West Village Academy

Financial Report
with Supplementary Information
June 30, 2023

Contents

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Independent Auditor's Report

To the Board of Directors
West Village Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Village Academy (the "Academy") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise West Village Academy's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
West Village Academy

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Village Academy's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors
West Village Academy

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023 on our consideration of West Village Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Village 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 West Village Academy's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 17, 2023

This section of the annual financial report for West Village Academy (the "Academy") presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2023. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand West Village Academy financially as a whole. The government-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the government-wide financial statements by providing information about the Academy's most significant fund - the General Fund - with all other funds presented in one column as the nonmajor funds - the Food Service Fund and Student Activities Fund. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Notes to Required Supplementary Information

Other Supplementary Information

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

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

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

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

Reporting the Academy's Fund Financial Statements

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

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Academy and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The Academy as a Whole

Recall that the statement of net position provides the perspective of the Academy as a whole. The following table provides a summary of the Academy's net position as of June 30, 2023 and 2022:

	Governmental Activities	
	2023	2022
	(in thousands)	
Assets		
Current and other assets	$ 1,343.1	$ 1,122.9
Capital assets	2,192.6	2,784.0
Total assets	3,535.7	3,906.9
Deferred Outflows of Resources	190.9	128.1
Liabilities		
Current liabilities	488.0	388.8
Noncurrent liabilities	2,747.6	3,091.0
Total liabilities	3,235.6	3,479.8
Deferred Inflows of Resources	108.1	196.1
Net Position		
Net investment in capital assets	(74.6)	37.3
Restricted	47.8	45.8
Unrestricted	409.7	276.0
Total net position	**$ 382.9**	**$ 359.1**

The above analysis focuses on net position. The change in net position of the Academy's governmental activities is discussed below. The Academy's net position was $382.9 thousand at June 30, 2023. Net investment in capital assets totaling $(74.6) thousand compares the original cost, less depreciation and amortization of the Academy's capital assets, to long-term debt used to finance the acquisition of those assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Academy's ability to use that net position for day-to-day operations. The remaining amount of net position ($409.7 thousand) was unrestricted.

The $409.7 thousand in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Academy to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The unrestricted net position balance is impacted significantly by the $480.4 thousand of net pension and OPEB liabilities and related activity arising from the underfunded MPSERS obligation.

The results of this year's operations for the Academy as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2023 and 2022.

	Governmental Activities	
	2023	2022
	(in thousands)	
Revenue		
Program revenue - Operating grants	$ 1,553.3	$ 1,940.0
General revenue:		
State aid not restricted to specific purposes	2,691.5	2,778.5
Other	31.6	7.3
Total revenue	4,276.4	4,725.8
Expenses		
Instruction	1,681.9	1,969.3
Support services	1,672.2	1,873.0
Food services	223.0	182.0
Community services	-	12.5
Debt service	84.0	100.0
Depreciation and amortization expense (unallocated)	591.5	592.5
Total expenses	4,252.6	4,729.3
Change in Net Position	23.8	(3.5)
Net Position - Beginning of year (as restated) (Note 2)	359.1	362.6
Net Position - End of year	**$ 382.9**	**$ 359.1**

As reported in the statement of activities, the cost of all of our governmental activities this year was $4,252.6 thousand. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions ($1,553.3 thousand). We paid for the remaining public benefit portion of our governmental activities with $2,691.5 thousand in state foundation allowance.

The Academy experienced an increase in net position of $23.8 thousand. The key reason for the change in net position was spend down of remaining funding associated with the COVID-19 pandemic as well as reduction in budgeted expenses.

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

The Academy's Funds

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

As the Academy completed this year, the governmental funds reported a combined fund balance of $855.2 thousand, which is an increase of $125.2 thousand from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased by $123.2 thousand to $807.4 thousand. The change is due mainly to a combination of additional funding associated with the COVID-19 pandemic, receipt of Wayne County enhancement millage, and reduction of expenditures.

The fund balance of our special revenue funds increased by $2.0 thousand from last year. The key reason for this increase is receiving additional revenue in conjunction with reducing expenditures.

Budgetary Highlights

Over the course of the year, the Academy revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2023. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

There were significant revisions made to the 2022-2023 original budget. Budgeted revenue was decreased by $93.0 thousand due to reductions in state funding.

Budgeted expenditures were also increased by $7.6 thousand to account for the elevated expenses due to increased fees.

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

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the Academy had $2,192.6 thousand invested in furniture and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $591.5 thousand from 2022 to 2023, which is attributed to depreciation and amortization.

Debt

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

Economic Factors and Next Year's Budgets and Rates

Our administration considers many factors when setting the Academy's 2023-2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2023-2024 budget was adopted in June 2023 based on an estimate of students who will enroll in September 2023. Approximately 78.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the Academy cannot access additional property tax revenue for general operations. As a result, academy funding is heavily dependent on the State’s ability to fund local school operations. Based on early enrollment data at the start of the 2024 school year, we anticipate that the fall student count will be higher than the estimates used in creating the 2023-2024 budget. Once the final student count and related perpupil funding is validated, state law requires the Academy to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the Academy. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, it is uncertain whether state funds are sufficient to fund the appropriation.

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash (Note 4)	$ 481,360
Receivables:	
Other receivables	4,898
Due from other governments	810,401
Prepaid costs	46,508
Capital assets - Net (Note 5)	2,192,575
Total assets	3,535,742
Deferred Outflows of Resources	
Deferred pension costs (Note 12)	150,190
Deferred OPEB costs (Note 12)	40,678
Total deferred outflows of resources	190,868
Liabilities	
Accounts payable	59,743
Unearned revenue (Note 6)	76,742
Accrued liabilities and other:	
Payroll taxes and withholdings	224,543
Other accrued liabilities	33,183
State aid anticipation note (Note 11)	93,779
Noncurrent liabilities:	
Due within one year - Current portion of leases payable (Note 8)	524,040
Due in more than one year:	
Net pension liability (Note 12)	455,223
Net OPEB liability (Note 12)	25,199
Leases payable - Net of current portion (Note 8)	1,743,146
Total liabilities	3,235,598
Deferred Inflows of Resources	
Other deferred inflows (Note 12)	31,398
Deferred pension cost reductions (Note 12)	18,064
Deferred OPEB cost reductions (Note 12)	58,673
Total deferred inflows of resources	108,135
Net Position	
Net investment in capital assets	(74,611)
Restricted:	
Food service	47,815
Unrestricted	409,673
Total net position	**$ 382,877**

Statement of Activities

Year Ended June 30, 2023

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 1,681,926	$ -	$ 822,643	$ (859,283)
Support services	1,672,179	-	504,432	(1,167,747)
Food services	223,055	-	226,208	3,153
Interest	83,973	-	-	(83,973)
Depreciation and amortization expense (unallocated) (Note 5)	591,450	-	-	(591,450)
Total primary government	**$ 4,252,583**	**$ -**	**$ 1,553,283**	(2,699,300)
General revenue:				
State aid not restricted to specific purposes				2,691,495
Other sources				31,600
Total general revenue				2,723,095
Change in Net Position				23,795
Net Position - Beginning of year				359,082
Net Position - End of year				**$ 382,877**

See notes to financial statements.

Governmental Funds Balance Sheet

June 30, 2023

		General Fund		Nonmajor Funds		Total Governmental Funds
Assets						
Cash (Note 4)	$	481,360	$	-	$	481,360
Receivables:						
Other receivables		4,898		-		4,898
Due from other governments		810,401		-		810,401
Due from other funds (Note 7)		-		52,005		52,005
Prepaid costs		46,508		-		46,508
Total assets	**$**	**1,343,167**	**$**	**52,005**	**$**	**1,395,172**
Liabilities						
Accounts payable	$	55,553	$	4,190	$	59,743
Unearned revenue (Note 6)		76,742		-		76,742
Due to other funds (Note 7)		52,005		-		52,005
Accrued liabilities and other		257,726		-		257,726
State aid anticipation note (Note 11)		93,779		-		93,779
Total liabilities		535,805		4,190		539,995
Fund Balances						
Nonspendable - Prepaid costs		46,508		-		46,508
Restricted - Food service		-		47,815		47,815
Assigned - Subsequent year's budget		90,750		-		90,750
Unassigned		670,104		-		670,104
Total fund balances		807,362		47,815		855,177
Total liabilities and fund balances	**$**	**1,343,167**	**$**	**52,005**	**$**	**1,395,172**

See notes to financial statements.

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

June 30, 2023

Fund Balances Reported in Governmental Funds	$	855,177
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of assets		3,764,707
Accumulated depreciation and amortization		(1,572,132)
Net capital assets and lease assets used in governmental activities		2,192,575
Lease liabilities are not due and payable in the current period and are not reported in the funds		(2,267,186)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:		
Net pension liability and related deferred inflows and outflows		(323,097)
Net OPEB liability and related deferred inflows and outflows		(43,194)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds		(31,398)
Net Position of Governmental Activities	**$**	**382,877**

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

Year Ended June 30, 2023

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Local sources	$ 14,766	$ 16,834	$ 31,600
State sources	3,034,051	3,822	3,037,873
Federal sources	902,612	222,386	1,124,998
Interdistrict sources	98,869	-	98,869
Total revenue	4,050,298	243,042	4,293,340
Expenditures			
Current:			
Instruction	1,681,926	-	1,681,926
Support services	1,654,510	23,932	1,678,442
Food services	-	223,055	223,055
Debt service:			
Principal	500,716	-	500,716
Interest	83,973	-	83,973
Total expenditures	3,921,125	246,987	4,168,112
Excess of Revenue Over (Under) Expenditures	129,173	(3,945)	125,228
Other Financing Sources (Uses)			
Transfers in (Note 7)	-	5,949	5,949
Transfers out (Note 7)	(5,949)	-	(5,949)
Total other financing (uses) sources	(5,949)	5,949	-
Net Change in Fund Balances	123,224	2,004	125,228
Fund Balances - Beginning of year	684,138	45,811	729,949
Fund Balances - End of year	**$ 807,362**	**$ 47,815**	**$ 855,177**

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

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	$	125,228
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation or amortization - Depreciation and amortization expense		(591,450)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		(4,201)
Revenue in support of pension contributions made subsequent to the measurement date		(12,761)
Repayment of lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces lease liabilities)		500,716
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		6,263
Change in Net Position of Governmental Activities	**$**	**23,795**

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

The Academy was formed as a charter school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy obtained reauthorization of its charter from the Central Michigan University board of trustees to extend the charter to 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 Central Michigan University board of trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays the Central Michigan University board of trustees 3.0 percent of state aid as administrative fees. Administrative fees for the year ended June 30, 2023 to the Central Michigan University board of trustees totaled approximately $79,000.

Report Presentation

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

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

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

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

Basis of Accounting

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

Note 2 - Significant Accounting Policies (Continued)

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

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

Fund Accounting

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

<u>Governmental Funds</u>

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

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

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

<u>Interfund Activity</u>

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

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

Specific Balances and Transactions

<u>Cash and Investments</u>

Cash includes cash on hand and demand deposits.

Note 2 - Significant Accounting Policies (Continued)

Receivables and Payables

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

All receivables are expected to be fully collected in July and August 2023 and are considered current for the purposes of these financial statements.

Prepaid Items

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

Capital Assets

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

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

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

Leases

The Academy is a lessee for a noncancellable lease of its building. The Academy recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The Academy recognizes lease assets and liabilities with an initial value of $5,000 or more.

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

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

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

Note 2 - Significant Accounting Policies (Continued)

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

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

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

Deferred Outflows/Inflows of Resources

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

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

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

The Academy reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date, deferred pension, and OPEB plan cost reductions.

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Policies

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

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

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Use of Estimates

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

Upcoming Accounting Pronouncement

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

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 17, 2023, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that capital outlay expenditures are reported in other expenditure categories. All annual appropriations lapse at fiscal year end.

The Academy formally adopted a General Fund budget by line item and a special revenue funds budget by function for the fiscal year ended June 30, 2023. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits academies to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. Amendments were made during the year to refine enrollment and related spending projections, as well as adjustment for amendments made to federal grants.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

The Academy did not have significant expenditure budget variances.

Note 4 - Deposits and Investments

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with statutory authority. As of June 30, 2023, the Academy does not have any investments.

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

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

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the Academy's deposits for custodial credit risk. At year end, the Academy's deposit balance is $530,090; therefore, bank deposits of $258,066 were uninsured or uncollateralized. The Academy believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Capital assets being depreciated and amortized:				
Leasehold improvements	$ 315,713	$ -	$ -	$ 315,713
Furniture and equipment	198,392	-	-	198,392
Lease assets - Building	3,187,692	-	-	3,187,692
Lease assets - Equipment	62,910	-	-	62,910
Subtotal	3,764,707	-	-	3,764,707
Accumulated depreciation and amortization:				
Leasehold improvements	241,785	38,571	-	280,356
Furniture and equipment	189,553	3,535	-	193,088
Lease assets - Building	524,004	524,004	-	1,048,008
Lease assets - Equipment	25,340	25,340	-	50,680
Subtotal	980,682	591,450	-	1,572,132
Net governmental activities capital assets	$ 2,784,025	$ (591,450)	$ -	$ 2,192,575

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

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2023, the Academy had no unavailable revenue and $77,000 of unearned revenue.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Interfund balances include amounts due from the General Fund to the Food Service Fund of $52,005. These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the governmental fund financial statements are composed of a transfer from the General Fund to the Student Activities Fund to reduce the fund deficit that had accumulated in the Student Activities Fund.

Note 8 - Leases

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

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

Future principal and interest payment requirements related to the Academy's lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	$ 524,040	$ 66,889	$ 590,929
2025	531,346	49,528	580,874
2026	570,267	31,445	601,712
2027	591,368	12,279	603,647
2028	50,165	138	50,303
Total	$ 2,267,186	$ 160,279	$ 2,427,465

Note 9 - Risk Management

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 10 - Management Agreement

Effective July 31, 2009, the Academy entered into a management agreement with a for-profit corporation. The management company is responsible for all human resources, personnel, payroll, benefits, and related administrative functions for the Academy. The Academy subcontracted most employees from the management company and reimburses the management company for operating costs. The administrative costs charged to the Academy by the management company were $61,376 for the year ended June 30, 2023. The agreement expires June 30, 2024.

Note 11 - Short-term Debt

State Aid Anticipation Note

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

During the year, the Academy repaid $432,221 of these state aid anticipation notes (the “notes”) and borrowed new notes of $526,000, resulting in an outstanding balance of $93,779 at June 30, 2023. The current notes require monthly payments of $49,234 for principal and interest, bearing interest at 5.4 percent through August 21, 2023. There is no interest accrued for these notes as of June 30, 2023. The Academy repaid the notes in full subsequent to year end.

Subsequent to year end, in August 2023, the Academy borrowed $109,000 in state aid anticipation notes with an interest rate of 6.25 percent. The notes mature in August 2024 and have similar terms and provisions as the notes outstanding at June 30, 2023.

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

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

The Academy's required and actual pension contributions to the plan for the year ended June 30, 2023 were $51,498, which includes the Academy's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2023, the Academy's required and actual pension contributions include an allocation of $19,842 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as $11,556 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The Academy's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were $8,176, which includes the Academy's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2023, the Academy reported a liability of $455,223 for its proportionate share of the 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 as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The Academy's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the Academy's proportion was 0.001 and 0.001 percent, respectively, representing a change of (5.40) percent.

Net OPEB Liability

At June 30, 2023, the Academy reported a liability of $25,199 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 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 as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The Academy's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the Academy's proportion was 0.001 and 0.001 percent, respectively, representing a change of (10.21) percent.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

For 2023, the Academy recognized pension expense of $61,996, inclusive of payments to fund the MPSERS UAAL stabilization rate. 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
Difference between expected and actual experience	$ 4,554	$ (1,018)
Changes in assumptions	78,224	-
Net difference between projected and actual earnings on pension plan investments	1,067	-
Changes in proportion and differences between the Academy's contributions and proportionate share of contributions	20,156	(17,046)
The Academy's contributions to the plan subsequent to the measurement date	46,189	-
Total	$ 150,190	$ (18,064)

The $31,398 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	$ 28,302
2025	20,046
2026	13,164
2027	24,425
Total	$ 85,937

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

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

For the year ended June 30, 2023, the Academy recognized OPEB recovery of $7,698.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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
Difference between expected and actual experience	$ -	$ (49,355)
Changes in assumptions	22,461	(1,829)
Net difference between projected and actual earnings on OPEB plan investments	1,970	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	10,204	(7,489)
Employer contributions to the plan subsequent to the measurement date	6,043	-
Total	$ 40,678	$ (58,673)

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

Years Ending	Amount
2024	$ (7,838)
2025	(7,450)
2026	(6,587)
2027	(413)
2028	(1,487)
Thereafter	(263)
Total	$ (24,038)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2022 are based on the results of an actuarial valuation as of September 30, 2021 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

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

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2021, for the pension and OPEB plans include a decrease in the discount rate used in the September 30, 2022 measurement date by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. The investment rate of return used in the September 30, 2022 measurement date decreased by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2021.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Real return/opportunistic pools	10.00	5.80
Short-term investment pools	2.00	(0.50)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.2 percent.

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the Academy	$ 600,726	$ 455,223	$ 335,323

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the Academy	$ 42,269	$ 25,199	$ 10,824

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

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

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net OPEB liability of the Academy	$ 10,552	$ 25,199	$ 41,640

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2023, the Academy had no outstanding contributions to the pension plan and OPEB plan required for the year ended June 30, 2023.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 3,500	$ 4,026	$ 14,766	$ 10,740
State sources	3,052,037	2,995,976	3,034,051	38,075
Federal sources	924,219	878,728	902,612	23,884
Interdistrict sources	-	8,119	98,869	90,750
Total revenue	3,979,756	3,886,849	4,050,298	163,449
Expenditures				
Current:				
Instruction:				
Basic programs	1,204,202	1,030,601	1,028,321	(2,280)
Added needs	541,932	626,475	653,605	27,130
Total instruction	1,746,134	1,657,076	1,681,926	24,850
Support services:				
Pupil	260,844	214,044	210,027	(4,017)
Instructional staff	27,397	40,582	40,195	(387)
General administration	247,360	240,472	239,820	(652)
School administration	484,473	590,101	595,512	5,411
Business	73,813	80,446	80,377	(69)
Operations and maintenance	867,909	366,827	376,212	9,385
Pupil transportation services	44,731	57,018	56,055	(963)
Central	110,115	52,812	56,312	3,500
Total support services	2,116,642	1,642,302	1,654,510	12,208
Community services	13,000	-	-	-
Other	500	-	-	-
Debt service:				
Principal	-	500,716	500,716	-
Interest	-	83,812	83,973	161
Total expenditures	3,876,276	3,883,906	3,921,125	37,219
Excess of Revenue Over Expenditures	103,480	2,943	129,173	126,230
Other Financing Uses - Transfer in	-	-	(5,949)	(5,949)
Net Change in Fund Balance	103,480	2,943	123,224	120,281
Fund Balance - Beginning of year	684,138	684,138	684,138	-
Fund Balance - End of year	**$ 787,618**	**$ 687,081**	**$ 807,362**	**$ 120,281**

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

Last Nine Plan Years

Plan Years Ended September 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Academy's proportion of the net pension liability	0.00121 %	0.00128 %	0.00119 %	0.00115 %	0.00112 %	0.00108 %	0.00117 %	0.00140 %	0.00175 %
Academy's proportionate share of the net pension liability	$ 455,223	$ 302,920	$ 408,713	$ 380,848	$ 337,110	$ 279,900	$ 290,835	$ 342,954	$ 384,594
Academy's covered payroll	$ 112,019	$ 116,680	$ 104,500	$ 98,510	$ 96,885	$ 90,000	$ 85,846	$ 97,356	$ 158,049
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	406.38 %	259.62 %	391.11 %	386.61 %	347.95 %	311.00 %	338.79 %	352.27 %	243.34 %
Plan fiduciary net position as a percentage of total pension liability	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

See notes to required supplementary information.

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

Last Nine Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 51,498	$ 42,296	$ 36,341	$ 32,646	$ 29,825	$ 28,195	$ 25,973	$ 28,608	$ 26,149
Contributions in relation to the statutorily required contribution	51,498	42,296	36,341	32,646	29,825	28,195	25,973	28,608	26,149
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ -
Academy's Covered Payroll	$ 105,458	$ 118,000	$ 106,680	$ 105,818	$ 95,000	$ 94,231	$ 93,462	$ 97,529	$ 131,342
Contributions as a Percentage of Covered Payroll	48.83 %	35.84 %	34.07 %	30.85 %	31.39 %	29.92 %	27.79 %	29.33 %	19.91 %

See notes to required supplementary information.

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

Last Six Plan Years

Plan Years Ended September 30

	2022	2021	2020	2019	2018	2017
Academy's proportion of the net OPEB liability	0.00119 %	0.00133 %	0.00120 %	0.00114 %	0.00114 %	0.00108 %
Academy's proportionate share of the net OPEB liability	$ 25,199	$ 20,225	$ 64,104	$ 81,664	$ 91,002	$ 95,239
Academy's covered payroll	$ 112,019	$ 116,680	$ 104,500	$ 98,510	$ 96,885	$ 90,000
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.50 %	17.33 %	61.34 %	82.90 %	93.93 %	105.82 %
Plan fiduciary net position as a percentage of total OPEB liability	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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

Last Six Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 8,176	$ 9,647	$ 8,878	$ 8,503	$ 7,472	$ 6,813
Contributions in relation to the statutorily required contribution	8,176	9,647	8,878	8,503	7,472	6,813
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Academy's Covered Payroll	$ 105,458	$ 118,000	$ 106,680	$ 105,818	$ 95,000	$ 94,231
Contributions as a Percentage of Covered Payroll	7.75 %	8.18 %	8.32 %	8.04 %	7.87 %	7.23 %

See notes to required supplementary information.

Pension Information

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

The required contributions for the year ended June 30, 2023 include a one-time contribution of $11,556, referred to as 147c(2), relating to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

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

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022

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

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

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

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

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds		
	Food Service	Student Activities	Total
Assets - Due from other funds	**$ 52,005**	**$ -**	**$ 52,005**
Liabilities - Accounts payable	$ 4,190	$ -	$ 4,190
Fund Balances			
Restricted	47,815	-	47,815
Total fund balances	47,815	-	47,815
Total liabilities and fund balances	**$ 52,005**	**$ -**	**$ 52,005**

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

Year Ended June 30, 2023

	Special Revenue Funds		
	Food Service	Student Activities	Total
Revenue			
Local sources	$ -	$ 16,834	$ 16,834
State sources	3,822	-	3,822
Federal sources	222,386	-	222,386
Total revenue	226,208	16,834	243,042
Expenditures			
Current:			
Support services	-	23,932	23,932
Food services	223,055	-	223,055
Total expenditures	223,055	23,932	246,987
Excess of Revenue Over (Under) Expenditures	3,153	(7,098)	(3,945)
Other Financing Sources - Transfer in	-	5,949	5,949
Net Change in Fund Balances	3,153	(1,149)	2,004
Fund Balances - Beginning of year	44,662	1,149	45,811
Fund Balances - End of year	**$ 47,815**	**$ -**	**$ 47,815**

West Village Academy

Federal Awards Supplemental Information

June 30, 2023

Contents

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

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

Independent Auditor's Report

To the Board of Directors
West Village Academy

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Village Academy (the "Academy") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements. We issued our report thereon dated October 17, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 17, 2023.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis, as required by the Uniform Guidance, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 17, 2023

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
West Village Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Village Academy (the "Academy") as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 17, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To Management and the Board of Directors
West Village Academy

Purpose of This Report

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

Plante & Moran, PLLC

October 17, 2023

plante moran

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
West Village Academy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Village Academy's (the "Academy") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2023. The Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

To the Board of Directors
West Village Academy

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Plante & Moran, PLLC

October 17, 2023

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2023	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash assistance (Commodities) -										
National Lunch Program Entitlement Commodities 2022-2023	N/A	10.555	$ 9,570	$ -	$ -	$ -	$ 9,570	$ 9,570	$ -	$ -
Cash assistance:										
National School Lunch Program	231960	10.555	117,267	-	-	-	114,383	117,267	2,884	-
Supply Chain Assistance	230910	10.555	26,218	-	-	-	18,685	18,685	-	-
National School Lunch program (incl. commodities)			153,055	-	-	-	142,638	145,522	2,884	-
School Breakfast Program	231970	10.553	67,239	-	-	-	64,932	67,239	2,307	-
Total Child Nutrition Cluster			220,294	-	-	-	207,570	212,761	5,191	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Wayne Regional Education Service Agency -										
Special Education - Grants to States (IDEA, Part B):										
IDEA 2021-2022	2021/2022	84.027	117,739	117,739	76,468	-	76,468	-	-	-
IDEA 2022-2023	2022/2023	84.027	78,064	-	-	-	46,031	78,064	32,033	-
Total Special Education Cluster			195,803	117,739	76,468	-	122,499	78,064	32,033	-
Total cluster programs			416,097	117,739	76,468	-	330,069	290,825	37,224	-
Other federal awards:										
U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
COVID-19 Pandemic EBT Local Level Costs	220980	10.649	628	-	-	-	628	-	(628)	-
School Breakfast Expansion	221995	10.579	10,000	-	-	-	-	9,625	9,625	-
Total U.S. Department of Agriculture noncluster programs			10,628	-	-	-	628	9,625	8,997	-
U.S. Department of Education:										
Passed through the Michigan Department of Education:										
Title I, Part A:										
Project number 2021	211530	84.010	229,637	207,891	-	(40,282)	-	-	(40,282)	-
Project number 2122	221530	84.010	202,073	179,949	18,405	-	24,226	5,821	-	-
Project number 2223	231530	84.010	183,764	-	-	-	72,792	158,588	85,796	-
Total Title I, Part A			615,474	387,840	18,405	(40,282)	97,018	164,409	45,514	-
Title II, Part A -										
Project number 2223	230520	84.367	17,207	-	-	-	14,320	16,820	2,500	-
Title IV, Part A -										
Project number 2223	230750	84.424	20,251	-	-	-	8,646	19,353	10,707	-
Education Stabilization Fund Program:										
COVID-19 ESSER Formula Fund II	213712	84.425D	472,284	467,709	3,352	-	3,352	4,575	4,575	-
COVID-19 ESSER Formula Fund II - Sec 98c Learning Loss	213782	84.425D	16,588	-	-	-	-	16,588	16,588	-
COVID-19 ESSER Formula Fund III - American Rescue Plan	213713	84.425U	1,061,436	482,834	76,283	-	593,789	578,602	61,096	-
Total Education Stabilization Fund Program			1,550,308	950,543	79,635	-	597,141	599,765	82,259	-
Passed through Calhoun Intermediate School District -										
Title I Targeted Assistance Grant	231580	84.010	20,000	-	-	-	-	20,000	20,000	-
Total U.S. Department of Education noncluster programs			2,223,240	1,338,383	98,040	(40,282)	717,125	820,347	160,980	-
Total federal awards			**$ 2,649,965**	**$ 1,456,122**	**$ 174,508**	**$ (40,282)**	**$ 1,047,822**	**$ 1,120,797**	**$ 207,201**	**$ -**

See notes to schedule of expenditures of federal awards.

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

	Year Ended June 30, 2023
Revenue from federal sources - As reported on financial statements (includes all funds)	$ 1,124,998
Unavailable revenue on basic financial statements at June 30, 2022	(4,201)
Federal expenditures per the schedule of expenditures of federal awards	**$ 1,120,797**

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

The Academy has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

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

Note 4 - Noncash Assistance

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

Note 5 - Adjustments and Transfers

During the year ended June 30, 2023, there was an adjustment to Title I (ALN 84.010) on the schedule of expenditures of federal awards in the amount $(40,282) as a result of unallowable expenditures identified during a grant monitoring review by the Michigan Department of Education (pass-through agency).

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ______ Yes __X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D, 84.425U	COVID-19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? ______ Yes __X__ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	