Flint Cultural Center Academy

Financial Statements

June 30, 2024

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Flint Cultural Center Academy
Members of the Board of Education and Administration
June 30, 2024

Members of the Board of Education

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Rodney Lontine	Vice President
Lamont Richardson	Secretary
Kay Schwartz	Treasurer
Renita Bingham	Board Member
Karima Amlani-Bostick	Board Member
Tracee Glab	Board Member

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the Flint Cultural Center Academy's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Flint Cultural Center 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 Flint Cultural Center Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Flint Cultural Center 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 Flint Cultural Center 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, 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 (asset), and schedule of the Academy's OPEB contributions 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, 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 September 25, 2024 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 Flint Cultural Center Academy's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
September 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Flint Cultural Center Academy
Management's Discussion and Analysis
June 30, 2024

The Management Discussion and Analysis provides an overview of the Flint Cultural Center Academy's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

- The assets and deferred outflows exceeded its liabilities and deferred inflows of the Academy on June 30, 2024, by $2,989,337 (net position).

The Academy's total net position increased by $33,523.

- As of the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of $3,499,988. Fiscal year ended June 30, 2024, was the Academy's fifth year of operations.

- At the end of the current fiscal year, total fund balance for the general fund was $3,064,950.

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 g*overnment-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, 2024.

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 $2,989,337 at the close of the most recent fiscal year.

Summary of Net Position
Governmental Activities

	June 30, 2024	June 30, 2023
Assets		
Current Assets	$ 4,389,104	$ 4,880,008
Deferred Outflows of Resources	309,210	493,960
Liabilities		
Current	838,589	1,412,813
Long-Term	608,660	765,971
Total Liabilities	1,447,249	2,178,784
Deferred Inflows of Resources	261,728	239,370
Net Position		
Net Investment in Capital Assets	48,549	-
Restricted for Food Service	435,038	321,343
Unrestricted	2,505,750	2,634,471
Total Net Position (Deficit)	$ 2,989,337	$ 2,955,814

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

Changes in Net Position
Governmental Activities

	June 30, 2024	June 30, 2023
General Revenue		
State of Michigan aid, unrestricted	$ 5,926,503	$ 5,499,883
Other sources	48,115	55,794
Program Revenue		
Charges for Services	847	-
Operating Grants and Contributions	3,643,833	3,143,469
Total Revenues	9,619,298	8,699,146
Expenses		
Instruction	4,802,793	4,396,802
Supporting Services	4,089,888	3,109,727
Food Services	679,784	680,204
Community Services	13,206	27,857
Interest and Fiscal Charges on Long-Term Debt	104	266
Total Expenses	9,585,775	8,214,856
Change in Net Position	33,523	484,290
Net Position July 1	2,955,814	2,471,524
Net Position June 30	$ 2,989,337	$ 2,955,814

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 $3,499,988, an increase of $46,228 in comparison with the prior year. Unassigned fund balance totaled $2,749,018 on June 30, 2024. 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 $2,749,018.

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 2023-24 fiscal year:

- The Academy continues to realign its general fund expenditure budget to approximate expected revenues.
- The Academy expanded its services to include one additional sixth grade classroom.
- The Academy retained approximately 95% of the students enrolled in the 2023-24 school year, its fifth year of operations.
- The academy will add one additional seventh grade and two new ninth grade classrooms in the fall of 2024.
- The academy has planned to use a portion of fund balance on a short-term basis to support the expansion of the high school grades.

2024-25 Initial General Fund Budget

Revenues	$ 8,959,329
Expenditures	9,246,228
Net Budgeted Excess Revenues	$ (286,899)

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, 2024

	Governmental Activities
Assets	
Cash	$ 2,736,581
Accounts receivable	9,771
Due from other governmental units	1,520,597
Inventory	12,392
Prepaid items	51,346
Capital assets - net of accumulated depreciation	49,243
Net OPEB asset	9,174
Total assets	4,389,104
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	214,949
Deferred amount relating to the net OPEB Asset	94,261
Total deferred outflows of resources	309,210

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Statement of Net Position
June 30, 2024

	Governmental Activities
Liabilities	
Accounts payable	$ 638,908
Payroll deductions and withholdings	10,546
Accrued salaries payable	4,186
Unearned revenue	177,059
Long-term liabilities	
Net pension liability	608,660
Due within one year	7,890
Total liabilities	1,447,249
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	139,619
Deferred amount relating to the net OPEB Asset	122,109
Total deferred inflows of resources	261,728
Net Position	
Net investment in capital assets	48,549
Restricted for:	
Food service	435,038
Unrestricted	2,505,750
Total net position	$ 2,989,337

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 4,802,793	$ -	$ 948,603	$ (3,854,190)
Supporting services	4,089,888	847	1,952,104	(2,136,937)
Food services	679,784	-	743,126	63,342
Community services	13,206	-	-	(13,206)
Interest and fiscal charges on long-term debt	104	-	-	(104)
Total governmental activities	$ 9,585,775	$ 847	$ 3,643,833	(5,941,095)
General revenues				
State aid - unrestricted				5,926,503
Other				48,115
Total general revenues				5,974,618
Change in net position				33,523
Net position - beginning				2,955,814
Net position - ending				$ 2,989,337

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Food Service Fund	Total Governmental Funds
Assets			
Cash	$ 2,342,944	$ 393,637	$ 2,736,581
Accounts receivable	4,797	4,974	9,771
Due from other governmental units	1,489,141	31,456	1,520,597
Inventory	-	12,392	12,392
Prepaid items	29,033	22,313	51,346
Total assets	$ 3,865,915	$ 464,772	$ 4,330,687
Liabilities			
Accounts payable	$ 609,174	$ 29,734	$ 638,908
Payroll deductions and withholdings	10,546	-	10,546
Accrued salaries payable	4,186	-	4,186
Unearned revenue	177,059	-	177,059
Total liabilities	800,965	29,734	830,699

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Food Service Fund	Total Governmental Funds
Fund Balances			
Non-spendable			
Inventory	$ -	$ 12,392	$ 12,392
Prepaid items	29,033	22,313	51,346
Restricted for			
Food service	-	400,333	400,333
Assigned			
Excess budgeted expenditures over revenues	286,899	-	286,899
Unassigned	2,749,018	-	2,749,018
Total fund balances	3,064,950	435,038	3,499,988
Total liabilities and fund balances	$ 3,865,915	$ 464,772	$ 4,330,687

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, 2024

Total fund balances for governmental funds	$	3,499,988
Total net position for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets - amortization		49,243
Net OPEB asset is not recorded as an asset in the governmental funds		9,174
Deferred outflows (inflows) of resources		
Deferred outflows of resources resulting from the net pension liability		214,949
Deferred outflows of resources resulting from the net OPEB asset		94,261
Deferred inflows of resources resulting from the net pension liability		(139,619)
Deferred inflows of resources resulting from the net OPEB asset		(122,109)
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		(608,660)
Compensated absences		(7,196)
Other loans payable and liabilities		(694)
Net position of governmental activities	$	2,989,337

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, 2024

	General Fund	Food Service Fund	Total Governmental Funds
Revenues			
Local sources	$ 346,164	$ 61,191	$ 407,355
State sources	6,919,987	6,702	6,926,689
Federal sources	887,539	675,233	1,562,772
Interdistrict sources	32,083	-	32,083
Total revenues	8,185,773	743,126	8,928,899
Expenditures			
Current			
Education			
Instruction	4,436,343	-	4,436,343
Supporting services	3,721,458	-	3,721,458
Food services	-	629,431	629,431
Community services	13,206	-	13,206
Capital outlay	73,889	-	73,889
Debt service			
Principal	8,240	-	8,240
Interest and other expenditures	104	-	104
Total expenditures	8,253,240	629,431	8,882,671
Net change in fund balances	(67,467)	113,695	46,228
Fund balances - beginning	3,132,417	321,343	3,453,760
Fund balances - ending	$ 3,064,950	$ 435,038	$ 3,499,988

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, 2024

Net change in fund balances - Total governmental funds	$	46,228
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.		
Operating grants		694,900
Grants		(4,501)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Depreciation and amortization expense		(17,951)
Capital outlay		58,260
Expenses are recorded when incurred in the statement of activities.		
Rent expense		(694,900)
Compensated absences		(209)
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		96,729
Net change in deferrals of resources related to the net pension liability		(155,526)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.		
Net change in net OPEB asset		53,835
Net change in deferrals of resources related to the net OPEB asset		(51,582)
Leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases loing-term liabilities and does not affect the statement of activities. SImilarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Repayments of long-term debt		8,240
Change in net position of governmental activities	$	33,523

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of 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 $177,795.

The Academy is governed by an elected six-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, 2024, the Academy paid FCCC $583,548 for these services.

FCCC purchased operating supplies for the Academy on a Reimbursement basis. During the year ended June 30, 2024, the Academy paid FCCC $199,074 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, 2024, the Academy paid the Flint Cultural Center Campus $374,663 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.

Employee Service Agreements

The academy contracts substantially all education personnel through Genesee Education Consultant Services, Inc. through a month to month contract agreement.

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 three parts (1) net investment in capital assets, (2) restricted net position, and (3) 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 (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) 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 (property taxes, 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.

Food Service Fund - The Food Service Fund is used to account for the proceeds and expenditures that are restricted for food service.

Assets, Liabilities and Net Position or Fund Balance
Cash - Cash include 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.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The Academy defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Academy does not have infrastructure assets. All other capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Site improvements	10 - 20 years
Equipment and furniture	5 - 10 years
Computer software	5 - 10 years
Buses and other vehicles	5 - 10 years

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 or assets 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 or assets 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).

Long-term Obligations - In the academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt consists of leases and compensated absences.

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 asset, 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 or assets 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 balances 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 Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined 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. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

Upcoming Accounting and Reporting Changes
Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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 Education 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	$ 203,850	$ 218,194	$ 14,344
Operations and maintenance	941,778	945,803	4,025
Central	222,039	229,654	7,615
Capital outlay	60,098	73,889	13,791

Note 3 - Deposits

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

	Governmental Activities
Cash	$ 2,736,581

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 Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office 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 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.

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, $3,048,693 of the Academy's bank balance of $3,298,693 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Buses and other vehicles	$ -	$ 58,260	$ -	$ 58,260
Right to use asset - equipment	24,930	-	-	24,930
Total capital assets being depreciated	24,930	58,260	-	83,190
Less accumulated depreciation for				
Buses and other vehicles	-	9,710	-	9,710
Right to use asset - equipment	15,996	8,241	-	24,237
Total accumulated depreciation	15,996	17,951	-	33,947
Net capital assets being depreciated	8,934	40,309	-	49,243
Net capital assets	$ 8,934	$ 40,309	$ -	$ 49,243

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the Academy as follows:

Governmental activities	
Instruction	$ 4,161
Supporting services	13,200
Food services	590
Total governmental activities	$ 17,951

Note 5 - 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	$ 177,059

Note 6 - Leases

Lease Liability

During the 2020 fiscal year, the Academy entered into a 5 year lease agreement as lessee for the use of copiers. An initial lease liability was recorded in the amount of $24,930 during the current fiscal year. As of June 30, 2024, the value of the lease liability was $8,934. The Academy is required to make annual principal and interest payments of $8,344. The lease has an interest rate of 2%. The value of the right-to-use asset as of the end of the current fiscal year was $24,930 and had accumulated amortization of $15,996.

Year ending June 30,	Principal	Interest
2025	$ 694	$ 1

Note 7 - Long-Term Debt

The Academy's long-term obligations include leases and compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Other liabilities					
Leases	$ 8,934	$ -	$ 8,240	$ 694	$ 694
Compensated absences	6,987	27,885	27,676	7,196	7,196
Total	$ 15,921	$ 27,885	$ 35,916	$ 7,890	$ 7,890

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

Compensated Absences

Accrued compensated absences at year end, consist of $7,196 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 8 - Pension Plan

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 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, 2022 valuation will be amortized over an 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2023.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the Academy were $67,777 for the year ending September 30, 2023.

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

At June 30, 2024, the Academy reported a liability of $608,660 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. 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, 2023, the Academy's proportion was 0.0019 percent, which was unchanged from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the Academy recognized pension expense of $157,954 for the measurement period. For the reporting period ending June 30, 2024, the Academy recognized total pension contribution expense of $73,137.

At June 30, 2024, 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	$ 19,214	$ (932)	$ 18,282
Changes of assumptions	82,476	(47,554)	34,922
Net difference between projected and actual earnings on pension plan investments	-	(12,455)	(12,455)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	39,715	(47,744)	(8,029)
Total to be recognized in future	141,405	(108,685)	32,720
School District contributions subsequent to the measurement date	73,544	(30,934)	42,610
Total	$ 214,949	$ (139,619)	$ 75,330

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, 2025. The Academy will offset the contribution expense in the year ended June 30, 2025 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)	
2024	$ 30,295
2025	(9,130)
2026	20,028
2027	(8,473)
	$ 32,720

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, 2022
- 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: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, 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 4.4406 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.7% inflation.*

Rate of Return

For the plan year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% 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 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% 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
5.00%	6.00%	7.00%
$ 822,298	$ 608,660	$ 430,799

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 Annual Comprehensive 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 9 - 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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2023.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the Academy were $12,633 for the year ended September 30, 2023.

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

At June 30, 2024, the Academy reported an asset of $9,174 for its proportionate share of the MPSERS net OPEB asset. The net OPEB liability or asset was measured as of September 30, 2023 and the total OPEB liability or asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The Academy's proportion of the net OPEB asset 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, 2023 the Academy's proportion was 0.0016 percent, which was a decrease of 0.0005 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the Academy recognized OPEB change of $12,959 for the measurement period. For the reporting period ending June 30, 2024, the Academy recognized total OPEB contribution expense of $15,212.

At June 30, 2024, 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	$ -	$ (69,323)	$ (69,323)
Changes of assumptions	20,423	(2,459)	17,964
Net difference between projected and actual earnings on OPEB plan investments	28	-	28
Changes in proportion and differences between the School District contributions and proportionate share of contributions	58,435	(50,327)	8,108
Total to be recognized in future	78,886	(122,109)	(43,223)
School District contributions subsequent to the measurement date	15,375	-	15,375
Total	$ 94,261	$ (122,109)	$ (27,848)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2024	$ 4,632
2025	(12,918)
2026	(16,533)
2027	(7,319)
2028	(7,099)
Thereafter	(3,986)
	$ (43,223)

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, 2022
- 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: Pre-65: 7.50% Year 1 graded to 3.5% Year 15; Post-65: 6.25% Year 1 graded to 3.5% Year 15
- Mortality:
    - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
    - Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB asset as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, 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 6.5099 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.7% inflation.*

Rate of Return
For the plan year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate
The following presents the Academy's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.95%, as well as what the Academy's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 9,511	$ (9,174)	$ (25,321)

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

The following presents the Academy's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the Academy's proportionate share of net OPEB liability or asset 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
$ (25,271)	$ (9,174)	$ 8,249

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive 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.

Note 10 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

Note 11 - Subsequent Events

On June 6, 2024, the Academy entered a 3-year real estate lease as lessee with the University of Michigan. The space will service secondary grades. The lease term begins August 1, 2024, and expires on July 31, 2027. Rent is payable in monthly installments of $4,658.33 for a total annual amount of $55,900.

The Academy entered into a 5-year lease agreement as lessee on July 3, 2024, for the use of copiers. The copier lease is payable in 60 monthly installments of $928.43. Cost over the term of the lease totals $55,706.

Flint Cultural Center Academy
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 61,860	$ 363,146	$ 346,164	$ (16,982)
State sources	6,987,265	7,182,231	6,919,987	(262,244)
Federal sources	829,597	1,010,696	887,539	(123,157)
Interdistrict sources	12,021	32,822	32,083	(739)
Total revenues	7,890,743	8,588,895	8,185,773	(403,122)
Expenditures				
Instruction				
Basic programs	2,873,918	3,559,641	3,388,289	(171,352)
Added needs	1,232,175	1,217,458	1,048,054	(169,404)
Supporting services				
Pupil	687,782	793,284	722,892	(70,392)
Instructional staff	307,752	518,457	492,432	(26,025)
General administration	693,364	715,586	622,342	(93,244)
School administration	408,304	525,848	432,016	(93,832)
Business	165,955	203,850	218,194	14,344
Operations and maintenance	836,729	941,778	945,803	4,025
Pupil transportation services	3,822	15,340	14,510	(830)
Central	212,240	222,039	229,654	7,615
Athletic activities	24,951	72,561	43,615	(28,946)
Community services	10,553	28,805	13,206	(15,599)
Capital outlay	1,834	60,098	73,889	13,791
Debt service				
Principal	-	8,100	8,240	140
Interest and fiscal charges	-	300	104	(196)
Total expenditures	7,459,379	8,883,145	8,253,240	(629,905)
Net change in fund balances	431,364	(294,250)	(67,467)	226,783
Fund balance - beginning	3,132,417	3,132,417	3,132,417	-
Fund balance - ending	$ 3,563,781	$ 2,838,167	$ 3,064,950	$ 226,783

Flint Cultural Center Academy
Required Supplementary Information
Budgetary Comparison Schedule - Food Service Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 51,097	$ 62,306	$ 61,191	$ (1,115)
State sources	4,606	9,057	6,702	(2,355)
Federal sources	687,612	669,577	675,233	5,656
Total revenues	743,315	740,940	743,126	2,186
Expenditures				
Current				
Education				
Food services	606,609	821,915	629,431	(192,484)
Net change in fund balances	136,706	(80,975)	113,695	194,670
Fund balance - beginning	321,343	321,343	321,343	-
Fund balance - ending	$ 458,049	$ 240,368	$ 435,038	$ 194,670

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Academy's proportion of net pension liability (%)	0.0019%	0.0019%	0.0022%	0.0022%	0.0010%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
B. Academy's proportionate share of net pension liability	$ 608,660	$ 705,389	$ 511,514	$ 746,659	$ 322,778	$ -	$ -	$ -	$ -	$ -
C. Academy's covered payroll	$ 156,541	$ 204,071	$ 158,536	$ 232,683	$ 145,090	$ -	$ -	$ -	$ -	$ -
D. Academy's proportionate share of net pension liability as a percentage of its covered payroll	388.82%	345.66%	322.65%	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	65.91%	60.77%	72.60%	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 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ 73,137	$ 71,306	$ 58,600	$ 67,028	$ 72,684	$ -	$ -	$ -	$ -	$ -
B. Contributions in relation to statutorily required contributions	73,137	71,306	58,600	67,028	72,684	-	-	-	-	-
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Academy's covered payroll	$ 159,754	$ 160,201	$ 211,000	$ 158,810	$ 230,718	$ -	$ -	$ -	$ -	$ -
E. Contributions as a percentage of covered payroll	45.78%	44.51%	27.77%	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 (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Academy's proportion of the net OPEB liability (asset) (%)	0.0016%	0.0021%	0.0018%	0.0026%	0.0017%	0.0000%	0.0000%			
B. Academy's proportionate share of the net OPEB liability (asset)	$ (9,174)	$ 44,661	$ 27,303	$ 140,302	$ 119,825	$ -	$ -			
C. Academy's covered payroll	$ 156,541	$ 204,071	$ 158,536	$ 158,536	$ 232,683	$ -	$ -			
D. Academy's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.86%	21.89%	17.22%	88.50%	51.50%	0.00%	0.00%			
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	105.04%	83.09%	87.33%	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 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ 15,212	$ 13,906	$ 13,079	$ 14,186	$ 22,854	$ -	$ -			
B. Contributions in relation to statutorily required contributions	15,212	13,906	13,079	14,186	22,854	-	-			
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
D. Academy's covered payroll	$ 159,754	$ 160,201	$ 211,000	$ 211,000	$ 158,810	$ -	$ -			
E. Contributions as a percentage of covered payroll	9.52%	8.68%	6.20%	6.72%	14.39%	0.00%	0.00%			

Flint Cultural Center Academy

Single Audit

June 30, 2024

YEO & YEO

BUSINESS SUCCESS PARTNERS

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Flint Cultural Center Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Flint Cultural Center Academy's basic financial statements, and have issued our report thereon dated September 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Flint Cultural Center 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Flint Cultural Center Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Flint Cultural Center Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 Flint Cultural Center 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.*

Purpose of this Report

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

Yeo & Yeo, P.C.

Flint, Michigan
September 25, 2024

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Flint Cultural Center Academy's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Flint Cultural Center Academy's major federal programs for the year ended June 30, 2024. Flint Cultural Center Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Flint Cultural Center Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Flint Cultural Center 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 Flint Cultural Center 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 agreements applicable to Flint Cultural Center Academy's federal programs.

Auditors' 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 Flint Cultural Center 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 Flint Cultural Center Academy's compliance with the requirements of each major federal program as a whole.

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 Flint Cultural Center 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 Flint Cultural Center 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 Flint Cultural Center 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 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 Auditors' 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.

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

We have audited the financial statements of the governmental activities and each major fund of Flint Cultural Center Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Flint Cultural Center Academy's basic financial statements. We issued our report thereon dated September 25, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Flint, Michigan
September 25, 2024

Flint Cultural Center Academy
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Award Grant Entitlement Program Amount	Inventory/ Accrued (Unearned) Revenue at July 1, 2023	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/ In Kind Received	Inventory/ Accrued (Unearned) Revenue at June 30, 2024
U.S. DEPARTMENT OF AGRICULTURE							
Child Nutrition Cluster							
Passed through Michigan Department of Education							
Cash Assistance							
National School Breakfast Program							
231970	10.553	$ 151,269	$ 8,066	$ 122,211	$ 29,058	$ 37,124	$ -
241970	10.553	123,238	-	-	123,238	116,328	6,910
		274,507	8,066	122,211	152,296	153,452	6,910
Non-Cash Assistance							
Entitlement Commodities	10.555	39,095	-	-	39,095	39,095	-
Bonus Commodities	10.555	422	-	-	422	422	-
		39,517	-	-	39,517	39,517	-
Cash Assistance							
National School Lunch Program							
231960	10.555	446,001	21,808	378,450	67,552	89,360	-
241960	10.555	306,623	-	-	306,623	288,140	18,483
240910	10.555	19,127	-	-	19,127	19,127	-
		771,751	21,808	378,450	393,302	396,627	18,483
		811,268	21,808	378,450	432,819	436,144	18,483
Total Child Nutrition Cluster		1,085,775	29,874	500,661	585,115	589,596	25,393
Passed through Michigan Department of Education							
Child and Adult Care Food Program							
231920	10.558	43,134	182	43,134	-	182	-
232010	10.558	2,789	7	2,789	-	7	-
241920	10.558	66,184	-	-	66,184	63,559	2,625
242010	10.558	3,670	-	-	3,670	3,521	149
Total Child and Adult Care Food Program		115,777	189	45,923	69,854	67,269	2,774
Passed through Michigan Department of Education							
Fresh Fruit and Vegetable Program							
240950	10.582	20,264	-	-	20,264	18,000	2,264
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,221,816	30,063	546,584	675,233	674,865	30,431

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Flint Cultural Center Academy
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Award Grant Entitlement Program Amount	Inventory/ Accrued (Unearned) Revenue at July 1, 2023	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/ In Kind Received	Inventory/ Accrued (Unearned) Revenue at June 30, 2024
U.S. DEPARTMENT OF EDUCATION							
Special Education Cluster							
Passed through the Genesee Intermediate School District							
IDEA Flowthrough							
230450-2223	84.027	$ 89,740	$ 27,775	$ 69,000	$ 20,740	$ 48,515	$ -
240450-2324	84.027	105,853	-	-	88,510	67,383	21,127
		195,593	27,775	69,000	109,250	115,898	21,127
COVID-19 IDEA ARP Flowthrough							
221280	84.027X	14,160	-	6,596	1,991	1,991	-
Total Special Education Cluster		209,753	27,775	75,596	111,241	117,889	21,127
Passed through the Michigan Department of Education							
Title I Part A - Grants to Local Education Agencies							
231530-2223	84.010	296,769	44,008	104,174	15,694	59,702	-
241530-2324	84.010	305,791	-	-	220,154	163,430	56,724
Total Title I Part A - Grants to Local Education Agencies		602,560	44,008	104,174	235,848	223,132	56,724
Passed through the Michigan Department of Education							
Charter School Program Grant							
190610-1920/1	84.282	715,053	127,590	221,055	-	127,590	-
Passed through the Michigan Department of Education							
Title II Part A - Supporting Effective Instruction State Grants							
240520-2324	84.367	31,724	-	-	31,724	31,724	-
Passed through the Michigan Department of Education							
Title V Part A - Student Support and Academic Enrichment Program							
240750-2324	84.424	20,832	-	-	18,476	17,498	978
Passed through the Michigan Department of Education							
COVID-19 Education Stabilization Funds							
213712 - ESSER Formula Funds II	84.425D	614,588	393	610,087	-	393	-
213713 - ESSER Formula Funds III	84.425U	1,381,257	215,469	754,740	485,750	510,449	190,770
Total Education Stabilization Funds		1,995,845	215,862	1,364,827	485,750	510,842	190,770
TOTAL U.S. DEPARTMENT OF EDUCATION		3,575,767	415,235	1,765,652	883,039	1,028,675	269,599
TOTAL FEDERAL AWARDS		$ 4,797,583	$ 445,298	$ 2,312,236	$ 1,558,272	$ 1,703,540	$ 300,030

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Flint Cultural Center Academy under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Flint Cultural Center Academy, it is not intended to and does not present the financial position, and changes in net position of Flint Cultural Center Academy.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

Flint Cultural Center Academy has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Reconciliation to the Financial Statements

The total expenditures on the Schedule of Expenditures of Federal Awards are not equal to the federal revenues on the financial statements due to deferred unavailable revenue not received within 60 days of year end.

Federal revenues reported on the financial statement		$ 1,562,772
Prior year unavailable revenue and therefore included as revenue in current year	84.425U	(4,500)
Total reported on schedule of expenditures of federal awards		$ 1,558,272

Note 4 - Subrecipients

The Academy did not transfer any federal funds to subrecipients during the fiscal year.

Note 5 - Michigan Department of Education Disclosures

The federal amount reported on the CMS Grant Auditor Report (GAR) is in agreement with the SEFA.

The amounts reported on the Recipient Entitlement Balance Report (PAL Report) agree with the SEFA for USDA donated food commodities.

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____	yes	X	no
• Significant deficiency(ies) identified?	____	yes	X	none reported
Noncompliance material to financial statements noted?	____	yes	X	no

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?	____	yes	X	no
• Significant deficiency(ies) identified?	____	yes	X	none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____	yes	X	no

Identification of major federal programs:

Assistance Listing Number(s)	*Name of Federal Program or Cluster*
84.425D/84.425U	Education Stabilization Funds

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

Auditee qualified as low-risk auditee?	X	yes	____	no

Section II – *Government Auditing Standards* Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2024.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2024.

Section IV – Prior Audit Findings

Government Auditing Standards Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2023.

Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.

YEO & YEO
800.968.0010 | YEOANDYEO.COM

September 25, 2024

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

We have audited the financial statements of the governmental activities and each major fund of Flint Cultural Center Academy (the Academy) as of and for the year ended June 30, 2024. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

Our communication includes the following:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the Academy during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

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

Yeo & Yeo, P.C.

Flint, Michigan

Appendix I
Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 30, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Academy are described in the footnotes of the financial statements. The Academy has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2023:

- Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

We noted no transactions entered into by the Academy during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

- Net other postemployment benefits (OPEB) liability (asset), and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Improper revenue recognition

Accounting Standards and Regulatory Updates

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in the footnotes of the financial statements.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements except as discussed below.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Management has determined that the effects of the uncorrected misstatements below are immaterial both individually and, in the aggregate, to the financial statements taken as a whole. The future effect of the immaterial misstatements and future treatment of GASB 96 will be evaluated annually for the effect to the financial statements

The Academy elected to not implement GASB 96 for Subscription Based Information Technology Agreements due to the amount individually and in the aggregate being immaterial. This caused assets and liabilities in governmental activities to be understated by $15,722.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors' 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 Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Appendix II
Matters for Management's Consideration

In planning and performing our audit of the financial statements of the Academy as of and for the year ended June 30, 2024, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures for the purpose of expressing our opinion 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.

However, during our audit we became aware of the following matter for management's consideration that is an opportunity for improving compliance. This letter does not affect our report dated September 25, 2024, on the financial statements of the Academy.

Net Cash Resources
As a result of the changes in the food service program including the introduction of the Michigan School Meals program, meal claim revenues were in excess of anticipated amounts. A proportional increase to expenditures did not occur, resulting in a growth in net cash resources in an amount that exceeded the three-month average expenditure requirement included in the federal regulations. The noncompliance has not been determined to be material to the federal program or the financial statements, as it has not resulted in questioned costs, or negatively impacted the program; as the Academy is actively working on using the funds to enhance the program. In April 2024, the Academy submitted an excess fund balance spend down plan to the Michigan Department of Education and planned to complete all items in the play by June 30, 2024. The spend down plan includes the installation of a walk-in-freezer, other kitchen equipment, and staff incentives. All items had been completed as of June 30, 2024 except the walk-in-freezer which was completed in August 2024. The Academy is continuing to modify the spend down plan. We recommend that the Academy continues to modify and execute their spend down plan in order to return to compliance.