Flint Cultural Center Academy

Financial Statements

June 30, 2021

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Flint Cultural Center Academy
Members of the Board of Directors and Administration
June 30, 2021

Members of the Board of Directors

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John Henry	Treasurer
Rodney Lontine	Board Member
Kay Schwartz	Board Member
Renita Bingham	Board Member
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Independent Auditors' Report

Management and the Board of Directors
Flint Cultural Center Academy
Flint, Michigan

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 on our consideration of the Flint Cultural Center Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Flint Cultural Center Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Flint Cultural Center Academy's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, MI
October 18, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis provides an overview of the Flint Cultural Center Academy's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows exceeded its liabilities and deferred inflows of the Academy on June 30, 2021, by $1,934,315 (net position).

The Academy's total net position increased by $1,008,171.

- As of the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of $2,190,367. Fiscal year ended June 30, 2021, was the Academy's second year of operations.

- At the end of the current fiscal year, total fund balance for the general fund was $2,094,544.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Academy's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information about the change in the Academy's net position for the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick days).

Both government-wide financial statements distinguish functions of the Academy that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Academy include instruction, support services, community services, and food services. The Academy has no business-type activities as of and for the year ended June 30, 2021.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Academy are governmental funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Academy maintains two individual governmental funds. Information is presented separately on the governmental funds balance sheet and on the governmental funds statement of revenues, expenditures, and changes in fund balances for its major fund (the general fund) and non-major fund (the food service fund).

The Academy adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided for the general fund herein to demonstrate compliance with that budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statements of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information.* This is limited to this management's discussion and analysis, budgetary comparison schedule, and the schedules for the MPSERS pension plan immediately following the notes to the financial statements.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,934,315 at the close of the most recent fiscal year.

Summary of Net Position
Governmental Activities

	June 30, 2021	June 30, 2020
Assets		
Current Assets	$ 2,650,067	$ 1,284,199
Deferred Outflows of Resources	778,034	481,025
Liabilities		
Current	459,700	317,095
Long-Term	893,545	445,846
Total Liabilities	1,353,245	762,941
Deferred Inflows of Resources	140,541	76,139
Net Position		
Restricted for Food Service	37,426	-
Unrestricted	1,896,889	926,144
Total Net Position (Deficit)	$ 1,934,315	$ 926,144

The changes in Net Position for the Academy are as follows:

Changes in Net Position
Governmental Activities

	June 30, 2021	June 30, 2020
General Revenue		
State of Michigan aid, unrestricted	$ 3,623,882	$ 2,923,702
Other sources	20,751	83,050
Program Revenue		
Operating Grants and Contributions	3,038,829	2,007,053
Total Revenues	6,683,462	5,013,805
Expenses		
Instruction	3,041,143	2,208,022
Supporting Services	2,192,490	1,547,723
Food Services	441,658	331,916
Total Expenses	5,675,291	4,087,661
Change in Net Position	1,008,171	926,144
Net Position July 1	926,144	-
Net Position June 30	$ 1,934,315	$ 926,144

Financial Analysis of the Government's Funds

The Academy uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of $2,190,367, an increase of $1,223,263 in comparison with the prior year. Unassigned fund balance totaled $2,084,888 on June 30, 2021. A portion of the fund balance is non-spendable, restricted, or committed to indicate that it is not available for new spending because the underlying assets are included in inventory and prepaid expenses, are restricted for externally imposed constraints, or committed by board action, and are not available for current expenditure.

The general fund is the chief operating fund of the Academy. At the end of the current fiscal year, the unassigned portion of fund balance was $2,084,888.

General Fund Budgetary Highlights

Differences between the original and final amended budgets were not significant. In total the budget to actual comparisons were favorable.

Factors Affecting the Academy's Future

The following factors were considered in preparing the Academy's budget for the 2020-21 fiscal year:

- The Academy continues to realign its general fund expenditure budget to approximate expected revenues.
- The full impact of the global pandemic that began in early 2020 is unknown. It is currently not possible to estimate the duration or severity of the potential impact of the pandemic on the district.
- The quick transition to a remote learning environment in March of 2019 was intended to reduce the opportunity for student and staff exposure to the Covid-19 virus. The academy facilitated social-emotional support and instruction through various technologies including wi-fi hotspots and laptops. The academy's response to the global Covid-19 pandemic included more stringent cleaning protocols in compliance with federal and state regulations. Estimated revenues and costs related to the ongoing pandemic response are included in the initial 2021-22 budget which will be amended periodically throughout the year as more information becomes available.
- The academy expanded its services to include one additional third grade and two new sixth grade classrooms and retained approximately 93% of the students enrolled in the 2020-21 school year, its second year of operations. The academy plans to expand again beginning in the fall of 2021 with one additional fourth grade and two seventh grade classrooms.

2021-22 Initial General Fund Budget

Revenues	$ 5,100,601
Expenditures	4,946,952
Net Budgeted Excess Revenues	$ 153,649

Requests for Information

This financial report is designed to provide a general overview of the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer at 1200 Robert T Longway Blvd, Flint, Michigan, 48503.

BASIC FINANCIAL STATEMENTS

Flint Cultural Center Academy
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	$ 1,598,657
Accounts receivable	3,333
Due from other governmental units	1,024,329
Inventory	14,092
Prepaid items	9,656
Total assets	2,650,067
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	555,177
Deferred amount relating to the net OPEB liability	222,857
Total deferred outflows of resources	778,034
Liabilities	
Accounts payable	398,111
Payroll deductions and withholdings	17,738
Accrued salaries payable	5,185
Unearned revenue	38,666
Long-term liabilities	
Net pension liability	746,659
Net OPEB liability	140,302
Due within one year	6,584
Total liabilities	1,353,245
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	35,915
Deferred amount relating to the net OPEB liability	104,626
Total deferred inflows of resources	140,541
Net Position	
Restricted for:	
Food service	37,426
Unrestricted	1,896,889
Total net position	$ 1,934,315

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs			
Governmental activities			
Instruction	$ 3,041,143	$ 706,518	$ (2,334,625)
Supporting services	2,192,490	1,902,306	(290,184)
Food services	441,658	430,005	(11,653)
Total governmental activities	$ 5,675,291	$ 3,038,829	(2,636,462)
General revenues			
State aid - unrestricted			3,623,882
Other			20,751
Total general revenues			3,644,633
Change in net position			1,008,171
Net position - beginning			926,144
Net position - ending			$ 1,934,315

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Food Service Fund	Total Governmental Funds
Assets			
Cash	$ 1,526,579	$ 72,078	$ 1,598,657
Accounts receivable	3,333	-	3,333
Due from other governmental units	994,068	30,261	1,024,329
Inventory	-	14,092	14,092
Prepaid items	9,656	-	9,656
Total assets	$ 2,533,636	$ 116,431	$ 2,650,067
Liabilities			
Accounts payable	$ 377,503	$ 20,608	$ 398,111
Payroll deductions and withholdings	17,738	-	17,738
Accrued salaries payable	5,185	-	5,185
Unearned revenue	38,666	-	38,666
Total liabilities	439,092	20,608	459,700

Flint Cultural Center Academy
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Food Service Fund	Total Governmental Funds
Fund Balances			
Non-spendable			
Inventory	$ -	$ 14,092	$ 14,092
Prepaid items	9,656	-	9,656
Restricted for			
Food service	-	81,731	81,731
Unassigned	2,084,888	-	2,084,888
Total fund balances	2,094,544	95,823	2,190,367
Total liabilities and fund balances	$ 2,533,636	$ 116,431	$ 2,650,067

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds	$ 2,190,367
Total net position for governmental activities in the statement of net position is different because:	
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	555,177
Deferred outflows of resources resulting from the net OPEB liability	222,857
Deferred inflows of resources resulting from the net pension liability	(35,915)
Deferred inflows of resources resulting from the net OPEB liability	(104,626)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(746,659)
Net OPEB liability	(140,302)
Compensated absences	(6,584)
Net position of governmental activities	$ 1,934,315

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Food Service Fund	Total Governmental Funds
Revenues			
Local sources	$ 741,066	$ 26,419	$ 767,485
State sources	3,982,918	18,781	4,001,699
Federal sources	823,340	384,805	1,208,145
Interdistrict sources	11,233	-	11,233
Total revenues	5,558,557	430,005	5,988,562
Expenditures			
Current			
Education			
Instruction	2,645,026	-	2,645,026
Supporting services	1,764,662	-	1,764,662
Food services	-	336,863	336,863
Capital outlay	18,748	-	18,748
Total expenditures	4,428,436	336,863	4,765,299
Net change in fund balances	1,130,121	93,142	1,223,263
Fund balances - beginning	964,423	2,681	967,104
Fund balances - ending	$ 2,094,544	$ 95,823	$ 2,190,367

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - Total governmental funds	$ 1,223,263
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Contributions	694,900
Governmental funds report inventory purchases and prepaid items as expenditures. However, in the statement of activities purchases are recognized as inventory and expensed when consumed.	
Expenses are recorded when incurred in the statement of activities.	
Rent expense	(694,900)
Compensated absences	(3,341)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(423,881)
Net change in deferrals of resources related to the net pension liability	233,810
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(20,477)
Net change in deferrals of resources related to the net OPEB liability	(1,203)
Change in net position of governmental activities	$ 1,008,171

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Flint Cultural Center Academy (Academy) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Academy's significant accounting policies:

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.

On July 1, 2019, the Academy entered into a contract with the Grand Valley State University to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Grand Valley State University 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 Grand Valley State University three percent of the state aid foundation as administrative fees. The total administrative fees for the year to Grand Valley State University was approximately $108,275.

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

Other Associations

Through a generous contribution to the Flint Cultural Center Foundation (FCCF), a supporting organization of the Flint Cultural Center Corporation (FCCC), the Charles Stewart Mott Foundation provided the funding to build, furnish, and equip an educational center. FCCC permits the Academy to occupy the building and use of any equipment pursuant to the grant agreement which extends through June 30, 2029. In-kind rent expense and contribution revenue of $694,900 is recognized on the Statement of Activities.

FCCC provides accounting and administrative support, information services, and custodial services to the Academy. During the year ended June 30, 2021, the Academy paid FCCC $349,989 for these services.

FCCC purchased computer equipment and operating supplies for the Academy on a Reimbursement basis. During the year ended June 30, 2021, the Academy paid FCCC $331,136 as reimbursements for these items.

Additionally, the Academy utilizes the Flint Cultural Center Campus and professionals for a portion of the education of the Academy's students. During the year ended June 30, 2021, the Academy paid the Flint Cultural Center Campus $228,975 for these services.

The Academy's Board of Trustees includes employees of FCCC and the Flint Cultural Center Campus who are approved by the Authorizer in accordance with the Charter Contract. All Board Directors are volunteers who serve the Academy Board in their individual capacity and not as a representative of FCCC or the Flint Cultural Center Campus.

Academy-wide Financial Statements

The Academy's basic financial statements include both academy-wide (reporting for the academy as a whole) and fund financial statements (reporting the Academy's major funds). The academy-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the Academy's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Academy's net position is reported in two parts (1) restricted net position and (2) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the Academy's functions. The functions are also supported by general government revenues (certain intergovernmental revenues). The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (state sources and federal sources, interest income, etc.). The Academy does not allocate indirect costs. In creating the academy-wide financial statements the Academy has eliminated interfund transactions.

The academy-wide focus is on the sustainability of the Academy as an entity and the change in the Academy's net position resulting from current year activities.

Fund Financial Statements
Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Academy reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the Academy pertaining to education, student activities, and those operations not required to be provided for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Academy's Special Revenue Funds include the Food Service Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Assets, Liabilities and Net Position or Equity
Cash - Cash includes cash on hand.

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Academy follows the purchase method, and they therefore are expensed when paid in both academy-wide and fund financial statements.

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For academy-wide financial statements, the Academy reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The Academy also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – The CEO is the only employee who has accumulation on sick days in their contract. The contract states as follows: Administrator shall receive twelve (12) sick days annually. Upon resignation or retirement, Administrator shall be paid his per diem for each unused sick day accumulated up to the maximum allowed (45).

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

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

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For academy-wide financial statements, the Academy reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Directors for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Directors.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Directors. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Academy's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Academy's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications
In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards
Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, (*1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Upcoming Accounting and Reporting Changes
Statement No. 87, *Leases* increases the usefulness of the Academy's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Academy's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

The Academy is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. An academy is not considered in violation of the law if reasonable procedures are in use by the Academy to detect violations. The CEO is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Budgeted amounts are as originally adopted or as amended by the Board of Directors throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Business	$ 132,850	$ 141,284	$ 8,434

Note 3 - Deposits

The Academy's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	$ 1,598,657

Interest rate risk - The Academy does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes and the Academy's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy has no investment policy that would further limit its investment choices.

Concentration of credit risk - The Academy has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy does not have a deposit policy for custodial credit risk. As of year end, $1,484,235 of the Academy's bank balance of $1,734,235 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 38,666

Note 5 - Leases

Operating Leases

The Academy leases copiers under non-cancelable operating leases. Total costs for such leases were $8,344 for the year. The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2022	$ 8,344
2023	8,344
2024	8,344
2025	696
Total	$ 25,728

Note 6 - Long-Term Debt

Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Other liabilities					
Compensated absences	$ 3,243	$ 21,777	$ 18,436	$ 6,584	$ 6,584

For governmental activities, compensated absences are primarily liquidated by the General Fund.

Compensated Absences

Accrued compensated absences at year end, consist of $6,584 in accrued sick time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 7 - Pension Plan

Plan Description

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

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

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

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

Benefits Provided

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

System also provides disability and survivor benefits to DB plan members.

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

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

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

Required contributions to the pension plan from the Academy were $59,734 for the year ending September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2021, the Academy reported a liability of $746,659 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The Academy's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the Academy's proportion was 0.0022 percent, which was an increase 0.0012 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the Academy recognized pension expense of $237,760 for the measurement period. For the reporting period ending June 30, 2021, the Academy recognized total pension contribution expense of $67,028.

At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 11,408	$ (1,594)	$ 9,814
Changes of assumptions	82,737	-	82,737
Net difference between projected and actual earnings on pension plan investments	3,137	-	3,137
Changes in proportion and differences between the Academy contributions and proportionate share of contributions	394,554	(169)	394,385
Total to be recognized in future	491,836	(1,763)	490,073
Academy contributions subsequent to the measurement date	63,341	(34,152)	29,189
Total	$ 555,177	$ (35,915)	$ 519,262

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The Academy will offset the contribution expense in the year ended June 30, 2022 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2021	$ 172,309
2022	159,262
2023	117,311
2024	41,191
	$ 490,073

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal

- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.80% net of investment expenses
  - Pension Plus Plan: 6.80% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

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

Recognition period for assets is 5 years.

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

Long-Term Expected Return on Plan Assets

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

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

**Long-term rates of return are net of administrative expenses and 2.1% inflation.*

Rate of Return

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

Discount Rate

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

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

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

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
$ 966,423	$ 746,659	$ 564,523

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

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

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

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

There were no significant payables to the pension plan that are not ordinary accruals to the Academy.

Note 8 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

Benefits Provided

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

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2020.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the Academy were $18,503 for the year ended September 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2021, the Academy reported a liability of $140,302 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The Academy's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the Academy's proportion was 0.0026 percent, which was an increase of 0.0009 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the Academy recognized OPEB expense of $35,439 for the measurement period. For the reporting period ending June 30, 2021, the Academy recognized total OPEB contribution expense of $14,186.

At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$ (104,538)	$ (104,538)
Changes of assumptions	46,260	-	46,260
Net difference between projected and actual earnings on OPEB plan investments	1,171	-	1,171
Changes in proportion and differences between the Academy contributions and proportionate share of contributions	162,985	(88)	162,897
Total to be recognized in future	210,416	(104,626)	105,790
Academy contributions subsequent to the measurement date	12,441	-	12,441
Total	$ 222,857	$ (104,626)	$ 118,231

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2021	$ 23,811
2022	25,443
2023	27,978
2024	22,725
2025	5,833
	$ 105,790

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 12
- Mortality:
    - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
    - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

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

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.6018 years.

Recognition period for assets is 5 years

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

Long-Term Expected Return on Plan Assets

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

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

**Long-term rates of return are net of administrative expenses and 2.1% inflation.*

Rate of Return

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

Discount Rate

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

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

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

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$ 180,234	$ 140,302	$ 106,683

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 105,395	$ 140,302	$ 180,004

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the Academy.

REQUIRED SUPPLEMENTARY INFORMATION

Flint Cultural Center Academy
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 718,000	$ 718,400	$ 741,066	$ 22,666
State sources	3,521,365	3,909,798	3,982,918	73,120
Federal sources	296,932	1,097,378	823,340	(274,038)
Interdistrict sources	-	12,021	11,233	(788)
Total revenues	4,536,297	5,737,597	5,558,557	(179,040)
Expenditures				
Instruction				
Basic programs	1,779,088	2,360,210	2,122,250	(237,960)
Added needs	553,564	678,654	522,776	(155,878)
Supporting services				
Pupil	292,840	232,290	226,038	(6,252)
Instructional staff	212,628	237,775	162,753	(75,022)
General administration	507,385	546,176	471,637	(74,539)
School administration	86,868	82,318	69,525	(12,793)
Business	74,310	132,850	141,284	8,434
Operations and maintenance	407,038	559,002	513,590	(45,412)
Pupil transportation services	1,500	2,095	1,277	(818)
Central	131,632	249,486	176,575	(72,911)
Other	8,000	8,400	1,983	(6,417)
Community services	578	578	-	(578)
Capital outlay	-	23,028	18,748	(4,280)
Total expenditures	4,055,431	5,112,862	4,428,436	(684,426)

Flint Cultural Center Academy
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Budget
Net change in fund balance	$ 480,866	$ 624,735	$ 1,130,121	$ 505,386
Fund balance - beginning	964,423	964,423	964,423	-
Fund balance - ending	$ 1,445,289	$ 1,589,158	$ 2,094,544	$ 505,386

Flint Cultural Center Academy
Required Supplementary Information
Budgetary Comparison Schedule - Food Service Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 5,200	$ 21,448	$ 26,419	$ 4,971
State sources	4,897	4,897	18,781	13,884
Federal sources	397,058	388,464	384,805	(3,659)
Total revenues	407,155	414,809	430,005	15,196
Expenditures				
Current				
Education				
Business	1,300	1,300	-	(1,300)
Operations & Maintenance	3,500	3,500	-	(3,500)
Food services	402,355	394,075	336,863	(57,212)
Total expenditures	407,155	398,875	336,863	(62,012)
Net change in fund balance	-	15,934	93,142	77,208
Fund balance - beginning	2,681	2,681	2,681	-
Fund balance - ending	$ 2,681	$ 18,615	$ 95,823	$ 77,208

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Academy's proportion of net pension liability (%)	0.0022%	0.0010%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%			
B. Academy's proportionate share of net pension liability	$ 746,659	$ 322,778	$ -	$ -	$ -	$ -	$ -			
C. Academy's covered payroll	$ 232,683	$ 145,090	$ -	$ -	$ -	$ -	$ -			
D. Academy's proportionate share of net pension liability as a percentage of its covered payroll	320.89%	222.47%	0.00%	0.00%	0.00%	0.00%	0.00%			
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%			

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	$ 67,028	$ 72,684	$ -	$ -	$ -	$ -	$ -			
B. Contributions in relation to statutorily required contributions	67,028	72,684	-	-	-	-	-			
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
D. Academy's covered payroll	158,810	230,718	-	-	-	-	-			
E. Contributions as a percentage of covered payroll	42.21%	31.50%	0.00%	0.00%	0.00%	0.00%	0.00%			

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Academy's proportion of the net OPEB liability (%)	0.0017%	0.0017%	0.0000%	0.0000%						
B. Academy's proportionate share of the net OPEB liability	$ 140,302	$ 119,825	$ -	$ -						
C. Academy's covered payroll	$ 232,683	$ 145,090	$ -	$ -						
D. Academy's proportionate share of the ne OPEB liability as a percentage of its covered payroll	60.30%	82.59%	0.00%	0.00%						
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%						

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	$ 14,186	$ 22,854	$ -	$ -						
B. Contributions in relation to statutorily required contributions	14,186	22,854	-	-						
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
D. Academy's covered payroll	158,810	230,718	-	-						
E. Contributions as a percentage of covered payroll	8.93%	9.91%	0.00%	0.00%						