asset Fund Plus (MILAF) investment pools but not the remainder of state statutory authority, as listed above.

The Academy's cash is subject to custodial risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the Academy's deposits for custodial credit risk. At year end, the Academy's deposit balance is $365,396; therefore, bank deposits of $115,396 were uninsured or uncollateralized. The Academy believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets being depreciated and amortized:				
Leasehold improvements	$ 315,713	$ -	$ -	$ 315,713
Furniture and equipment	198,392	-	-	198,392
Lease assets - Building	3,187,692	-	-	3,187,692
Lease assets - Equipment	62,910	-	-	62,910
Subtotal	3,764,707	-	-	3,764,707
Accumulated depreciation and amortization:				
Leasehold improvements	203,214	38,571	-	241,785
Furniture and equipment	184,965	4,588	-	189,553
Lease assets - Building	-	524,004	-	524,004
Lease assets - Equipment	-	25,340	-	25,340
Subtotal	388,179	592,503	-	980,682
Net governmental activities capital assets	$ 3,376,528	$ (592,503)	$ -	$ 2,784,025

Depreciation and amortization expense was not charged to activities, as the Academy considers its assets to benefit multiple activities, and allocation is not practical.

Note 6 - Interfund Receivables and Payables

The composition of interfund balances is as follows:

Interfund balances include amounts due from the General Fund to the Student Activities Fund of $1,649 and General Fund to the Food Service Fund of $48,686. These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 7 - Leases

The Academy leases certain assets from various third parties. The assets leased include its building and office equipment. Payments are generally fixed monthly. The building lease is with a company owned by an affiliate of its former management company.

Lease asset activity of the Academy is included in Note 5.

Note 7 - Leases (Continued)

Future principal and interest payment requirements related to the Academy's lease liability at June 30, 2022 are as follows:

Years Ending	Principal	Interest	Total
2023	$ 500,716	$ 83,812	$ 584,528
2024	524,040	66,889	590,929
2025	531,346	49,528	580,874
2026	570,267	31,445	601,712
2027	591,368	12,279	603,647
2028	50,165	138	50,303
Total	$ 2,767,902	$ 244,091	$ 3,011,993

Note 8 - Risk Management

The Academy 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 Academy has purchased commercial insurance for all claims. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Management Agreement

Effective July 31, 2009, the Academy entered into a management agreement with a for-profit corporation. The management company is responsible for all human resources, personnel, payroll, benefits, and related administrative functions for the Academy. The Academy subcontracted most employees from the management company and reimburses the management company for operating costs. The administrative costs charged to the Academy by the management company were $74,732 for the year ended June 30, 2022. The agreement was renewed during July 2022 through June 30, 2024.

Note 10 - Short-term Debt

The Academy has direct borrowings from the Michigan Finance Authority (the "Lender") to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund.

During the year, the Academy repaid $261,700 of these state aid anticipation notes (the "notes") and borrowed new notes of $319,000, resulting in an outstanding balance of $57,300 at June 30, 2022. The current note requires monthly payments of $29,524 for principal and interest, bearing interest at 3.3 percent through August 22, 2022. There is no interest accrued for this note as of June 30, 2022. The Academy repaid the note in full subsequent to year end.

In the event of default, the notes are fully collateralized by the Academy's future state aid funding, and the Lender has the authority to intercept state aid payments at its discretion. In the event that all or a portion of the required payments at maturity are not made, a penalty interest rate will go into effect that could exceed 8.3 percent, and interest becomes due on demand. If the Lender has reason to believe that the Academy will be unable to fulfill the required repayments, the Lender has the sole discretion to accelerate the principal and interest repayments.

Note 11 - Michigan Public School Employees' Retirement System

Plan Description

The Academy participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the Academy. Certain academy employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Contributions

Public Act 300 of 1980, as amended, required the Academy to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent 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 health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

The Academy's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

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

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The Academy's required and actual pension contributions to the plan for the year ended June 30, 2022 were $42,296, which includes the Academy's contributions required for those members with a defined contribution benefit. The Academy's required and actual pension contributions include an allocation of $18,637 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022.

The Academy's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were $9,647, which includes the Academy's contributions required for those members with a defined contribution benefit.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2022, the Academy reported a liability of $302,920 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The Academy's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the Academy's proportion was 0.001 and 0.001 percent, respectively, representing a change of 7.54 percent.

Net OPEB Liability

At June 30, 2022, the Academy reported a liability of $20,225 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The Academy's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the Academy's proportion was 0.001 and 0.001 percent, respectively, representing a change of 10.73 percent.

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

For 2022, the Academy recognized pension expense of $43,194, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,692	$ (1,784)
Changes in assumptions	19,095	-
Net difference between projected and actual earnings on pension plan investments	-	(97,388)
Changes in proportion and differences between the Academy's contributions and proportionate share of contributions	30,484	(1,837)
The Academy's contributions to the plan subsequent to the measurement date	36,461	-
Total	$ 90,732	$ (101,009)

The $18,637 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2023	$ 2,237
2024	(8,241)
2025	(16,852)
2026	(23,882)
Total	$ (46,738)

Note 11 - Michigan Public School Employees' Retirement System (Continued)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2022, the Academy recognized OPEB recovery of $7,994.

At June 30, 2022, the Academy 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
Difference between expected and actual experience	$ -	$ (57,729)
Changes in assumptions	16,907	(2,530)
Net difference between projected and actual earnings on OPEB plan investments	-	(15,244)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	13,292	(988)
Employer contributions to the plan subsequent to the measurement date	7,160	-
Total	$ 37,359	$ (76,491)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2023	$ (11,931)
2024	(11,100)
2025	(10,594)
2026	(9,643)
2027	(2,672)
Thereafter	(352)
Total	$ (46,292)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2021 are based on the results of an actuarial valuation as of September 30, 2020 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the prior measurement date, September 30, 2020, for the OPEB plan include a increase in the health care cost trend rate of 0.75 percentage points for members under 65 and a reduction from 7.0 percent to 5.25 percent for members over 65. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

Significant assumption changes since the measurement date, September 30, 2021, for the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plan's net pension liability by approximately $8.1 billion and the total plan's net OPEB liability by approximately $1.1 billion.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2021 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.40 %
Private equity pools	16.00	9.10
International equity pools	15.00	7.50
Fixed-income pools	10.50	(0.70)
Real estate and infrastructure pools	10.00	5.40
Absolute return pools	9.00	2.60
Short-term investment pools	2.00	(1.30)
Real return/opportunistic pools	12.50	6.10
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.0 percent.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Academy, calculated using the discount rate depending on the plan option. The following also reflects what the Academy's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the Academy	$ 433,093	$ 302,920	$ 194,998

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Academy, calculated using the current discount rate. It also reflects what the Academy's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the Academy	$ 37,581	$ 20,225	$ 5,495

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Academy, calculated using the current health care cost trend rate. It also reflects what the Academy net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net OPEB liability of the Academy	$ 4,922	$ 20,225	$ 37,441

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2022, the Academy had no outstanding contributions to the pension plan and OPEB plan required for the year ended June 30, 2022.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	$ 3,000	$ 3,500	$ 80	$ (3,420)
State sources	3,154,350	3,064,529	3,059,983	(4,546)
Federal sources	601,958	1,462,044	1,412,775	(49,269)
Interdistrict sources	-	18,068	18,068	-
Total revenue	3,759,308	4,548,141	4,490,906	(57,235)
Expenditures				
Current:				
Instruction:				
Basic programs	1,007,929	1,230,711	1,201,869	(28,842)
Added needs	630,374	772,295	767,446	(4,849)
Total instruction	1,638,303	2,003,006	1,969,315	(33,691)
Support services:				
Pupil	251,905	265,133	258,019	(7,114)
Instructional staff	129,191	35,584	33,724	(1,860)
General administration	225,765	243,280	239,677	(3,603)
School administration	542,593	550,653	537,403	(13,250)
Business	75,935	71,845	72,840	995
Operations and maintenance	901,691	959,278	921,473	(37,805)
Pupil transportation services	73,967	44,731	44,299	(432)
Central	20,828	353,964	348,664	(5,300)
Total support services	2,221,875	2,524,468	2,456,099	(68,369)
Community services	10,096	13,500	12,472	(1,028)
Total expenditures	3,870,274	4,540,974	4,437,886	(103,088)
Excess of Revenue (Under) Over Expenditures	(110,966)	7,167	53,020	45,853
Other Financing Sources - Transfer in	23,274	-	-	-
Net Change in Fund Balance	(87,692)	7,167	53,020	45,853
Fund Balance - Beginning of year	631,118	631,118	631,118	-
Fund Balance - End of year	**$ 543,426**	**$ 638,285**	**$ 684,138**	**$ 45,853**

See notes to required supplemental information.

Required Supplemental Information
Schedule of Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Eight Plan Years

Plan Years Ended September 30

	2021	2020	2019	2018	2017	2016	2015	2014
Academy's proportion of the net pension liability	0.00128 %	0.00119 %	0.00115 %	0.00112 %	0.00108 %	0.00117 %	0.00140 %	0.00175 %
Academy's proportionate share of the net pension liability	$ 302,920	$ 408,713	$ 380,848	$ 337,110	$ 279,900	$ 290,835	$ 342,954	$ 384,594
Academy's covered payroll	$ 116,680	$ 104,500	$ 98,510	$ 96,885	$ 90,000	$ 85,846	$ 97,356	$ 158,049
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	259.62 %	391.11 %	386.61 %	347.95 %	311.00 %	338.79 %	352.27 %	243.34 %
Plan fiduciary net position as a percentage of total pension liability	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

Last Eight Fiscal Years

Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 42,296	$ 36,341	$ 32,646	$ 29,825	$ 28,195	$ 25,973	$ 28,608	$ 26,149
Contributions in relation to the statutorily required contribution	42,296	36,341	32,646	29,825	28,195	25,973	28,608	26,149
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Academy's Covered Payroll	$ 118,000	$ 106,680	$ 105,818	$ 95,000	$ 94,231	$ 93,462	$ 97,529	$ 131,342
Contributions as a Percentage of Covered Payroll	35.84 %	34.07 %	30.85 %	31.39 %	29.92 %	27.79 %	29.33 %	19.91 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement System

Last Five Plan Years

Plan Years Ended September 30

	2021	2020	2019	2018	2017
Academy's proportion of the net OPEB liability	0.00133 %	0.00120 %	0.00114 %	0.00114 %	0.00108 %
Academy's proportionate share of the net OPEB liability	$ 20,225	$ 64,104	$ 81,664	$ 91,002	$ 95,239
Academy's covered payroll	$ 116,680	$ 104,500	$ 98,510	$ 96,885	$ 90,000
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.33 %	61.34 %	82.90 %	93.93 %	105.82 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

Last Five Fiscal Years

Years Ended June 30

	2022	2021	2020	2019	2018
Statutorily required contribution	$ 9,647	$ 8,878	$ 8,503	$ 7,472	$ 6,813
Contributions in relation to the statutorily required contribution	9,647	8,878	8,503	7,472	6,813
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Academy's Covered Payroll	$ 118,000	$ 106,680	$ 105,818	$ 95,000	$ 94,231
Contributions as a Percentage of Covered Payroll	8.18 %	8.32 %	8.04 %	7.87 %	7.23 %

See notes to required supplemental information.

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional $1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by $1.4 billion in 2018.

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds		
	Food Service Fund	Student Activities	Total
Assets - Due from other funds	**$ 48,686**	**$ 1,649**	**$ 50,335**
Liabilities - Accounts payable	$ 4,024	$ 500	$ 4,524
Fund Balances			
Restricted	44,662	-	44,662
Committed	-	1,149	1,149
Total fund balances	44,662	1,149	45,811
Total liabilities and fund balances	**$ 48,686**	**$ 1,649**	**$ 50,335**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2022

	Special Revenue Funds		
	Food Service Fund	Student Activities	Total
Revenue			
Local sources	$ -	$ 7,272	$ 7,272
State sources	2,290	-	2,290
Federal sources	224,389	-	224,389
Total revenue	226,679	7,272	233,951
Expenditures			
Current:			
Support services	-	15,545	15,545
Food services	182,017	-	182,017
Total expenditures	182,017	15,545	197,562
Net Change in Fund Balances	44,662	(8,273)	36,389
Fund Balances - Beginning of year	-	9,422	9,422
Fund Balances - End of year	**$ 44,662**	**$ 1,149**	**$ 45,811**

West Village Academy

Federal Awards Supplemental Information

June 30, 2022

Contents

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

Independent Auditor's Report

To the Board of Directors
West Village Academy

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Village Academy (the "Academy") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements. We issued our report thereon dated October 17, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 17, 2022.

The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis, as required by the Uniform Guidance, 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 schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 17, 2022

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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*

Independent Auditor's Report

To Management and the Board of Directors
West Village Academy

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 basic financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Village Academy (the "Academy") as of and for the year ended June 30, 2022 and the related notes to the basic financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated October 17, 2022.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

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

To Management and the Board of Directors
West Village Academy

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

Plante & Moran, PLLC

October 17, 2022

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
West Village Academy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Village Academy's (the "Academy") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2022. The Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

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 (GAAS); 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* (the "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 the Academy 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 the Academy's 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 the Academy's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's 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 GAAS, *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 the Academy's compliance with the requirements of each major federal program as a whole.

To the Board of Directors
West Village Academy

In performing an audit in accordance with GAAS, *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 the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's 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 the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Plante & Moran, PLLC

October 17, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash assistance (Commodities) -										
National Lunch Program Entitlement Commodities 2021-2022	N/A	10.555	$ 1,767	$ -	$ -	$ -	$ 1,767	$ 1,767	$ -	$ -
Cash assistance:										
Seamless Summer Option (SSO) - Lunch	211961	10.555	96,122	-	-	-	96,122	96,122	-	-
National School Lunch Program	221960	10.555	4,065	-	-	-	4,065	4,065	-	-
Emergency Operations - SNP Meals 21-22	211965	10.555	40,357	-	-	-	40,357	40,357	-	-
Supply Chain Assistance	220910	10.555	11,036	-	-	-	11,036	11,036	-	-
National School Lunch program (incl. commodities)			153,347	-	-	-	153,347	153,347	-	-
Extended Summer Food Service Program 2021-2022	210904	10.559	13,610	-	-	-	13,610	13,610	-	-
Seamless Summer Option (SSO) - Breakfast	221971	10.553	57,432	-	-	-	57,432	57,432	-	-
Total Child Nutrition Cluster			224,389	-	-	-	224,389	224,389	-	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Wayne Regional Education Service Agency -										
Special Education - Grants to States (IDEA, Part B):										
IDEA 2020-2021	2020/2021	84.027	106,243	106,243	106,243	-	106,243	-	-	-
IDEA 2021-2022	2021/2022	84.027	117,739	-	-	-	41,271	117,739	76,468	-
Total Special Education Cluster			223,982	106,243	106,243	-	147,514	117,739	76,468	-
Total cluster programs			448,371	106,243	106,243	-	371,903	342,128	76,468	-
Other federal awards:										
U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
COVID-19 Pandemic EBT Local Level Costs	210980	10.649	614	-	-	-	614	614	-	-

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Other federal awards (continued):										
U.S. Department of Education -										
Passed through the Michigan Department of Education:										
Title I, Part A:										
Project number 2021	211530	84.010	$ 229,637	$ 208,251	$ 41,296	$ -	$ 40,936	$ (360)	$ -	$ -
Project number 2122	221530	84.010	202,073	-	-	-	161,544	179,949	18,405	-
Total Title I, Part A			431,710	208,251	41,296	-	202,480	179,589	18,405	-
Title II, Part A:										
Project number 2021	210520	84.367	37,663	19,195	7,000	15,596	22,596	-	-	-
Project number 2122	220520	84.367	22,943	-	-	-	22,800	22,800	-	-
Total Title I, Part A			60,606	19,195	7,000	15,596	45,396	22,800	-	-
Title IV, Part A:										
Project number 1920	200750	84.424	17,953	17,953	-	(2,820)	(2,820)	-	-	-
Project number 2122	220750	84.424	17,150	-	-	-	10,308	10,308	-	-
Total Title IV, Part A			35,103	17,953	-	(2,820)	7,488	10,308	-	-
Education Stabilization Fund Program:										
COVID-19 ESSER Formula Fund I	203710	84.425D	178,985	178,985	26,090	-	26,090	-	-	-
COVID-19 ESSER Sec 23b Summer Programming K-8	213722	84.425D	23,650	-	-	-	23,650	23,650	-	-
COVID-19 ESSER Formula Fund II	213712	84.425D	472,284	-	-	-	464,357	467,709	3,352	-
COVID-19 ESSER Formula Fund III - American Rescue Plan	213713	84.425U	1,061,436	-	-	-	406,551	482,834	76,283	-
Total ESSER			1,736,355	178,985	26,090	-	920,648	974,193	79,635	-
COVID-19 Governor's Emergency Education Relief Fund (GEER)	201200	84.425C	26,591	26,591	15,203	-	15,203	-	-	-
COVID-19 GEER - Sec 23c Teacher & Support Staff Payments	211202	84.425C	11,750	-	-	-	10,623	10,623	-	-
Total GEER			38,341	26,591	15,203	-	25,826	10,623	-	-
Total Education Stabilization Fund Program			1,774,696	205,576	41,293	-	946,474	984,816	79,635	-
Total U.S. Department of Education noncluster programs			2,302,115	450,975	89,589	12,776	1,201,838	1,197,513	98,040	-
Coronavirus Relief Fund - U.S. Department of the Treasury -										
Passed through Michigan Department of Education:										
COVID-19 11p - CRF School Aid	20-21	21.019	130,246	42,468	(87,778)	-	-	87,778	-	-
COVID-19 103(2) - District COVID Costs	20-21	21.019	4,585	4,029	(556)	-	-	556	-	-
Total Coronavirus Relief Fund			134,831	46,497	(88,334)	-	-	88,334	-	-
Total federal awards			**$ 2,885,931**	**$ 603,715**	**$ 107,498**	**$ 12,776**	**$ 1,574,355**	**$ 1,628,589**	**$ 174,508**	**$ -**

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Revenue from federal sources - As reported on financial statements (includes all funds)	$ 1,637,164
Unavailable revenue on basic financial statements at June 30, 2022	4,201
Adjustments related to Title II and Title IV	(12,776)
Federal expenditures per the schedule of expenditures of federal awards	**$ 1,628,589**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of West Village Academy (the “Academy”) under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the financial statements. Such expenditures, except for those related to ALN 21.019, Coronavirus Relief Fund (CRF), are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

CRF does not apply the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, but rather applies the U.S. Department of the Treasury's guidance and frequently asked questions, as codified in the Federal Register.

The Academy has elected to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards. Differences, if any, between the GAR and the schedule of expenditures of federal awards relate to the timing of payments and the fiscal year to which the payments relate.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is reported on the schedule of expenditures of federal awards.

Note 5 - Adjustments and Transfers

During the year ended June 30, 2022, there were adjustments to Title IV (ALN 84.424) and Title II (ALN 84.367) for $(2,820) and $15,596, respectively.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	______ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	______ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	__X__ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	______ Yes	__X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D, 84.425U, 84.425C	Education Stabilization Fund (ESF)

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

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	