Audited Financial Statements

George Washington Carver Academy

Highland Park, Michigan

June 30, 2023

C O N T E N T S

C O N T E N T S – Continued

Croskey Lanni

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of George Washington Carver Academy

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of George Washington Carver Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise George Washington Carver Academy's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George Washington Carver Academy's basic financial statements. The accompanying additional supplementary information, as identified in the Table of Contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including 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 January 29, 2024, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of George Washington Carver Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering George Washington Carver Academy's internal control over financial reporting and compliance.

Croskey Lanni, PC

Croskey Lanni, PC

Rochester, Michigan
January 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

George Washington Carver Academy is a Preschool through eighth grade Public School Academy located in Highland Park, Michigan. This Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the George Washington Carver Academy administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

Table 1 - Basic Financial Information

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	$ 9,150	$ 8,700
Enrollment	369	401
General Fund Balance Increase/(Decrease)	$ (965,889)	$ (255,308)
General Fund Balance as Percent of Unrestricted State Aid Revenue	-1%	21%
Instructional Expenditures as Percent of Total Expenditures	42%	42%

OVERVIEW OF THE FINANCIAL STATEMENTS

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

FUND FINANCIAL STATEMENTS:

For the most part, the fund financial statements are comparable to general purpose financial statements. The primary difference is that the Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the Academy's major instruction and instructional support activities are reported in the General Fund. Additional governmental activities are reported in their relevant Special Revenue Funds.

In the fund financial statement, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

The academy has one kind of fund:

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

ACADEMY-WIDE FINANCIAL STATEMENTS:

The Academy-wide financial statements are maintained using the "full accrual" basis. They report all of the Academy's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy's budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-1 Organization of George Washington Carver Academy's Annual Financial Report

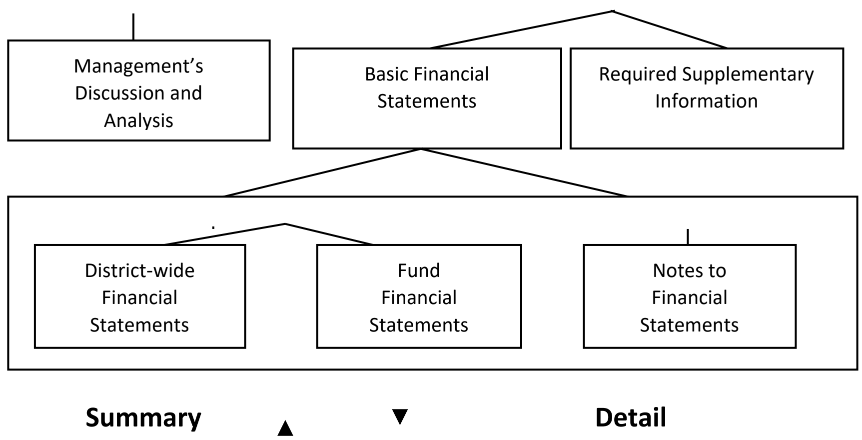

Figure A-2 summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A – 2 Major Features of the Academy-Wide and Fund Financial Statements

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

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

ACADEMY GOVERNMENTAL ACTIVITIES (Figure A-3)

Summary of Net Position:

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

Table 2 - Financial Results

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	$ (51,895)	$ 913,994
Total General Fund Revenue	$ 7,708,049	$ 6,745,956
State Aid Foundation Allowance as percent of Academy Revenues	63%	65%
Total Cost of Instructional Programs	$ 3,648,541	$ 2,955,762
Total Cost of Support/Operational Services	$ 4,299,781	$ 3,459,853
Support/Operational Services as percent of Total Expenditures	50%	49%
Total Expenditures transferred to Debt Service	$ 681,544	$ 642,505
Transfer to Debt Service as percent of Total Expenditures	8%	9%

Table 3 - Net Position Detail

	2023	2022
Assets		
Current Assets	$ 2,961,618	$ 3,988,409
Capital Assets	8,951,400	8,020,698
Less: Accumulated Depreciation	(4,253,097)	(4,068,058)
Capital Assets, Net Book Value	4,698,303	3,952,640
Deferred Outflows	248,291	179,947
Total Assets and Deferred Outflows	$ 7,908,212	$ 8,120,996
Liabilities		
Current Liabilities	$ 2,745,891	$ 1,319,798
Long-term Liabilities	3,437,155	4,268,962
Deferred Inflows	88,810	218,262
Total Liabilities and Deferred Inflows	$ 6,271,856	$ 5,807,022
Net Position		
Invested in Capital Assets, Net of Related Debt (Deficit)	$ 867,480	$ 240,622
Restricted	1,311,653	1,229,953
Unrestricted	(542,777)	843,399
Total Net Position	$ 1,636,356	$ 2,313,974

Results of Operations:

For the fiscal year ended June 30, 2023 and 2022, the Academy-wide results of operations were:

Table 4 - Change in Net Position

	2023		2022	
	Amount	% of Total	Amount	% of Total
General Revenue:				
State of Michigan Aid - All Sources	$ 3,566,839	48.47%	$ 3,514,059	46.83%
Other	165,595	2.26%	65,538	0.87%
Total General Revenue	3,732,434	50.73%	3,579,597	47.70%
Program Revenue:				
Charges for Services	5,440	0.07%	-	0.00%
Operating Grants - Federal and State	3,619,380	49.20%	3,924,352	52.30%
Total Program Revenue	3,624,820	49.27%	3,924,352	52.30%
Total Revenue	7,357,254	100.00%	7,503,949	100.00%
Expenses:				
Instruction and Instructional Services	3,648,541	45.42%	2,955,762	42.12%
Support Services	3,143,438	39.12%	3,096,223	44.12%
Food Service	561,648	6.99%	266,405	3.80%
Community Services	186,505	2.32%	192,905	2.75%
Unallocated Depreciation / Amortization	185,039	2.30%	161,373	2.30%
Interest on Long-term Debt	309,701	3.85%	344,516	4.91%
Total Expenses	8,034,872	100.00%	7,017,184	100.00%
Change in Net Position	$ (677,618)		$ 486,765	

During the fiscal year ended June 30, 2023, the Academy's net position decreased by $677,618 compared to a net increase of $486,765 in the prior fiscal year. The most significant difference between prior year and current year is the total general fund revenue increased and total general fund expenditures increased.

State of Michigan Aid and Other Factors affecting Revenue

The State of Michigan aid is determined by the following variables:

- Per Student Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. The George Washington Carver Academy foundation allowance was $9,150.
- Student Enrollment: The Academy's student enrollment for the fall count of 2022-23 was 369 students. To calculate total state aid to be provided by the foundation allowance, a system (Section 25) where the funding follows the student was used. This means adjustments were made to the current year fall count when students enrolled or

unenrolled until the current year winter count to calculate the adjusted fall count. A blend of 90% of the adjusted current year fall count and 10% of the prior year spring count is multiplied by the Academy's foundation allowance.

- Total Section 25 adjustment was 2.41 FTE or ($22,052).
- Additional federal funding was available during the 2022-23 fiscal year to supplement programs. This funding is expected to be available again in fiscal year 2023-24.
- Subsequent to year end June 30, 2023, preliminary student enrollments for 2023-24 indicate that the 2023 fall student enrollment should be approximately the same as the 2022-23 levels.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget two times. These budget amendments fall into several categories:

Changes were made in the second and fourth quarters to account changes in student enrollment, federal funding, and changes in assumptions (e.g. staffing changes, instructional, transportation, food services and community services) since the original budget was adopted.

The Academy's expenditures from General Fund operations exceeded revenues by $965,889 for the fiscal year ended June 30, 2023.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy's net investment in capital assets increased by $745,663 during the fiscal year. This can be summarized as follows:

Table 5 - Capital Assets

	Beginning Balance 6/30/22	Additions	Disposals	Ending Balance 6/30/23
Right to use assets	$ 127,295	$ -	$ -	$ 127,295
Land	776,137	-	-	776,137
Building and improvements	5,535,035	930,702	-	6,465,737
Equipment and furniture	1,582,231	-	-	1,582,231
Less: Accumulated Depreciation / Amortization	4,068,058	185,039	-	4,253,097
Net Investment in Capital Assets	$ 3,952,640	$ 745,663	$ -	$ 4,698,303

Depreciation/Amortization Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation/amortization expense is a reduction in net assets in the entity wide financial statements. Depreciation/amortization is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy's financial statements.

For the fiscal year ended June 30, 2023, the net increase in accumulated depreciation/amortization was $185,039.

Long-term Debt

Long-term debt consisted of a building loan and long-term leases of office equipment. More information related to administration and makeup of debt is included in Note 8 of these financial statements.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation/amortization expense is recorded based on the original cost of the asset, less an estimated salvage value.

ECONOMIC FACTORS BEARING ON THE ACADEMY'S FUTURE

The Preliminary Budget for the 2023-24 Fiscal Year was adopted by the Board of Directors in June 2023. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2023-24 budget preparation process include:

- State Aid Foundation was increased by $458 per pupil for the 2023-24 school year.
- Continued improvement of academic achievement through changes in academic programs.
- PAL agreement was established with MDE providing additional resources for tier 2 and tier 3 academic supports
- Partnership with LEAP grant to provide 300k grant funding to support teacher trainings, recruitment

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year. In spite of the current economic uncertainties we remain cautiously confident that the State will find the resources to sufficiently fund current appropriations.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 14510 2nd Ave, Highland Park, MI 48203

GEORGE WASHINGTON CARVER ACADEMY

STATEMENT OF NET POSITION
JUNE 30, 2023

Current Assets		
Cash and cash equivalents	$	109,101
Investments in debt service and capital projects		1,265,903
Accounts receivable		4,241
Deposits		5,000
Due from other governmental units		1,577,373
Total current assets		2,961,618
Capital Assets - Net of Accumulated Depreciation / Amortization		4,698,303
Total assets		7,659,921
Deferred Outflows		
Related to pension		192,912
Related to other post employment benefits		55,379
Total deferred outflows		248,291
Total assets and deferred outflows	$	7,908,212

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities		
Accounts payable	$	394,343
Notes payable		106,972
Unearned revenue		231,237
Other accrued expenses		1,020,515
Net pension liability		569,012
Net other post employment benefit liability		30,144
Long-term debt - current portion		393,668
Total current liabilities		2,745,891
Long-Term Debt - Long-Term Portion		3,437,155
Deferred Inflows		
Related to pension		14,668
Related to other post employment benefits		74,142
Total deferred outflows		88,810
Net Position		
Net investment in capital assets		867,480
Restricted		1,311,653
Unrestricted		(542,777)
Total net position		1,636,356
Total liabilities, deferred inflows and net position	$	7,908,212

See accompanying notes to financial statements

GEORGE WASHINGTON CARVER ACADEMY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	**Charges for Services**	**Operating Grants**	**Government Type Activities**
Functions				
Instruction				
Basic programs	$ 2,667,249	$ -	$ 1,340,120	$ (1,327,129)
Added needs	981,292	-	600,152	(381,140)
Support services				
Pupil support services	404,989	-	104,330	(300,659)
Instructional staff support services	272,098	-	246,774	(25,324)
General administration	283,752	-	43,245	(240,507)
School administration	703,054	-	80,926	(622,128)
Business support services	198,214	-	-	(198,214)
Operations and maintenance	645,882	-	404,966	(240,916)
Pupil transportation services	322,558	-	288,952	(33,606)
Central support services	282,649	-	20,520	(262,129)
Athletic activities	30,242	-	-	(30,242)
Food services	561,648	5,440	313,164	(243,044)
Community services	186,505	-	176,231	(10,274)
Unallocated depreciation / amortization	185,039	-	-	(185,039)
Unallocated interest	309,701	-	-	(309,701)
Total primary government	$ 8,034,872	$ 5,440	$ 3,619,380	(4,410,052)
General Purpose Revenues				
State school aid - unrestricted				3,566,839
Miscellaneous revenues				165,595
Total general purpose revenues				3,732,434
Change in net position				(677,618)
Net position - July 1, 2022				2,313,974
Net position - June 30, 2023				$ 1,636,356

See accompanying notes to financial statements

GEORGE WASHINGTON CARVER ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS

	General	Debt Service	Non-Major	Total
Cash and cash equivalents	$ 109,101	$ -	$ -	$ 109,101
Investments	-	1,083,202	182,701	1,265,903
Accounts receivable	4,241	-	-	4,241
Deposits	5,000	-	-	5,000
Due from other governmental units	1,577,373	-	-	1,577,373
Due from other funds	-	-	148,403	148,403
Total assets	$ 1,695,715	$ 1,083,202	$ 331,104	$ 3,110,021

LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE

	General	Debt Service	Non-Major	Total
Liabilities				
Accounts payable	$ 394,343	$ -	$ -	$ 394,343
Notes payable	106,972	-	-	106,972
Due to other funds	50,590	97,813	-	148,403
Unearned revenue	231,237	-	-	231,237
Other accrued expenses	913,300	-	4,840	918,140
Total liabilities	1,696,442	97,813	4,840	1,799,095
Deferred Inflows of Resources -				
Unavailable revenue	51,168	-	-	51,168
Fund Balance				
Nonspendable	5,000	-	-	5,000
Restricted	-	985,389	326,264	1,311,653
Unassigned	(56,895)	-	-	(56,895)
Total fund balance	(51,895)	985,389	326,264	1,259,758
Total liabilities, deferred inflows, and fund balance	$ 1,695,715	$ 1,083,202	$ 331,104	$ 3,110,021

See accompanying notes to financial statements

GEORGE WASHINGTON CARVER ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balances		$ 1,259,758
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $8,951,400 and the accumulated depreciation / amortization is $4,253,097.		4,698,303
Deferred Outflows of Resources not included in governmental funds:		
Related to pension payments made subsequent to the measurement date	$ 192,912	
Related to OPEB payments made subsequent to the measurement date	55,379	248,291
Deferred Inflows of Resources not included in governmental funds:		
Unavailable revenue	$ 51,168	
Related to pension investment returns	(14,668)	
Related to OPEB investment returns	(74,142)	(37,642)
Net pension obligations are not due and payable in the current period and are not reported as fund liabilities.		(569,012)
Net OPEB obligations are not due and payable in the current period and are not reported as fund liabilities.		(30,144)
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.		(102,375)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(3,830,823)
Net Position of Governmental Activities		$ 1,636,356

See accompanying notes to financial statements

GEORGE WASHINGTON CARVER ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	Debt Service	Non-Major	Total
Revenues				
Local sources	$ 381,333	$ -	$ 5,440	$ 386,773
State sources	4,848,779	-	13,901	4,862,680
Federal sources	2,434,352	-	299,186	2,733,538
Interdistrict sources	43,585	-	-	43,585
Total governmental fund revenues	7,708,049	-	318,527	8,026,576
Expenditures				
Instruction				
Basic program	2,667,249	-	-	2,667,249
Added needs	981,292	-	-	981,292
Support services				
Pupil support services	404,989	-	-	404,989
Instructional staff support services	272,098	-	-	272,098
General administration	283,752	-	-	283,752
School administration	697,393	-	-	697,393
Business support services	198,251	1,750	(1,787)	198,214
Operations and maintenance	645,882	-	-	645,882
Pupil transportation services	322,558	-	-	322,558
Central support services	282,649	-	-	282,649
Athletic activities	30,242	-	-	30,242
Food services	-	-	561,648	561,648
Community services	186,505	-	-	186,505
Capital outlay	930,702	-	-	930,702
Debt principal and interest	44,760	640,125	-	684,885
Total governmental fund expenditures	7,948,322	641,875	559,861	9,150,058
Excess (deficiency) of revenues over expenditures	(240,273)	(641,875)	(241,334)	(1,123,482)
Other Financing Sources (Uses)				
Operating transfers in	-	681,544	44,072	725,616
Operating transfers out	(725,616)	-	-	(725,616)
Total other financing sources (uses)	(725,616)	681,544	44,072	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(965,889)	39,669	(197,262)	(1,123,482)
Fund balance - July 1, 2022	913,994	945,720	523,526	2,383,240
Fund balance - June 30, 2023	$ (51,895)	$ 985,389	$ 326,264	$ 1,259,758

See accompanying notes to financial statements

GEORGE WASHINGTON CARVER ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds			$ (1,123,482)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.			
Capital outlay	$ 930,702		
Depreciation and amortization expense	(185,039)		745,663
Revenue is reported in the statement of activities when earned, but not reported in the funds unless collected or collectible within 60 days of year end.			(669,322)
Certain employee costs (pension and OPEB) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds			(5,661)
The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:			
Repayment of loan principal	$ 362,440		
Interest expense	12,744		375,184
Change in Net Position of Governmental Activities			$ (677,618)

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of George Washington Carver Academy (the "Academy") conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

Reporting Entity

George Washington Carver Adacemy 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 1993 and Act No. 416 of the Public Acts of 1994. The Academy began operation in July 1999 and now operates two public schools within one building in Highland Park, Michigan.

The Academy entered into a contract with Bay Mills Community College Board of Regents to charter a public school academy through June 30, 2024. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The College's Board of Regents 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's Board of Regents three percent of State aid as administrative fees. Total administrative fees paid for the year ended June 30, 2023 were $130,000.

The Academy entered into an agreement with Midwest Management Group Inc. ("Midwest"). Under the terms of this agreement, Midwest provided a variety of services including financial management and human resources services. The Academy is charged an admin fee of 5 percent of gross wages to worksite employees as well as $7,500 per month for business management services. Total paid for these services amounted to approximately $144,100. The Academy also had fees payable to Midwest of approximately $892,650 included in other accrued expenses at June 30, 2023.

In July 2023, the Academy entered into an agreement with CS Partners, "CSP" to take over the financial management. There were no fees charged to the Academy under this contract for the year ended June 30, 2023.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

Fund Financial Statements

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Presentation – Fund Accounting

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government resources are allocated to and accounted for in individual funds based on 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 generic fund types in two broad fund categories.

Governmental Funds

A governmental fund is a fund through which most 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 a governmental fund.

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 Fund (Food Service) - The special revenue fund is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund.

Debt Service Fund – The debt service fund is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

Capital Projects Fund – The capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

Governmental and agency funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

b. Payments for inventoriable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.

c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.

d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy’s policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position’s use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated 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. The Academy held investments in mutual funds that invest solely in U.S. Treasury obligations. The funds are held in trust for debt service and capital projects. . State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables

Receivables at June 30, 2023 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2023 and are considered current for the purposes of these financial statements.

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

Net position represents the difference between assets, deferred outflows and liabilities and deferred inflows. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

The Academy has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.

c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.

d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

Leases

Leases and Subscription Based IT Arrangements (SBITA)

The Academy is a lessee for a noncancelable lease office equipment. The Academy recognizes a lease/SBITA liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund and special revenue fund budget. During the year ended June 30, 2023 the budget was amended in a legally permissible manner. Budget detail can be found on page 31 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, the Academy had the following investments:

Type	S&P Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			$ 109,101
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	1,265,903
Total deposits and investments			$ 1,375,004

The above amounts are reported in the financial statements as follows:

Deposits:	
Cash - Academy Wide	$ 109,101
Investments:	
Investments - Debt Service	1,083,202
Investments - Capital Projects	182,701
Subtotal	1,265,903
Total deposits and investments	$ 1,375,004

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2023, the Academy’s investments were rated AAAm by Standard’s & Poor’s and Aaa-mf by Moody’s Investors Service.

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the Academy’s investments are in pooled investment accounts which represent 100% of the Academy’s total investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2023, none of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2023.

Custodial Credit Risk - Investments

For an investment, this 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.

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

Foreign Currency Risk

The Academy is not authorized to invest in investments which have this type of risk.

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Fair Value

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.

b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

c. Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy's own data.)

The Academy does not have any investments that are subject to the fair value measurement.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	$	842,742
Federal sources		734,631
Total	$	1,577,373

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Capital assets not subject to depreciation				
Land	$ 776,137	$ -	$ -	$ 776,137
Capital assets subject to depreciation / amortization				
Right to use - equipment	127,295	-	-	127,295
Building and additions	5,535,035	930,702	-	6,465,737
Equipment and furniture	1,582,231	-	-	1,582,231
Sub-total	8,020,698	930,702	-	8,951,400
Accumulated depreciation / amortization				
Right to use - equipment	35,360	35,360	-	70,720
Building and additions	2,450,466	149,679	-	2,600,145
Equipment and furniture	1,582,232	-	-	1,582,232
Sub-total	4,068,058	185,039	-	4,253,097
Total net capital assets	$ 3,952,640	$ 745,663	$ -	$ 4,698,303

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

NOTE 6 – NOTES PAYABLE

Loan Information

	Interest Rate	Maturity Date	Other
SAAN 21/22	3.30%	August 2022	Paid in full
SAAN 22/23	5.40%	August 2023	Issued to provide Academy with funds to finance operations before first state aid payment is received; secured by future state aid payments

NOTE 6 – NOTES PAYABLE - Continued

Loan Activity

	Balance July 1, 2022	Additions	Retirements and Payments	Balance June 30, 2023
SAAN 21/22	$ 65,742	$ -	$ 65,742	$ -
SAAN 22/23	-	600,000	493,028	106,972
	$ 65,742	$ 600,000	$ 558,770	$ 106,972

NOTE 7 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

	Net Position	Funds
Purchased services - payroll and benefits	$ 892,644	$ 892,644
Oversight fee	25,496	25,496
Interest	102,375	-
Total other accrued expenses	$ 1,020,515	$ 918,140

NOTE 8 – LONG-TERM OBLIGATIONS

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

Loan Information

	Interest Rate	Maturity Date	Other
Building loan	8.00%-8.125%	August, 2030	Loan secured by a mortgage on the Academy's facilities.
Direct borrowing - copiers	3.50%	August, 2025	Monthly payment of $3,730

NOTE 8 – LONG-TERM OBLIGATIONS - Continued

Loan Activity

	Balance July 1, 2022	Additions	Retirements and Payments	Balance June 30, 2023	Due Within One Year
Building loan	$ 4,100,000	$ -	$ 320,000	$ 3,780,000	$ 350,000
Direct borrowing - copiers	93,263	-	42,440	50,823	43,668
	$ 4,193,263	$ -	$ 362,440	$ 3,830,823	$ 393,668

Following are maturities of long-term obligations for principal and interest for the next five years and in total:

	Principal	Interest
2024	$ 393,668	$ 293,998
2025	387,155	263,555
2026	410,000	231,156
2027	445,000	196,422
2028	485,000	158,641
2029 - 2031	1,710,000	215,719

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of 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.

NOTE 9 – DEFINED BENEFIT PENSION PLAN – Continued

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

Benefits Provided

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

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

Contributions

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

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

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

Pension Contribution Rates

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

Required contributions to the pension plan from the Academy were $51,946 for the year ended September 30, 2022.

NOTE 9 – DEFINED BENEFIT PENSION PLAN - Continued

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

At June 30, 2023, the Academy reported a liability of $569,012 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The Academy's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the Academy's proportion was .00151298 percent, which was a decrease of .00141 percent from its proportion measured as of September 30, 2021.

For the year ending June 30, 2023, the Academy recognized pension expense of $90,040. At June 30, 2023, 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	$ 5,692	$ 1,272
Changes of Assumptions	97,777	-
Net difference between projected and actual earnings on pension plan investments	1,334	-
Changes in proportion and differences between Academy contributions and proportionate share of contributions	23,640	13,396
Academy contributions subsequent to the measurement date	64,469	-
Total	$ 192,912	$ 14,668

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN – Continued

Year Ended June 30,	Amount
2023	$ 37,368
2024	26,509
2025	18,676
2026	31,222

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2021
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	2.75 %
Investment Rate of Return	
MIP and Basic Programs	6.00% net of investment expenses
Pension Plus Plan	6.00% net of investment expenses
Pension Plus 2 Plan	6.00% net of investment expenses
Projected Salary Increases (including wage inflation at 2.75%):	2.75 - 11.55 %
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members

Mortality

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

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

NOTE 9 – 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, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922

Recognition period for assets in years: 5.0000.

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at 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, 2022, are summarized in the following table:

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

*Long term rate of return does not include 2.2% inflation

NOTE 9 – DEFINED BENEFIT PENSION PLAN - Continued

Rate of Return

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

Discount Rate

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

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 the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the 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 higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$ 750,885	$ 569,012	$ 419,141

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

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

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

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

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

Benefits Provided

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

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending Sept 3, 2012 or were on an approved professional services or military leave of absence on 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.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

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

Contributions

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

Employer 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 September, 30, 2021, valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

Benefit Structure	Member	Employer
Premium Subsidy	3.00 %	8.09 %
Personal Healthcare Fund (PHF)	-	7.23

Required contributions to the OPEB plan from The Academy were $10,841 for the year ended September 30, 2022.

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

At June 30, 2023, the Academy reported a liability of $30,144 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The Academy's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the Academy's proportion was .0000142318 percent, which was a decrease of .0000023243 percent from its proportion measured as of October 1, 2021.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

For the year ending June 30, 2023, the Academy recognized OPEB expense of $(2,886). At June 30, 2023, 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	$ -	$ 59,040
Changes of Assumptions	26,868	2,188
Net difference between projected and actual earnings on OPEB plan investments	2,356	-
Changes in proportion and differences between Academy contributions and proportionate share of contributions	17,619	12,914
Academy contributions subsequent to the measurement date*	8,536	-
Total	$ 55,379	$ 74,142

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

Year Ended June 30,	Amount
2023	$ (5,807)
2024	(9,567)
2025	(8,755)
2026	(182)
2027	(2,474)
Thereafter	(514)

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Academy 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 Academy and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2021
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	2.75 %
Investment Rate of Return	6.00% net of investment expenses
Projected Salary Increases (including wage inflation at 2.75%):	2.75 - 11.55 %
Healthcare Cost Trend Rate	
	Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120

Mortality

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

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

Other Assumptions

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

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 one or more dependents.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – 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 OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2250

Recognition period for assets in years: 5.0000.

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

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

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

Rate of Return

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

Discount Rate

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

Sensitivity of the 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 the 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:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 50,563	$ 30,144	$ 12,948

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

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	Current Healthcare Cost Trend Rate	1% Increase
$ 12,623	$ 30,144	$ 49,812

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS ACFR, available on the ORS website at www.michigan.gov/orsschools.

NOTE 11 – INTERFUND TRANSFERS

During the normal course of the school year the Academy transferred amounts between its funds as follows:

	General	Special Revenue Food Service	Debt Service	Capital Projects
Transfer In	$ -	$ 11,072	$ 681,544	$ 33,000
Transfer Out	725,616	-	-	-

As stipulated by the Academy's revenue bond agreement, which is described in Note 8, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. The above transactions account for the major activity in the Academy's interfund transfer accounts.

NOTE 12 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since its inception.

SUPPLEMENTARY INFORMATION

GEORGE WASHINGTON CARVER ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	$ 15	$ 37,234	$ 381,333	$ 344,099
State sources	5,203,204	4,742,476	4,848,779	106,303
Federal sources	2,694,748	3,142,554	2,434,352	(708,202)
Interdistrict sources	-	-	43,585	43,585
Total general fund revenues	7,897,967	7,922,264	7,708,049	(214,215)
Expenditures				
Instruction				
Basic programs	2,258,507	2,649,588	2,667,249	17,661
Added needs	521,376	884,657	981,292	96,635
Support services				
Pupil support services	338,780	328,148	404,989	76,841
Instructional staff support services	406,051	321,044	272,098	(48,946)
General administration	295,628	293,452	283,752	(9,700)
School administration	647,685	688,503	697,393	8,890
Business support services	235,540	211,680	198,251	(13,429)
Operations and maintenance	708,187	830,587	645,882	(184,705)
Pupil transportation services	286,500	358,595	322,558	(36,037)
Central support services	364,479	307,033	282,649	(24,384)
Athletic activities	27,703	29,431	30,242	811
Community services	171,076	241,086	186,505	(54,581)
Capital outlay	720,500	762,002	930,702	168,700
Debt principal and interest	37,439	39,500	44,760	5,260
Total general fund expenditures	7,019,451	7,945,306	7,948,322	3,016
Excess (deficiency) of revenues over expenditures	878,516	(23,042)	(240,273)	(217,231)
Other Financing Sources (Uses)				
Operating transfers out	(673,109)	(656,325)	(725,616)	(69,291)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	205,407	(679,367)	(965,889)	(286,522)
Fund balance - July 1, 2022	913,994	913,994	913,994	-
Fund balance - June 30, 2023	$ 1,119,401	$ 234,627	$ (51,895)	$ (286,522)

GEORGE WASHINGTON CARVER ACADEMY

COMBINING BALANCE SHEET – NON-MAJOR FUNDS
JUNE 30, 2023

ASSETS

	Special Revenue - Food Service	Capital Projects	Total
Investments	$ -	$ 182,701	$ 182,701
Due from other funds	148,403	-	148,403
Total assets	$ 148,403	$ 182,701	$ 331,104

LIABILITIES AND FUND BALANCE

	Special Revenue - Food Service	Capital Projects	Total
Liabilities			
Accounts payable	$ -	$ -	$ -
Other accrued expenses	4,840	-	4,840
Total liabilities	4,840	-	4,840
Fund Balance			
Restricted	143,563	182,701	326,264
Total liabilities and fund balance	$ 148,403	$ 182,701	$ 331,104

GEORGE WASHINGTON CARVER ACADEMY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue - Food Service	Capital Projects	Total
Revenues			
Local sources	$ 5,440	$ -	$ 5,440
State sources	13,901	-	13,901
Federal sources	299,186	-	299,186
Total governmental fund revenues	318,527	-	318,527
Expenditures			
Support services			
Business support services	-	(1,787)	(1,787)
Food services	561,648	-	561,648
Total governmental fund expenditures	561,648	(1,787)	559,861
Excess (deficiency) of revenues over expenditures	(243,121)	1,787	(241,334)
Other Financing Sources (Uses)			
Operating transfers in	11,072	33,000	44,072
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(232,049)	34,787	(197,262)
Fund balance - July 1, 2022	375,612	147,914	523,526
Fund balance - June 30, 2023	$ 143,563	$ 182,701	$ 326,264

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Local Sources		
Other local revenues	$	381,333
State Sources		
At risk		417,743
Great start readiness program		624,380
Special education		239,817
State aid		3,566,839
Total state sources		4,848,779
Federal Sources		
Title I		564,752
Title II		23,900
Title IV		7,062
Other program revenues		1,838,638
Total federal sources		2,434,352
Interdistrict Sources		43,585
Total general fund revenues	$	7,708,049

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Basic Programs	
Purchased services	$ 2,320,470
Other purchased services	38,799
Supplies and materials	268,307
Other expenditures	39,673
Total basic programs	2,667,249
Added Needs	
Purchased services	557,617
Other purchased services	415,687
Supplies and materials	(3,609)
Other expenditures	11,597
Total added needs	981,292
Pupil Support Services	
Guidance services	106,135
Health services	50,748
Psychological services	31,005
Speech pathology and audiology	135,704
Social work services	81,397
Total pupil support services	404,989
Instructional Staff Support Services	
Purchased services	255,420
Other purchased services	3,075
Supplies and materials	13,603
Total instructional staff support services	272,098
General Administration	
Purchased services	102,827
University oversight	130,000
Supplies and materials	144
Other expenditures	50,781
Total general administration	283,752

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

School Administration	
Purchased services	589,296
Supplies and materials	7,954
Other expenditures	100,143
Total school administration	697,393
Business Support Services	
Purchased services	83,769
Rentals	18,369
Other purchased services	61,676
Other expenditures	34,437
Total business support services	198,251
Operations and Maintenance	
Purchased services	494,436
Repairs and maintenance	80,594
Other purchased services	5,712
Supplies and materials	64,914
Non-depreciable capital assets	226
Total operations and maintenance	645,882
Pupil Transportation Services	
Purchased services	322,558
Central Support Services	
Purchased services	128,872
Supplies and materials	89,636
Other expenditures	64,141
Total central support services	282,649

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Athletic Activities	
Purchased services	14,665
Rentals	500
Other purchased services	622
Supplies and materials	6,280
Other expenditures	8,175
Total athletic activities	30,242
Community Services	
Purchased services	131,207
Other purchased services	40,000
Supplies and materials	13,513
Other expenditures	1,785
Total community services	186,505
Capital Outlay	930,702
Debt Principal and Interest	44,760
Total general fund expenditures	$ 7,948,322

APPENDIX

Federal Awards Report

Croskey Lanni

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

To the Board of Directors
of George Washington Carver Academy

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, 2023, 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 January 29, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-003 and 2022-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether George Washington Carver Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.

George Washington Carver Academy's Response to Findings

Government Auditing Standards required the auditor to perform limited procedures on George Washington Carver Academy's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. George Washington Carver Academy's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Croskey Lanni, PC

Croskey Lanni, PC

Rochester, Michigan
January 29, 2024

Croskey Lanni

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

To the Board of Directors
of George Washington Carver Academy

Report on Compliance for Each Major Federal Program

We have audited George Washington Carver Academy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of George Washington Carver Academy's major federal programs for the year ended June 30, 2023. 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.

Qualified Opinion on the Education Stabilization Fund Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, George Washington Carver Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Education Stabilization Fund program for the year ended June 30, 2023.

Basis for Qualified Opinion on the Major Program

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

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

Matters Giving Rise to Qualified Opinion on the Education Stabilization Fund Program

As described in the accompanying schedule of findings and questioned costs, George Washington Carver Academy did not comply with Allowable Costs/Cost Principles and Wage Rate Requirements with respect to the Education Stabilization Fund Program Assistance Listing Numbers 84.425D, 84.425U, and 84.425W and associated finding numbers 2023-005, 2023-006, and 2023-007. Compliance with such requirements is necessary, in our opinion, for George Washington Carver Academy to comply with the requirements applicable to that program.

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Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to George Washington Carver Academy's federal programs.

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

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

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

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

Report on Internal Control over Compliance
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-005, 2023-006, and 2023-007 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Croskey Lanni, PC

Croskey Lanni, PC

Rochester, Michigan
January 29, 2024

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2023	Current Year Cash Transferred To Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
National School Breakfast Program:										
National School Breakfast Program 2021-2022	221970	10.553	$ 117,503	$ 107,482	$ 3,854	$ -	$ 13,875	$ 10,021	$ -	$ -
National School Breakfast Program 2022-2023	231970	10.553	74,541	-	-	-	74,541	74,541	-	-
Total National School Breakfast Program		10.553	192,044	107,482	3,854	-	88,416	84,562	-	-
National School Lunch Program:										
COVID-19 - Supply Chain Assistance 2022-2023	220910/230910	10.555	21,337	-	-	-	21,337	21,337	-	-
National School Lunch Program 2022-2023	221960/231960	10.555	199,524	10,983	10,983	-	199,524	188,541	-	-
Total National School Lunch Program		10.555	220,861	10,983	10,983	-	220,861	209,878	-	-
Summer Food Service Program:										
Summer Food Service Program Operating 2021-2022	220900	10.559	4,389	1,099	1,099	-	4,389	3,290	-	-
Fresh Fruit and Vegetable Program:										
Fresh Fruit and Vegetable Program 2022-2023	230950	10.553	828	-	-	-	828	828	-	-
Total Child Nutrition Cluster			418,122	119,564	15,936	-	314,494	298,558	-	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Wayne County RESA:										
IDEA Special Education – Formula Grants to ISDs:										
IDEA Flowthrough 2122	220450	84.027A	117,000	116,373	116,373	-	116,373	1,327	1,327	-
IDEA Flowthrough 2223	230450	84.027A	66,584	-	-	-	-	47,324	47,324	-
Total Special Education Cluster			183,584	116,373	116,373	-	116,373	48,651	48,651	-
Total Clusters			601,706	235,937	132,309	-	430,867	347,209	48,651	-
Other Federal Awards:										
U.S. Department of Agriculture -										
Passed Through the Michigan Department of Education:										
Pandemic EBT Local Level Costs:										
COVID-19 - Pandemic EBT Local Level Costs 2022	220980	10.649	628	-	-	-	628	628	-	-

See accompanying notes to schedule of expenditures of federal awards

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2023	Current Year Cash Transferred To Subrecipient
Other Federal Awards (Continued):										
U.S. Department of Treasury -										
Passed Through the Michigan Department of Education:										
Coronavirus Relief Fund (CRF):										
COVID-19 - CRF School Aid 2021	11(p)	21.019	179,344	158,328	(21,016)	-	-	-	(21,016)	-
COVID-19 - District COVID-19 Costs 2021	103(2)	21.019	6,313	969	(5,344)	-	-	-	(5,344)	-
Total Coronavirus Relief Fund		21.019	185,657	159,297	(26,360)	-	-	-	(26,360)	-
U.S. Department of Education -										
Passed Through the Michigan Department of Education:										
Title I, Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2122	221530	84.010A	514,311	464,992	95,076	-	112,752	17,676	-	-
Title I Part A 2223	231530	84.010A	490,129	-	-	-	208,877	451,999	243,122	-
Total Title I Part A		84.010A	1,004,440	464,992	95,076	-	321,629	469,675	243,122	-
Title II, Part A: Supporting Effective Instruction:										
Title II Part A 2122	220520	84.367	47,260	40,308	13,317	-	17,900	4,583	-	-
Title II Part A 2223	230520	84.367	30,722	-	-	-	6,000	6,000	-	-
Total Title II Part A		84.367	77,982	40,308	13,317	-	23,900	10,583	-	-
Title IV, Part A: Student Support and Academic Enrichment:										
Title IV Part A 2223	230750	84.424A	55,567	-	-	-	7,062	7,062	-	-
Education Stabilization Fund:										
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) 1920	203711	84.425D	54,658	-	-	-	38,589	38,589	-	-
COVID-19 - ARP Homeless II 2122	211012	84.425W	7,519	-	-	-	-	2,518	2,518	-
COVID-19 - Supplemental Elementary and Secondary School Emergency Relief (ESSER II) 2021	213712	84.425D	1,049,747	855,218	(5,058)	-	112,690	194,529	76,781	-
COVID-19 - ESSER III Formula – American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	2,359,261	983,014	983,014	-	1,620,547	987,533	350,000	-
COVID-19 - ESSER II Discretionary – Section 23b(2a) Summer School 2122	213722	84.425D	121,322	120,394	-	-	928	928	-	-
COVID-19 - ESSER II Discretionary – Benchmark Assessments 2022	213762	84.425D	4,963	-	-	-	4,963	4,963	-	-
Total Education Stabilization Fund		84.425	3,597,470	1,958,626	977,956	-	1,777,717	1,229,060	429,299	-
Total Federal Awards			$5,523,450	$ 2,859,160	$ 1,192,298	$ -	$2,561,803	$2,064,217	$ 694,712	$ -

See accompanying notes to schedule of expenditures of federal awards

GEORGE WASHINGTON CARVER ACADEMY

RECONCILIATION OF BASIC FINANCIAL STATEMENTS
FEDERAL REVENUES AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Revenue to Expenditures

Revenue from federal sources - As reported on modified accrual financial statements (includes all funds):		
General Fund	$	2,434,352
Special Revenue Fund		299,186
Subtotal		2,733,538
Prior year unavailable revenue collected		(720,490)
Current year unavailable revenue not collected within 60 days		51,169
Federal expenditures per the schedule of expenditures of federal awards	$	2,064,217

Receivables

Receivables from federal sources - As reported on financial statements	$	734,631
Current year Coronavirus Relief Fund grants deferred revenue		(26,360)
Timing difference between MDE payment per the Grant Auditor Report and Academy receipt		(13,559)
Federal receivables per the schedule of expenditures of federal awards	$	694,712

GEORGE WASHINGTON CARVER ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of George Washington Carver Academy under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of George Washington Carver Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of George Washington Carver Academy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

George Washington Carver Academy has elected to not use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - GRANT AUDITOR REPORT

Management has utilized the Grant Auditor Report in preparing the schedule of expenditures of federal awards. Un-reconciled differences, if any, have been disclosed to the auditor.

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_X_ yes	____ no
• Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	___ yes	_X_ none reported
Noncompliance material to financial statements noted?	_X_ yes	____ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_X_ yes	____ no
• Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	___ yes	_X_ none reported
Type of auditor's report issued on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_X_ yes	____ no

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs as described in 2 CFR section 200.518(b):	$750,000	
Auditee qualified as low-risk auditee?	___ yes	_X_ no

GEORGE WASHINGTON CARVER ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

Reference Number	Findings
2023-001	**Finding Type** – Noncompliance and Material Weakness

Repeat Finding – No.

Criteria – The State School Aid Act of 1979 Article 10 Section 388.1702 does not allow districts receiving funds under the act to operate under a deficit.

Condition – The Academy recognized more expenditures than revenues than anticipated and resulted in a lower than anticipated fund balance of $286,522. As of June 30, 2023, the General Fund of the Academy had an overall deficit fund balance of $51,895.

Cause / Effect – The Academy experienced higher than anticipated expenditures for the year. The Academy should contact the State and file a Deficit Elimination Plan.

Recommendation – In accordance with Public Act 621 the Academy should adopt a Deficit Elimination Plan. Additional cost cutting and revenue enhancement alternatives should be explored in order to ensure the Academy can eliminate the deficit.

Auditee Response – The Academy agrees with the finding and is implementing procedures in order to prevent this noncompliance in the future.

SECTION II - FINANCIAL STATEMENT FINDINGS – Continued

Reference Number	Findings
2023-002	**Finding Type** – Material noncompliance with laws and regulations. **Repeat Finding** – Yes; 2022-003. **Criteria** – The Academy did not submit its 2022-2023 annual comprehensive data to Michigan Department of Education or the Center for Educational Performance and Information ("the Center") by November 1, 2023 as required by The State School Aid Act of 1979 (PA of 1979, as amended, MCL 388.1618.5). **Condition** – The Academy did not submit its annual comprehensive financial data consistent with its financial statements to the Center by November 1, 2023. **Cause / Effect** – The Michigan Department of Education has withheld the Academy's monthly state aid payment until the required submission occurs. **Recommendation** – The Academy should ensure it has proper internal controls in place to comply with its annual external reporting requirements in accordance with state law. **Auditee Response** – The Academy agrees with the finding and is implementing procedures in order to prevent this noncompliance in the future.

SECTION II - FINANCIAL STATEMENT FINDINGS – Continued

Reference Number	Findings
2023-003	**Finding Type** – Material weakness in internal control over financial reporting.
	Repeat Finding – Yes; 2022-001, 2021-001.
	Criteria – Strong accounting policies and procedures include monthly and annual "closing" procedures related to reconciling accounting records to supporting documentation and ensuring that general ledger amounts are accurate and complete and recorded in accordance with generally accepted accounting principles.
	Condition – Initial general ledger records provided by the management company were not reconciled, complete or accurate in several areas. After some corrections were made by the client, material audit adjustments were required to accurately report final results for the fiscal year in accordance with generally accepted accounting principles (GAAP).
	Cause / Effect – There was a mid-year change in management companies causing additional time on the part of the new management company to review the previous management company's accounting transactions and reconciliations as well as complete their own reconciliations. Material adjustments were posted to the general ledger as part of the audit to ensure financial statements were presented in accordance with GAAP in all material respects.
	Recommendation – Additional monthly and annual "closing" procedures should be implemented to include reconciliation of accounts to supporting documentation and subsidiary ledgers on a timely basis, review of the general ledger balances, and the posting of adjustments to ensure accurate and complete financial records.
	Auditee Response – The Academy along with its new management company are reviewing, revising, and developing internal controls and procedures along with preparing proper reconciliations to ensure timely and accurate recording of transactions into the general ledger.

SECTION II - FINANCIAL STATEMENT FINDINGS – Continued

Reference Number	Findings
2023-004	**Finding Type** – Material weakness in internal control over financial reporting.
	Repeat Finding – No.
	Criteria – The Michigan Public School Accounting Manual, Section IV, indicates that, when used appropriately, a budget provides the school board and administration with the ability to control and evaluate the use of the Academy's funds.
	Condition – Actual expenditures exceeded board adopted appropriations by $3,016 and net income was $286,522 less than anticipated.
	Cause / Effect – The budget while amended during the year, did not accurately reflect actual final revenues and expenditures. The effect was expenditures in excess of board adopted appropriations and fund balance lower than anticipated.
	Recommendation – The Academy should fully review actual and anticipated expenditures and in response amend the budget accordingly in order to comply with state law.
	Auditee Response – The Academy's financial services provider did not keep the Board or Leadership informed of cost and revenue changes throughout the school year. As soon as it was apparent that the company would not produce adequate information for decision making purposes, the Board removed the provider and replaced them expeditiously. The Academy has corrected the issue and is now receiving the information needed to make responsible financial decisions for the Academy in 2023-24 and onward.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number	Findings
2023-005	**Finding Type** – Material noncompliance and material weakness in internal control over compliance.

Repeat Finding – No.

Federal Program(s) – U.S. Department of Education: Education Stabilization Fund (ALN 84.425); Passed through MDE; All project numbers.

Compliance Requirement – Allowable Costs/Cost Principles - Disbursements.

Criteria – The Uniform Guidance requires the Academy to establish internal controls over disbursements related to the compliance requirements applicable to allowable costs/cost provisions. The Academy's policies require an independent review and approval of expenditures by Academy official(s).

Condition – The Academy could not provide supporting documentation for costs charged to the programs for (2) out of (37) disbursements selected for testing.

Cause / Effect – The condition appears to be the result of the Academy not adhering to established internal control policies and procedures. As a result, the Academy is at an increased risk of unallowable costs being charged to federal programs without being detected by its internal controls.

Questioned Costs – Known questioned costs - $31,731; Likely questioned costs - $59,377; Total questioned costs $91,108.

Recommendation – The Academy should follow its internal control policies and procedures that require an independent review and approval of expenditures by Academy official(s).

Auditee Response – The Academy along with its new management company are reviewing, revising, and developing internal controls as necessary in order to comply with compliance requirements relevant to federal programs.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – Continued

Reference Number	Findings
2023-006	**Finding Type** – Material noncompliance and material weakness in internal control over compliance.

Repeat Finding – No.

Federal Program(s) – U.S. Department of Education: Education Stabilization Fund (ALN 84.425); Passed through MDE; All project numbers.

Compliance Requirement – Allowable Costs/Cost Principles - Payroll documentation.

Criteria – The Uniform Guidance requires the Academy to support payroll charged to federal cost objectives with adequate documentation in accordance with the Academy's payroll policies. Per the Academy's federal policies, the Academy is required to support payroll charges to federal cost objectives with adequate documentation including personnel activity reports or timesheets for those who split their time between multiple cost objectives.

Condition – Of the (8) payroll transactions selected for testing, the Academy was unable to provide documentation for (2) of those charges.

Cause / Effect – This condition appears to be the result of the Academy charging costs to federal programs that were not properly supported using allowable methods. As a result, the Academy does not have appropriate support for all payroll charges to the programs.

Questioned Costs – Known questioned costs - $3,292; Likely questioned costs - $67,713; Total questioned costs $71,005.

Recommendation – The Academy should limit payroll charged to federal programs to costs that are supported by documentation that is allowable under federal cost principles and its own policies and procedures.

Auditee Response – The Academy along with its new management company are reviewing, revising, and developing internal controls as necessary in order to comply with compliance requirements relevant to federal programs.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – Continued

Reference Number	Findings
2023-007	**Finding Type** – Material noncompliance and material weakness in internal control over compliance.

Repeat Finding – No.

Federal Program(s) – U.S. Department of Education: ESSER III Formula – American Rescue Plan (ARP-ESSER) ALN 84.425U; Passed through MDE; Project number 213713.

Compliance Requirement – Special Tests and Provisions – Wage Rate Requirements.

Criteria – All construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act as supplemented by Department of Labor regulations.

Condition – The Academy did not have controls in place to ensure construction contracts in excess of $2,000 included provisions for compliance with the Davis-Bacon Act.

Cause / Effect – The Academy entered into a contract with a construction manager for a project funded by federal funds. The original contract and bid alternate did not include a provision for compliance with the Davis-Bacon Act. As a result, the Academy entered into a construction contract that was not in compliance with 2 CFR Part 176 Subpart C.

Questioned Costs – Unknown. The Academy believes prevailing wages were paid; however, the Academy did not have controls in place to retain adequate documentation to determine that the compliance requirement was met.

Recommendation – The Academy should implement internal controls and procedures to ensure construction contracts entered into that utilize federal funding are reviewed for compliance with federal requirements.

Auditee Response – The Academy along with its new management company are reviewing, revising, and developing internal controls as necessary in order to comply with compliance requirements relevant to federal programs.

GEORGE WASHINGTON CARVER ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022-001; 2021-001

Material adjustments were posted to the general ledger as part of the audit to ensure the 2020-2021 financial statements were presented in accordance with GAAP in all material respects. There were also material audit adjustments posted to the general ledger to adhere to GAAP during the 2021-2022 audit process. Please see repeat finding 2023-003.

2022-002

One individual from the previous management company was responsible for maintaining blank check stock, printing checks, signing checks via a signature stamp, posting adjustments to the general ledger, and preparing the bank reconciliation. While the previous management company implemented mitigation controls to prevent errors, the lack of segregation of duties existed due to the combined duties of one individual. Due to the Academy transitioning to a new management company during 2022-2023, we believe this matter to be resolved as more individuals are involved with these processes in order to reduce the risks related to the lack of separation of duties.

2022-003

The Academy did not submit its 2021-2022 annual comprehensive data to Michigan Department of Education or the Center for Educational Performance and Information ("the Center") by November 1, 2022 as required by The State School Aid Act of 1979 (PA of 1979, as amended, MCL 388.1618.5). Please see repeat finding 2023-002.

2022-004

Expenditures for the purchase of books ($6,422) which could not be traced to the state approved ESSER II budget, and transportation service in excess of the state approved budget in ESSER II ($8,568) were charged to the ESSER II grant during the year ended June 30, 2022. We did not encounter any issues with regard to this prior year finding as part of our audit as of and for the year ended June 30, 2023.