George Washington Carver Academy

Audited Financial Statements

June 30, 2021

Prepared by Taylor & Morgan, P.C.

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GEORGE WASHINGTON CARVER ACADEMY

TABLE OF CONTENTS

GEORGE WASHINGTON CARVER ACADEMY
TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

November 1, 2021

Board of Education
George Washington Carver Academy
Highland Park, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of George Washington Carver Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of George Washington Carver Academy as of June 30, 2021 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, pension plan information and OPEB plan information on pages 3-7 and 37-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George Washington Carver Academy's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021 on our consideration of George Washington Carver 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 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 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 George Washington Carver Academy's internal control over financial reporting and compliance.

Sincerely,

Taylor & Morgan, P.C.

Taylor & Morgan, P.C.
Certified Public Accountants

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of George Washington Carver Academy's (the "Academy") annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2021. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

George Washington Carver Academy now operates two public schools within one building located at 14510 Second Avenue, Highland Park, MI. The first, George Washington Carver Academy Elementary School, operates as a Pre-Kindergarten through fourth grade school. The second, George Washington Carver Middle School, operates as a fifth through eighth grade school.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

George Washington Carver Academy's *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position, is one way to measure the Public School 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, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the Academy's *operating results*. However, the Academy's goal is to provide services to its students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the school must also be considered when assessing the *overall health* of the Academy.

George Washington Carver Academy's net position totaled $1,815,396 at June 30, 2021. Of this amount, $1,135,550 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and legislation that limits the Academy's ability to use that net position for day-to-day operations. The following table is a comparable summary of the Academy's net position at June 30, 2021 and June 30, 2020 respectively:

	June 30, 2021	June 30, 2020
Assets		
Current assets	$ 3,534,954	$ 2,832,695
Capital assets net of depreciation	3,909,849	4,043,882
Total assets	7,444,803	6,876,577
Deferred Outflows of Resources	229,706	337,880
Liabilities		
Current liabilities	1,117,020	999,674
Long-term liabilities	4,670,872	4,973,719
Total liabilities	5,787,892	5,973,393
Deferred Inflows of Resources	59,408	57,708
Net Position		
Restricted for Capital Projects	114,887	81,881
Restricted for Debt Service	338,873	276,849
Restricted for Food Service	236,728	113,418
Restricted for Student Activities	1,171	1,171
Unrestricted	1,135,550	711,208
Total net position	$ 1,827,209	$ 1,184,527

The $1,135,550 in unrestricted net position of governmental activities represents Academy funds that have not been committed contractually or for debt obligations and are available for future use.

The net position increased $642,682 in 2020-21. This increase was a result of closely monitoring the budget and reducing spending where possible, in addition to the Academy being able to save on expenditures due to the pandemic.

The results of this year's operations for George Washington Carver Academy as a whole are reported in the Statement of Activities. A summary of the Academy-wide results of operations for the years ended June 30, 2021 and June 30, 2020 are as follows:

	June 30, 2021	**June 30, 2020**
General revenue		
State of Michigan aid, unrestricted	$ 4,127,736	$ 4,089,606
Other – federal, state and local	23,845	28,716
Total general revenue	4,151,581	4,118,322
Program revenue		
Operating grants and contributions	2,927,897	2,150,605
Total revenues	7,079,478	6,268,927
Expenses		
Instruction	2,514,401	2,219,907
Support services	2,809,240	2,576,869
Community Services	126,954	175,315
Other Services	2,585	29,386
Food Services	488,677	446,661
Depreciation	134,033	138,566
Interest Expense	360,906	382,823
Total expenses	6,436,796	5,969,560
Increase/(Decrease) in net position	642,682	299,367
Net position – July 1	1,184,527	885,160
Net position – June 30	$ 1,827,209	$ 1,184,527

Total net position increased @ $643,000 in 2020-21. The major components of the change in net position are as follows:

- Depreciation and Capital acquisitions: There were not any capital acquisitions for the year ended June 30, 2021, however current year depreciation was $134,033, decreasing net capital assets by the amount.

- Debt repayment: Repayment of debt decreases the Academy's long-term principal obligations and increases net position. The Academy repaid $275,000 of long-term debt in the current fiscal year.

- GASB 68 pension adjustment: Adjustments to the government-wide statements include an increase in pension expense totaling $106,317.

- GASB 75 OPEB adjustment: Adjustments to the government-wide statements include a decrease in Other Post-Employment Benefit (OPEB) expense totaling $4,290.

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

Our financial statements provide the following insights about the results of this year's operations:

- The overall condition of the governmental funds has improved from the prior year with all funds experiencing an increase in their fund balances. In total, the governmental fund's fund balance increased $229,560.

- Total governmental fund revenue increased $443,729 from the prior year. This was due to increases in the amount of additional Federal funding received.

- Total governmental fund expenditures increased $330,043 from the prior year. This was due to additional expenses associated with the additional Federal funding received.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

George Washington Carver Academy's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments and resultant staffing requirements are known. Currently, the most significant budgeted fund is the General Fund. During the fiscal year ending June 30, 2021, the Academy amended the budgets of this major governmental fund two times. Each amendment reflected a change in revenues and/or expenditures.

General Fund

In the general fund, the actual revenue was $6,100,650. This is less than the final amended budgeted amount of $6,679,596 with a variance of approximately 8.7%. The actual expenditures and transfers of the general fund were $6,027,419. This is less than the final amended budgeted amount of $6,429,966.

The net change in fund balance was $73,231 at June 30, 2021 and the fund balance totaled $1,169,302 at June 30, 2021.

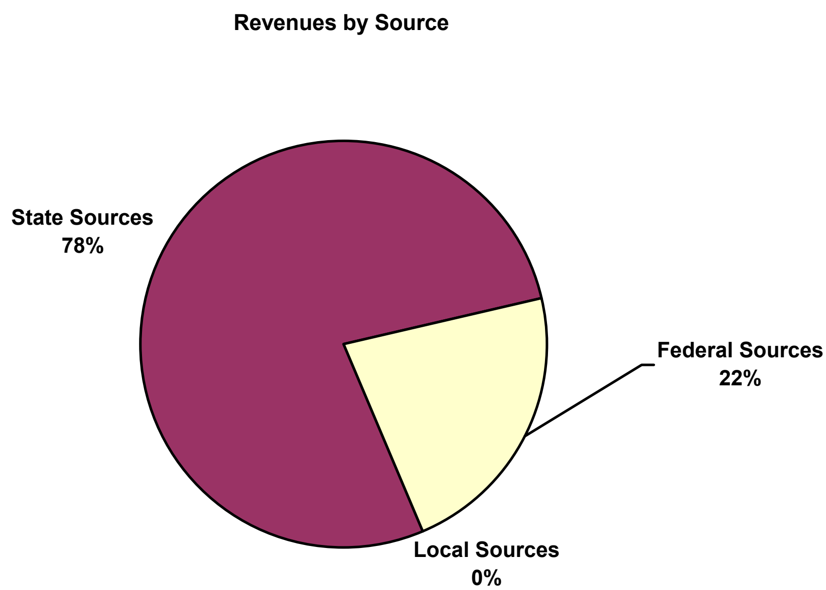
GOVERNMENTAL FUND EXPENDITURES

The following chart illustrates that general fund comprises 82.56% of all the expenditures within the governmental funds of George Washington Carver Academy. As of June 30, 2021, expenditures totaled $6,483,096 for all Academy programs. The ending fund balance for all funds was equal to $2,453,418.

	June 30, 2021 (In millions)	% Of TOTAL
General Fund	$5.35	82.56%
Debt Retirement Fund	.64	9.88%
Other Non-major Funds	.49	7.56%
Total	$6.48	100.00%

TOTAL REVENUES

Revenues for all governmental funds totaled $6,712,656. The following graph illustrates George Washington Carver Academy revenues by source as a percentage of total revenue:



Unrestricted State Aid

The Academy's operating costs are predominately funded by State Aid. The per-pupil allowance has remained at $8,111 for the last two fiscal years. State Aid membership was computed for the 2020-21 school year based on the super blend formula. The 20-21 super blend membership was calculated by taking 75% of the 2019-20 count and 25% of the 2020-21 count. The 2019-20 count was calculated using 10% of February count and 90% of October count. The 2020-21 count was calculated using 10% of February count and 90% of October count.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2020-2021 fiscal period, the Academy had $7,816,534 invested in fixed assets. Of this amount, $3,906,685 has been depreciated. Net book value totaled $3,909,849.

CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)

	Governmental Activities
Land	$ 776,137
Buildings and Additions	3,133,712
Total	$3,909,849

Debt

As of June 30, 2021 the Academy has $4,395,000 in debt outstanding, comprised of certificates of participation, bearing interest at rates between 8 percent and 8.125 percent per annum.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

CONTACTING THE SCHOOL ACADEMY'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of George Washington Carver Academy. If you should desire additional detailed financial program audits, they can be obtained by contacting the following:

Business Office
George Washington Carver Academy
14510 Second Avenue
Highland Park, MI 48203
Telephone 313-865-6024

BASIC FINANCIAL STATEMENTS

GEORGE WASHINGTON CARVER ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2021

		Governmental Activities
Assets		
Cash, Cash Equivalents and Investments	$	2,066,324
Due from Other Governmental Units		1,421,199
Accounts Receivable		23,409
Deposits		5,000
Prepaid Items		19,022
Capital Assets, Net of Depreciation		3,909,849
Total Assets		7,444,803
Deferred Outflows of Resources		
Deferred Pension Costs		173,396
Deferred OPEB Costs		56,310
Total Deferred Outflows of Resources		229,706
Liabilities		
Accounts Payable		66,425
State Aid Notes Payable		93,181
Accrued Liabilities		462,253
Advances from Grantors		81,042
Accrued Interest on Long-Term Debt		119,119
Current Portion of Long-Term Debt		295,000
Noncurrent Liabilities:		
Net pension liability		495,051
Net OPEB Liability		75,821
Participation Notes		4,100,000
Total Liabilities		5,787,892
Deferred Inflows of Resources		
Deferred Pension Cost Reductions		1,551
Deferred OPEB Cost Reductions		57,857
Total Deferred Inflows of Resources		59,408
Net Position		
Restricted for:		
Capital Projects		114,887
Debt Service		338,873
School Lunch		236,728
Student Activities		1,171
Unrestricted		1,135,550
Total Net Position	$	1,827,209

See accompanying notes to basic financial statements.

GEORGE WASHINGTON CARVER ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs:				
Governmental Activities:				
Instruction	$ 2,514,401	$ -	$ 1,903,626	$ (610,775)
Support Services	2,809,240	-	412,284	(2,396,956)
Community Services	126,954	-	-	(126,954)
Other Services	2,585	-	-	(2,585)
Food Services	488,677	-	611,987	123,310
Interest on Long-Term Debt	360,906	-	-	(360,906)
Unallocated Depreciation	134,033	-	-	(134,033)
Total Governmental Activities	$ 6,436,796	$ -	$ 2,927,897	(3,508,899)
General Purpose Revenues:				
State School Aid				4,151,496
Miscellaneous				85
Total General Revenue				4,151,581
Change in Net Position				642,682
Net Position - July 1, restated				1,184,527
Net Position - June 30				$ 1,827,209

GEORGE WASHINGTON CARVER ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Debt Retirement Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash, Cash Equivalents and Investments	$ 912,232	$ 1,039,206	$ 114,887	$ 2,066,325
Due from Other Funds	96,063	-	237,899	333,962
Due from Other Governmental Units	1,421,199	-	-	1,421,199
Accounts Receivable	23,409	-	-	23,409
Deposits	5,000	-	-	5,000
Prepaid Items	19,022	-	-	19,022
Total Assets	$ 2,476,925	$ 1,039,206	$ 352,786	$ 3,868,917
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	$ 66,425	$ -	$ -	$ 66,425
State Aid Notes Payable	93,181	-	-	93,181
Due to Other Funds	237,900	96,063	-	333,963
Advances from Grantors	81,042	-	-	81,042
Accrued Liabilities	462,253	-	-	462,253
Total Liabilities	940,801	96,063	-	1,036,864
Deferred Inflows of Resources				
Unavailable Revenue	366,822	-	-	366,822
Total Liabiliites and Deferred Inflows of Resources	1,307,623	96,063	-	1,403,686
Fund Balance:				
Non-Spendable	24,022	-	-	24,022
Restricted	-	943,143	352,786	1,295,929
Assigned	249,000	-	-	249,000
Unassigned	896,280	-	-	896,280
Total Fund Balance	1,169,302	943,143	352,786	2,465,231
Total Liabilities and Fund Balance	$ 2,476,925	$ 1,039,206	$ 352,786	$ 3,868,917

See accompanying notes to basic financial statements.

GEORGE WASHINGTON CARVER ACADEMY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total Governmental Fund Balances		$ 2,465,231
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	$ 7,816,534	
Accumulated depreciation	(3,906,685)	3,909,849
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds.		366,822
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Participation Notes Payable	(4,395,000)	
Net Pension Liability	(495,051)	
Net OPEB Liability	(75,821)	(4,965,872)
In the statement of net assets, interest has been accrued on Long-term Debt as of June 30, 2021		(119,119)
Deferred inflows and outflows related to the implementation of GASB Statement No. 68 are not included as assets and liabilities in the governmental funds:		
Deferred Pension Inflows		(1,551)
Deferred Pension Outflows		173,396
Deferred inflows and outflows related to the implementation of GASB Statement No. 75 are not included as assets and liabilities in the governmental funds:		
Deferred OPEB Inflows		(57,857)
Deferred OPEB Outflows		56,310
Total net position - governmental activities		$ 1,827,209

See accompanying notes to basic financial statements.

GEORGE WASHINGTON CARVER ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Debt Retirement Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources	$ 65	$ 13	$ 6	$ 84
State Sources	5,199,839	-	17,570	5,217,409
Federal Sources	900,746	-	594,417	1,495,163
Total Revenues	6,100,650	13	611,993	6,712,656
Expenditures:				
Instruction:				
Basic Programs	1,706,562	-	-	1,706,562
Added Needs	807,839	-	-	807,839
Total Instruction	2,514,401	-	-	2,514,401
Support Services:				
Pupil Services	358,556	-	-	358,556
Instructional Staff	449,743	-	-	449,743
General Administration	233,301	-	-	233,301
School Administration	429,106	-	-	429,106
Business Services	211,388	-	-	211,388
Operation and Maintenance	639,671	-	-	639,671
Trnsportation	170,221	-	-	170,221
Support Services	215,227	-	-	215,227
Other Services	573	-	-	573
Community Services	126,954	-	-	126,954
Welfare Activities	2,012	-	-	2,012
Debt Service:				
Principal	-	275,000	-	275,000
Interest and Fiscal Charges	-	368,266	-	368,266
Other Supporting Services	-	-	488,677	488,677
Total Support Services	2,836,752	643,266	488,677	3,968,695
Total Expenditures	5,351,153	643,266	488,677	6,483,096
Excess (Deficiency) of Revenues Over/(Under) Expenditures	749,497	(643,253)	123,316	229,560
Other Financing Sources/(Uses):				
Operating Transfers In/(Out)	(676,266)	643,266	33,000	-
Total Other Financing Sources/(Uses)	(676,266)	643,266	33,000	-
Net Changes in Fund Balances	73,231	13	156,316	229,560
Fund Balance - July 1	1,096,071	943,130	196,470	2,235,671
Fund Balance - June 30	$ 1,169,302	$ 943,143	$ 352,786	$ 2,465,231

See accompanying notes to basic financial statements.

GEORGE WASHINGTON CARVER ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds	$	229,560
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, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Depreciation Expense		(134,033)
Revenue is reported in the statement of activities when earned; revenue is not reported in the funds until collected or collectible and available to pay current obligations.		366,822
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.		275,000
Interest on long-term debt in the statement of activities includes accrued interest while the governmental funds statement does not. The (increase)/decrease in accrued interest on long-term debt at June 30, 2020 was		7,360
Pension expense in the government-wide statements has been adjusted to reflect the requirements of GASB No. 68. This is the amount of the adjustment to pension expense in the government-wide statements.		(106,317)
Retiree health expense in the government-wide statements has been adjusted to reflect the requirements of GASB No. 75. This is the amount of the adjustment to retiree health expense in the government-wide statements.		4,290
Change in net position of governmental activities	$	642,682

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The accounting policies of George Washington Carver Academy conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

Organizational Structure
George Washington Carver Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1933 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, and began operation in September 1999.

On July 1, 2016 the Academy entered into a contract with Bay Mills Community College to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its statuses as an entity authorized to receive state school aid funds pursuant to the State constitution. The Bay Mills Community College 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 Bay Mills Community College Board of Trustees three percent of their received State Aid as administrative fees. Total administrative fees paid under this agreement for the year ended June 30, 2021 were $143,395.

On July 1, 2020, the Academy entered into an agreement with Provision Board Solutions, LLC for board accountant services and board administrative services through June 30, 2021. Under the terms of this agreement, Provision Board Solutions, LLC provides financial accounting and reporting services that includes budget preparation, general ledger maintenance, financial reporting to the board, internal control maintenance, audit assistance and compliance reporting. Board administrative services under the terms of this agreement include maintaining corporate and board records, compiling and communicating board meeting dates, minutes and agendas and developing and maintaining board policies. Total fees paid to Provision Board Solutions, LLC for the year ended June 30, 2021 were $138,410.

On July 1, 20120 the Academy entered into an agreement with MM1, Inc. for human resource services. Under the terms of this agreement, MM1, Inc. provides payroll management, benefits management, and all elements of hiring and training employees. Total fees paid to MM1, Inc. for the year ended June 30, 2021 were $69,542.

Reporting Entity
The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The Academy receives funding from local, state, federal and inter-district government sources and must comply with the accompanying requirements of these funding source entities. However, the Academy is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority to determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Note 1 - Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Government-wide Statements
The Academy's basic financial statements include both government-wide (reporting the Academy as a whole) and fund financial statements (reporting the Academy's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the Academy's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the Government-Wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Academy's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The Academy first utilizes restricted resources to finance qualifying activities.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Academy's functions. General government revenues (certain intergovernmental revenues, fines, permits and charges, etc.) also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (state and federal sources, interest income, etc.).

The Academy does not allocate indirect costs to the various functions reported. Inter-fund transactions have been eliminated in the government-wide financial statements.

Basic Financial Statements - Fund Financial Statements
The accounts of the Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into four generic fund types as follows:

Governmental Funds
Governmental funds are those funds through which most school Academy functions typically are financed. The acquisition, use, and balances of the Academy's expendable financial resources and the related current liabilities are accounted for through the following governmental funds.

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

Special Revenue Funds - Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The Academy maintains two special revenue funds, School Lunch Fund and Student Activities Fund, and has full control of these funds.

Debt Retirement Funds - The Debt Retirement Funds are used to record interest revenue and the payment of general long-term debt principal, interest and related cost. The Academy maintains a debt service fund for the repayment of the certificates of participation issued in 2003.

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Projects Funds - The Capital Projects Funds are used to record loan proceeds or other revenue and the disbursement of monies specifically designed for acquiring new school sites, buildings, equipment, and for major remodeling and repairs. The fund is retained until the purpose for which the fund was created has been accomplished.

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

Those revenues susceptible to accrual are state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The Academy reports unavailable revenue on its governmental funds balance sheet when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. The Academy reports advances from grantors when the Academy receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability is removed from the combined balance sheet and revenue is recognized.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, sweep accounts, and certificates of deposits with original maturities less than three months. The Academy reports its investments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 40 Deposits and Investment Risk Disclosures. Under these standards, certain investments are valued at fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

Note 1 - Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)
State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), or National Credit Union Administration (NCUA), respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, mutual funds composed of investments outlined above, and investment pools, as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school Academy.

Interfund Receivables/Payables
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the governmental funds balance sheet.

Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Due from Other Governmental Units
Due from other governmental units consists of various amounts owed to the Academy for grant programs and State Aid Payments. The State of Michigan's funding stream of State Aid payments results in the final two payments for the fiscal year ended June 30, 2021 to be paid in July and August 2021. Of the total amount of $1,490,938 due from other governmental units, $870,649 consists of State Aid and the remaining $620,289 is due from other governmental grants.

Capital Assets
Capital assets include land, buildings and additions, and furniture and equipment and are recorded (net of accumulated depreciation, if applicable) in the district-wide financial statements. Capital assets are those with an individual cost greater than $5,000 and an estimated useful life of more than five years. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and related assets are reported in the district-wide financial statements. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Depreciation on all assets is computed on the straight-line basis over the estimated useful lives as follows:

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

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources
A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Deferred Inflows of Resources
A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Accrued Interest on Long-Term Debt
Accrued interest is presented for long-term obligations in the district-wide statements related to interest payable on general obligations.

Long-term Obligations
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

State Foundation Revenue
Beginning with the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a state wide formula. Prior to the fiscal year ended June 30, 1995, the state utilized a district power equalizing approach. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to the school districts based on information supplied by the districts. For the year ended June 30, 2021, the student count was based on the average of pupil membership counts taken in February & September in 2019 and February & September 2020. The two counts were blended together and weighted 75% for the 2019 pupil membership count and 25% for the 2020 pupil membership count.

The State portion of the foundation is provided primarily by a State education property tax millage of 6 mills and an allocated portion of State sales and other taxes. The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through nine payments made during the fiscal year and two payments made subsequent to year end.

State Categorical Revenue
The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs can be expended only for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as advances from grantors.

Note 1 - Summary of Significant Accounting Policies (continued)

Pension
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Economic Dependency – The Academy receives approximately 62% of its operating revenue through the foundation allowance from the State of Michigan.

Note 2 - Budget and Budgetary Accounting

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds and an informational study of Capital Project Funds of school Academies prior to the expenditure of monies in a fiscal year.

The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the Act.

The Act requires expenditures to be budgeted on a functional basis. An Academy is not considered to be in violation of the Act if reasonable procedures are in use by the Academy to detect violations.

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

1. The Academy's principal submits to the Board of Education a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.

2. The principal is authorized to transfer budgeted amounts between functions within any fund with the approval of the Budget and Finance Committee; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Note 2 – Budget and Budgetary Accounting (continued)

3. Budgets for the General, Capital Projects, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

4. Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year.

5. Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund is presented as required supplementary information.

Excess of expenditures over appropriations in budgeted funds

During the year, the Academy incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Budget Item	Budget Appropriation	Actual Expenditure	Variance
Welfare Activities	$ 2,000	$ 2,012	$ 12

Note 3 - Investments

At June 30, 2021 the Academy had the following investments:

Investment Type	Fair Value	Percent of Total
Pooled U.S.Treasury Obligations		
Capital Projects Fund	$ 114,887	10%
Debt Retirement Fund	1,039,206	90%
TOTAL	$1,154,093	100%

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Academy's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities and are invested primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

Note 3 – Investments (continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer. Cumulatively, portfolios of the Academy may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total Academy portfolio may be placed with any single financial institution with the exception of repurchase agreements. U.S. government securities and 2a7-like investment pools are excluded from these restrictions.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits this exposure by mandating that the Academy's investments in commercial paper and corporate bonds be limited to those with a prime rating or better issued by nationally recognized statistical rating organizations (NRSROs). At June 30, 2021, the Academy had no direct investments in commercial paper/corporate bonds.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Academy's deposits may not be returned or the Academy will not be able to recover collateral securities, if any, in the possession of an outside party. At June 30, 2021, the Academy had $821,564 of its deposit balances uninsured and uncollateralized.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is minimized by the Academy through limiting investments to those of a prime or better rating and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Academy is not authorized to make investments that would be subject to this type of risk.

Note 4 - Changes in Capital Assets

Summary of capital asset transactions:

	Balance July 1, 2020	Additions	Disposals and Adjustments	Balance June 30, 2021
Land	$ 776,137	$ -	$ -	$ 776,137
Buildings & Additions	5,458,166	-	-	5,458,166
Equipment & Furniture	1,582,231	-	-	1,582,231
Total	7,816,534	-	-	7,816,534
Accumulated Depreciation:				
Building & Additions	2,198,440	126,013	-	2,324,453
Equipment & Furniture	1,574,212	8,020	-	1,582,232
Total	3,772,652	134,033	-	3,906,685
Net capital assets	$ 4,043,882	$ (134,033)	$ -	$ 3,909,849

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated." All of the depreciation was recorded on e statement of activities as "unallocated".

Note 5 - Long-Term Debt

The Academy's long-term liabilities consist of a $7,100,000 certificate of participation note bearing interest at rates between 8.0 and 8.125 percent interest per annum and are secured by a mortgage on the Academy's facilities. The repayment of this obligation comes from a pledge of 20% of the Academy's State Aid which is deposited with U.S. Bank in trust for the Academy. The obligations for the certificates require semi-annual interest payments on March 1 and September 1. The note matures on August 26, 2030. Principal payments are due September 1, beginning in 2003.

Summary of long-term debt transactions:

	Certificates of Participation
Balance July 1, 2020	$ 4,670,000
Less: Payments	(275,000)
Balance June 30, 2021	4,395,000
Less: Current Portion	(295,000)
Total Due After One Year	$ 4,100,000

The Certificates of Participation are payable from the Debt Service Fund which is maintained at U.S. Bank. The debt agreement required $666,281 of participation note proceeds to be set aside and restricted for future interest and principal payments. This required amount is maintained in the debt service fund. As of June 30, 2021, the Debt Service Fund had a balance of $943,130 available to pay this debt.

Future principal and interest requirements for long-term debt are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ 295,000	$ 345,109	$ 640,109
2023	320,000	320,125	640,125
2024	350,000	292,906	642,906
2025	380,000	263,250	643,250
2026	410,000	231,156	641.156
2027-2031	2,640,000	570,781	3,210,781
Total	$ 4,395,000	$ 2,023,327	$ 6,418,327

Interest expenditures for 2020-2021 amounted to $368,266.

Note 6 – Interfund Transactions

The composition of interfund balances is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 96,063	$ 236,728
Debt Retirement Fund	-	96,063
School Lunch Fund	236,728	-
Total	$ 332,791	$ 332,791

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transaction are recorded in the accounting system, and payments between funds are made.

The Academy made the following interfund transfers during the year:

	Transfers To Other Funds	Transfers From Other Funds
General Fund	$ 676,266	$ -
Debt Retirement Fund	-	643,266
Capital Projects Fund	-	33,000
	$ 676,266	$ 676,266

The transfers were for the purpose of funding the lunch program, capital projects and required debt service of the Academy.

Note 7 - Fund Balance

Non-spendable, Restricted, Committed, Assigned and Unassigned
The Board of Education adopts a budget each year that includes the appropriation of fund balance. Non-spendable fund balance represents assets that are not available in spendable form and are not expected to be converted to cash. The Academy had $24,022 in non-spendable assets at June 30, 2021.

Restricted fund balance are reported separately to show legal constraints from debt covenants and legislation that limits the Academy's ability to use this fund balance for day-to-day operations.

Restricted:

Capital projects	$ 114,887
Debt service	943,143
School Lunch	236,728
Total Restricted	$ 1,294,758

Note 7 - Fund Balance (continued)

Committed fund balance represents constrained amounts imposed by school board resolution. The Academy had no amounts committed at June 30, 2021.

Assigned fund balance represents amounts intended to be used for specific purposes expressed by the Board of Education, Finance Committee, or the official authorized by the governing body. Residual amounts in governmental funds other than the General Fund are also assigned. The Academy had $249,000 in assigned fund balance at June 30, 2021.

Unassigned fund balance is reported only in the General Fund and represents the remaining fund balance after non-spendable, restrictions, and assignments have been made.

The Academy applies restricted resources first for applicable expenditures. Assigned fund equity is applied when expenditures are incurred for the assigned purpose, followed by unassigned fund equity for budgeted expenditures.

Note 8 - Contingencies and Commitments

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

Note 9 – Risk Management

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The Academy purchases commercial insurance coverage to cover potential claims, and management believes this coverage is sufficient to protect the Academy from any significant adverse financial impact.

Note 10 – State Aid Anticipation Loan

The Academy was issued a State Aid Anticipation Loan through Michigan Finance Authority in the amount of $519,000 on August 17, 2020. This loan has an interest rate of 3.45% and matures on August 20, 2021. Eleven monthly payments in the amount of $48,068, beginning October 20, 2020 are required, with the final payment due on August 20, 2021. At June 30, 2021, there was a balance due of $93,181, plus accrued interest of $2,955.

The Academy was issued a State Aid Anticipation Loan through the Michigan Finance Authority in the amount of $366,000 on September 2, 2021. This loan has an interest rate of 3.3% and matures on August 22, 2022. Eleven monthly payments in the amount of $33,874, beginning October 20, 2021 are required, with the final payment due on August 22, 2022.

Note 11 – Defined Benefit Pension Plan

Plan Description

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

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

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

The System's financial statements are available at www.michigan.gov/orsschools.

Benefits Provided

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

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

Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19 year period beginning October 1, 2019 and ending September 30, 2038.

Note 11 – Defined Benefit Pension Plan (continued)

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2020.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	19.41 %
Member Investment Plan	3.0 - 7.0 %	19.41 %
Pension Plus	3.0 - 6.4 %	16.46 %
Pension Plus 2	6.2 %	19.59 %
Defined Contribution	0.0 %	13.39 %

Required contributions to the pension plan from the Academy were $39,605 for the year ended September 30, 2020.

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

At June 30, 2021, The Academy reported a liability of $495,001 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2019. The Academy's proportionate share of the net pension liability was determined by dividing each district's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable districts during the measurement period. At September 30, 2020, the Academy's proportion was .00144 percent, which was the same as the percentage from its proportion measured at September 30, 2019.

For the year ended June 30, 2021, the Academy recognized total pension expense of $106,317. At June 30, 2021, 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
Differences between expected and actual experience	$ 7,564	$ 1,057
Changes of assumptions	54,856	-
Net difference between projected and actual earnings on pension plan investments	2,080	-
Changes in proportion and differences between Academy contributions and proportionate share of contributions	71,907	494
Academy contributions subsequent to the measurement date*	33,989	-
Total	**$ 170,396**	**$ 1,551**

*Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from Academy contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Note 11 – Defined Benefit Pension Plan (continued)

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)

Year Ending June 30	Amount:
2021	$80,939
2022	$36,536
2023	$13,936
2024	$3,445

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions	
Valuation Date	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return	
- MIP and Basic Plans (Non-Hybrid):	6.80%, net of investment expenses
- Pension Plus Plan (Hybrid):	6.80%, net of investment expenses
- Pension Plus 2:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

Mortality:	Retirees: RP-2014 Male and Female Combined Healthy Life Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006. Active Members: P-2014 Male and Female Employee Annuitant Mortality Tables, scaled to 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Note 11 – Defined Benefit Pension Plan (continued)

Notes:

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4892

- Recognition period for assets in years is 5.0000

- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found in the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.6 %
Private Equity Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	0.1
TOTAL	100.0 %	

**Long term rate of return are net of administrative expenses and 2.3% inflation*

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 – Defined Benefit Pension Plan (continued)

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Academy's proportionate share of the net pension liability, calculated using a discount rate of 6.80% (6.80% for the Pension Plus Plan, 6.0% for the Pension Plus 2 Plan), as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.80% / 5.80%/5.0%	Current Single Discount Rate Assumption 6.80% / 6.80%/6.0%	1% Increase 7.80% / 7.80%/7.0%
$640,759	$495,051	$374,291

Michigan Public Schools Employees Retirement System (MPSERS) Fiduciary Net Position

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

Note 12 – Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by the State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient.

For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by the statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2018 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

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

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2020.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.00 %	8.09 %
Personal Healthcare Fund (PHF)	0.00 %	7.57 %

Required contributions to the OPEB plan from the Academy were $9,999 for the year ended September 30, 2020.

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

At June 30, 2021, The Academy reported a liability of $75,821 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2019. The Academy's proportion share of the net OPEB liability was determined by dividing each district's/academy's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable districts/academies during the measurement period. At September 30, 2020, the Academy's proportion was .00142 percent, which was a decrease of .000001 percent from its proportion measured as of October 1, 2019.

For the year ended June 30, 2021, the Academy recognized total OPEB expense of $(4,290). At June 30, 2021, 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
Differences between expected and actual experience	$ -	$ 56,494
Changes of assumptions	25,000	-
Net difference between projected and actual earnings on OPEB plan investments	633	-
Changes in proportion and differences between Academy contributions and proportionate share of contributions	22,644	1,363
Academy contributions subsequent to the measurement date*	8,033	-
otal	**$ 56,310**	**$ 57,857**

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future OPEB Expenses)

Year Ending June 30,	Amount:
2021	$(41)
2022	$772
2023	$(1,195)
2024	$(4,962)
2025	$(4,154)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions	
Valuation Date	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return	6.95%
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.5% Year 15; 3% Year 120

Mortality:	Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006. Active members: RP-2014 Male and Female Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Other Assumptions:

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

Notes:

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.6018
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found in the ORS website at www.michigan.gov/orsschools.

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.6 %
% Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
TOTAL	100.0 %	

**Long-term rate of returns are net of administrative expenses and 2.1% inflation.*

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Academy's proportionate share of the net OPEB liability calculated using a discount rate of 6.95%, as well as what the Academy's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

Sensitivity of the District's Proportionate Share of the OPEB liability to Healthcare Cost Trend Rate

1% Decrease 5.95%	Current Single Discount Rate 6.95%	1% Increase 7.95%
$97,401	$75,821	$57,653

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

1% Decrease 5.95%	Current Healthcare Cost Trend Rate 6.95%	1% Increase 7.95%
$56,957	$75,821	$97,276

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.com/orsschools.

Note 13 – Subsequent Events

Management has reviewed subsequent events through October 11, 2021, which is the date the financial statements were available to be issued.

The Covid-19 pandemic continues to affect day-today operations of the Academy. While George Washington Carver Academy will continue to feel the effects of the pandemic, it is impossible to estimate the financial impact, if any, the pandemic will have upon the Academy.

The Academy was issued a State Aid Anticipation Loan through the Michigan Finance Authority in the amount of $366,000 on September 2, 2021. This loan has an interest rate of 3.3% and matures on August 22, 2022. Eleven monthly payments in the amount of $33,874, beginning October 20, 2021 are required, with the final payment due on August 22, 2022.

Note 14 – Restatement of Net Position and Fund Balance

Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued in January 2017 and is effective for the Academy's 2021 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria general is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Academy previously reported a fiduciary fund for assets held on behalf of student activity groups. These activities do not meet the criteria of a fiduciary fund as established by GASB No. 84. Therefore, governmental fund balance and government wide net position as of July 1, 2020 were restated as follows to report the student activities fund as a special revenue fund as of July 1, 2020:

	Government Wide Net Position / (Deficit)	Total Governmental Fund Balance
Previously Reported as of July 1, 2020	$1,183,356	$2,821,411
Reclassification of Student Activities as Governmental Fund	1,171	1,171
Restated as of July 1, 2020	$1,184,527	$2,820,240

REQUIRED SUPPLEMENTAL INFORMATION

GEORGE WASHINGTON CARVER ACADEMY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Local Sources	$ 10,700	$ 15	$ 65	$ 50
State Sources	4,558,443	5,252,908	5,199,839	(53,069)
Federal Sources	1,039,298	1,426,673	900,746	(525,927)
Total Revenues	5,608,441	6,679,596	6,100,650	(578,946)
Expenditures:				
Education:				
Instruction:				
Basic Programs	1,503,450	1,804,530	1,706,562	97,968
Added Needs	645,923	842,984	807,839	35,145
Supporting Services:				
Pupil Services	209,062	413,634	358,556	55,078
Instructional Staff	571,920	470,049	449,743	20,306
General Administration	265,264	245,454	233,301	12,153
School Administration	491,116	448,328	429,106	19,222
Business Services	200,220	221,694	211,388	10,306
Operations & Maintenance	558,627	707,653	639,671	67,982
Transportation	186,987	219,197	170,221	48,976
Support Services	131,361	236,855	215,227	21,628
Other Services	29,710	12,000	573	11,427
Community Services	125,132	129,322	126,954	2,368
Welfare Activities	2,000	2,000	2,012	(12)
Total Expenditures	4,920,772	5,753,700	5,351,153	402,547
Excess (Deficiency) of Revenues Over Expenditures	687,669	925,896	749,497	(176,399)
Other Financing Sources/(Uses):				
Operating Transfers	(676,266)	(676,266)	(676,266)	-
Total Other Financing Sources/(Uses)	(676,266)	(676,266)	(676,266)	-
Net Change in Fund Balances	11,403	249,630	73,231	(176,399)
Fund Balance - July 1	1,096,071	1,096,071	1,096,071	-
Fund Balance - June 30	$ 1,107,474	$ 1,345,701	$ 1,169,302	$ (176,399)

Schedule of Academy's Proportionate Share of the Net Pension Liability
Determined As of 9/30 of Each Fiscal Year

	2020	2019	2018	2017
District's proportion of net pension liability (%)	0.00144%	0.00144%	0.00133%	0.00097%
District's proportionate share of net pension liability	$ 495,051	$ 476,005	$ 399,939	$ 252,301
District's covered-employee payroll	$ 123,600	$ 123,900	$ 120,000	$ 120,000
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	400.53%	384.18%	333.28%	210.25%
Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%

Schedule of the Academy's Contributions
Determined as of 6/30 of Each Fiscal Year

	2021	2020	2019	2018
Statutorily required contributions	$ 42,987	$ 39,246	$ 38,021	$ 36,227
Contributions in relation to statutorily required contributions	$ 42,987	$ 39,246	$ 38,021	$ 36,227
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 126,187	$ 123,600	$ 123,000	$ 120,000
Contributions as a percentage of covered-employee payroll	34.07%	31.75%	30.91%	30.19%

Notes

See Note 11 to the financial statements for discussion of benefit terms and assumptions.

There were no changes of benefit terms in FY 2020.

There were no changes of benefit assumptions in FY 2020.

GEORGE WASHINGTON CARVER ACADEMY
REQUIRED SUPPLEMENTAL INFORMATION
OPEB PLAN INFORMATION
JUNE 30, 2021

Schedule of Academy's Proportionate Share of the Net OPEB Liability Determined As of 9/30 of Each Fiscal Year

	2020	2019	2018	2017
District's proportion of net OPEB liability (%)	0.00142%	0.00143%	0.00142%	0.00091%
District's proportionate share of net OPEB liability	$ 75,821	$ 102,714	$ 112,714	$ 80,668
District's covered-employee payroll	$ 123,600	$ 123,900	$ 120,000	$ 120,000
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	61.34%	82.90%	93.93%	67.22%
Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%

Schedule of the Academy's Contributions Determined as of 6/30 of Each Fiscal Year

	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 9,999	$ 9,950	$ 9,754	$ 9,204
OPEB Contributions in relation to statutorily required contributions	$ 9,999	$ 9,950	$ 9,754	$ 9,204
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 123,600	$ 123,900	$ 123,000	$ 120,000
OPEB Contributions as a percentage of covered-employee payroll	8.09%	8.03%	7.93%	7.67%

Notes

See Note 12 to the financial statements for discussion of benefit terms and assumptions.

There were no changes of benefit terms in FY 2020.

There were no changes of benefit assumptions in FY 2020.

OTHER SUPPLEMENTAL INFORMATION

GEORGE WASHINGTON CARVER ACADEMY
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Capital Projects Fund	Special Revenue Funds School Lunch Fund	Special Revenue Funds Student Activity Fund	Non-Major Governmental Funds Total
Assets				
Cash, cash equivalents and investments	$ 114,887	$ -	$ -	$ 114,887
Due from other funds	-	236,728	1,171	237,899
Total assets	$ 114,887	$ 236,728	$ 1,171	$ 352,786
Fund balances				
Restricted	114,887	236,728	1,171	352,786
Total fund balance	114,887	236,728	1,171	352,786
Total liabilities and fund balance	$ 114,887	$ 236,728	$ 1,171	$ 352,786

GEORGE WASHINGTON CARVER ACADEMY
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

		Special Revenue Funds		
	Capital Projects Fund	School Lunch Fund	Student Activity Fund	Non-major Governmental Funds Total
Revenues				
Local Sources	$ 6	$ -	$ -	$ 6
State Sources	-	17,570	-	17,570
Federal Sources	-	594,417	-	594,417
Total Revenues	6	611,987	-	611,993
Expenditures				
Purchased Services	-	447,755	-	447,755
Supplies and Materials	-	40,922	-	40,922
Total Expenditures	-	488,677	-	488,677
Excess of Revenues Over/(Under) Expenditures	6	123,310	-	123,316
Other Financing Sources/(uses)				
Operating transfers in/(out)	33,000	-	-	33,000
Total Other Financing Sources/(Uses)	33,000	-	-	33,000
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	33,006	123,310	-	156,316
Fund Balance - July 1, restated (see note 14)	81,881	113,418	1,171	196,470
Fund Balance - June 30	$ 114,887	$ 236,728	$ 1,171	$ 352,786

UNIFORM GUIDANCE INFORMATION

Taylor & Morgan | CPAs and Business Advisors

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

November 1, 2021

Board of Education
George Washington Carver Academy
Highland Park, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of George Washington Carver Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise George Washington Carver Academy's basic financial statements, and have issued our report thereon dated October 11, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether George Washington Carver Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

George Washington Carver Academy's Response to Findings

George Washington Carver Academy's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. George Washington Carver Academy's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 1, 2021

Board of Education
George Washington Carver Academy
Highland Park, MI

Report on Compliance for Each Major Program

We have audited the compliance of George Washington Carver Academy with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of George Washington Carver Academy's major federal programs for the year ended June 30, 2021. George Washington Carver Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of George Washington Carver Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about George Washington Carver Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of George Washington Carver Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, George Washington Carver Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

FLINT, MI OFFICE
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Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

George Washington Carver Academy's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. George Washington Carver Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of George Washington Carver Academy is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered George Washington Carver Academy's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of George Washington Carver Academy's internal control over compliance.

A deficiency in internal control over compliance 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 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 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

George Washington Carver Academy's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. George Washington Carver Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

GEORGE WASHINGTON CARVER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Program Title	Federal CFDA Number	Approved Award Amount	(Memo Only) Prior-Year Expenditures	Accrued (Deferred) Revenue, July 1, 2020	Adjustments and Transfers	Current Year Expenditures	Current Year Receipts	Accrued (Deferred) Revenue, June 30, 2021
U.S. DEPARTMENT OF EDUCATION								
Passed through M.D.E.								
Title I								
201530 19-20	84.010	$ 538,147	$ 490,350	$ 215,861	$ 31,673	$ 750	$ 257,394	$ (9,110)
211530 20-21	84.010	510,771	-	-	-	460,051	372,761	87,290
		1,048,918	490,350	215,861	31,673	460,801	630,155	78,180
Title IIA Improving Teacher Quality								
200520 19-20	84.367	43,474	26,851	7,273	14,113	-	21,386	-
210520 20-21	84.367	43,532	-	-	-	30,687	29,604	1,083
		87,006	26,851	7,273	14,113	30,687	50,990	1,083
Title IV Student Support & Academic Enrichment								
200750 19-20	84.424	43,728	25,157	11,907	13,500	3,000	28,407	-
210751 20-21	84.424	40,550	-	-	-	35,269	27,337	7,932
		84,278	25,157	11,907	13,500	38,269	55,744	7,932
Education Stabilization Fund								
Governor's Emergency Education Relief (GEER) 201200	84.425C	48,852	-	-	-	48,852	48,852	-
Governor's Emergency Education Relief (GEER) 203720	84.425C	78,148	-	-	-	78,148	78,148	-
ESSER Formula Funds 203710-1920	84.425D	434,621	109,445	-	(59,286)	329,803	-	270,517
		561,621	109,445	-	(59,286)	456,803	127,000	270,517
Total Passed through M.D.E.		1,781,823	651,803	235,041	-	986,560	863,889	357,712
Passed through Intermediate School District								
Special Education								
IDEA Flowthrough 200450 19-20	84.027	112,028	112,028	112,028	-	-	112,028	-
IDEA Flowthrough 200450 20-21	84.027	106,944	-	-	-	106,944	-	106,944
Total Passed through Intermediate School District		218,972	112,028	112,028	-	106,944	112,028	106,944
TOTAL U.S. DEPARTMENT OF EDUCATION		**2,000,795**	**763,831**	**347,069**	**-**	**1,093,504**	**975,917**	**464,656**
U.S. DEPARTMENT OF AGRICULTURE								
Passed through M.D.E.								
National School Lunch								
National School Lunch-SFSP COVID 19 200902 19-20	10.555	217,986	217,986	39,491	-	-	39,491	-
National School Lunch-SFSP Operating 210904 20-21	10.559	566,362	-	-	-	566,362	566,362	-
Fresh Fruit and Vegatable Program 210950 20-21	10.582	2,894	-	-	-	2,894	2,894	-
		787,242	217,986	39,491	-	569,256	608,747	-
Non-cash assistance (commodities)								
National School Lunch-Entitlement	10.555	25,161	-	-	-	25,161	25,161	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE		**812,403**	**217,986**	**39,491**	**-**	**594,417**	**633,908**	**-**
U.S. DEPARTMENT OF TREASURY								
Passed through M.D.E.								
Coronavirus Relief Funds								
Coronavirus Relief Funds	21.019	158,328	-	-	-	158,328	158,328	-
District COVID-19 Costs	21.019	969	-	-	-	969	969	-
		159,297	-	-	-	159,297	159,297	-
Passed through Cooper County ISD								
MiConnect Reimbursement Program								
Connectivity Reimbursement/Distance Learning CRF	21.019	14,767	14,767	-	-	-	14,767	-
TOTAL U.S. DEPARTMENT OF TREASURY		**174,064**	**14,767**	**-**	**-**	**159,297**	**174,064**	**-**
Total all Federal Agencies		**$ 2,987,262**	**$ 996,584**	**$ 386,560**	**$ -**	**$ 1,847,218**	**$ 1,783,889**	**$ 464,656**

See notes to schedule of expenditures of federal awards.

GEORGE WASHINGTON CARVER ACADEMY
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL REVENUE RECOGNIZED PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	$	1,847,218
FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS		
General Fund		900,746
School Lunch Fund		594,417
Total Federal Revenue Recognized		1,495,163
Add: Federal reveue not recognized in current year because it was unavailable at year end		366,822
Less: MiConnect reimbursement program funding received in current year for reimbursement of prior year expenditures		(14,767)
TOTAL	$	1,847,218

1) The Schedule of Expenditures of Federal Awards has been prepared under the modified accrual basis of accounting.

2) Management has utilized the Grant Auditor's Report in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Grant Auditor's Report have been reconciled in the attached reconciliation on Page 46 of this report.

3) The Academy has elected to not use the 10% de minimis indirect cost rate.

4) Transfers and adjustments include reclassifications of allowable expenditures from ESSER Formula Funds to Title I, Title IIA and Title IV.

GEORGE WASHINGTON CARVER ACADEMY
RECONCILIATION OF THE GRANT AUDITOR'S REPORT TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Current Payments Per the Grant Auditor's Report	$	1,472,636
Add: Grants Passed Through Intermediate School District		
Special Education-Grants to States (CFDA 84.027)		112,028
Entitlement Commodities (CFDA 10.550)		25,161
Coronavirus Relief received through State Aid		159,297
Coronavirus Relief received through Copper County ISD		14,767
TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	$	1,783,889

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*
Significant deficiency(ies) identified that are not considered to be material weaknesses?	*No*
Noncompliance material to financial statements noted?	*No*

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	*No*
Significant deficiency(ies) identified that are not considered to be material weaknesses?	*Yes*
Audit findings required to be reported in accordance with sections 510(a) Circular 133?	*Yes*

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 510(a) of the Uniform Guidance? *Yes*

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	*Title I*

Dollar threshold used to distinguish between Type A and Type B programs: *$750,000*

Auditee qualified as low-risk auditee? *Yes*

Section II – Financial Statement Findings

2021-001 Material Audit Adjustments

Finding Type:
Material Weakness in Internal Control Over Financial Reporting

Criteria:
Generally Accepted Accounting Principles (GAAP) include "closing" procedures related to the accounting and recognition of federal revenue. Our audit procedures included material adjustments because the "closing" procedure for revenue recognition had not been performed.

Condition:
Material transactions related to the recognition of federal grant revenue were not recorded by the client in accordance with GAAP.

Cause:
A subsequent review of grant revenue received was not performed.

Effect:
Material adjustments were posted to federal grant revenues as part of the audit to ensure financial statements were presented in accordance with GAAP in all material respects.

Recommendation:
Additional "closing" procedures should be implemented to include a subsequent review of grant revenue received subsequent to year end to ensure it meets the available criteria for recognition in the current period.

View of Responsible Officials:
Current Financial Department staff have implemented a procedure to track federal revenue received to ensure the revenue is recorded in the proper accounting period.

Section III – Federal Award Findings and Questioned Costs

Finding 2021-002 Title I Reporting

Finding Type:
Significant Deficiency in Internal Control Over Major Programs

Criteria:
The OMB Compliance Supplement for Title I Funds requires that an annual Federal Expenditure Report be filed with the State of Michigan accurately reporting all expenditures of Title I funds.

Condition:
The Academy filed an annual Federal Expenditure Report that overstated Title I expenditures.

Cause:
A clerical error was made on the report totaling grant expenditures eligible for reimbursement.

Effect:
The Academy is not in compliance with the reporting criteria of the Title I Program and has requested grant reimbursements in excess of expenditures.

Recommendation:
The Academy should implement a policy that includes proper documentation of Federal expenditures prior to each request that includes expenditure reports generated directly from the accounting software.

View of Responsible Officials:
Current Financial Department staff are tracking Federal expenditures directly from the accounting software.

Questioned Costs:
$9,110