
Henry Ford Academy

**Financial Report
with Supplemental Information
June 30, 2022**

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements -	
Governmental Funds:	
Balance Sheet	9
Reconciliation of the Balance Sheet to the Statement of Net Position	10
Statement of Revenue, Expenditures, and Changes in Fund Balances	11
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	12
Notes to Financial Statements	13-24
Required Supplemental Information	25
Budgetary Comparison Schedule - General Fund	26
Schedule of Proportionate Share of the Net Pension Liability	27
Schedule of Pension Contributions	28
Schedule of Proportionate Share of the Net OPEB Liability	29
Schedule of OPEB Contributions	30
Notes to Required Supplemental Information	31

Independent Auditor's Report

To the Board of Directors
Henry Ford Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the remaining fund information of Henry Ford Academy (the "Academy") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of the Academy as of June 30, 2022 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
Henry Ford Academy

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

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

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

Required Supplemental Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



October 21, 2022

This section of the annual financial report for Henry Ford Academy (the "Academy") presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2022. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Using This Annual Report

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

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

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

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

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

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

Reporting the Academy's Fund Financial Statements

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

Governmental Funds

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

The Academy as a Whole

Recall that the statement of net position provides the perspective of the Academy as a whole. The following table provides a summary of the Academy's net position as of June 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
	(in thousands)	
Assets	\$ 2,398.4	\$ 1,804.0
Deferred Outflows of Resources	1,734.0	2,510.5
Liabilities		
Current liabilities	1,643.5	1,402.9
Noncurrent liabilities	72.2	70.8
Net pension liability	5,852.8	8,606.6
Net OPEB liability	373.9	1,348.8
Total liabilities	7,942.4	11,429.1
Deferred Inflows of Resources	3,848.2	1,416.4
Net Position (Deficit) - Unrestricted	<u><u>\$ (7,658.2)</u></u>	<u><u>\$ (8,531.0)</u></u>

The above analysis focuses on net position. The change in net position of the Academy's governmental activities is discussed below. The Academy's net position was a deficit of approximately \$(7.7) million at June 30, 2022. The Academy is able to fund its operations through its partnership with The Henry Ford (the "Museum"), which advances funds in anticipation of governmental revenue. The Academy had no capital assets or related debt at June 30, 2022.

The deficit of \$(7.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Included within the deficit are liabilities totaling approximately \$8.3 million for the Academy's proportionate share of the pension and OPEB liability related to the Michigan Public Schools Employees' Retirement System and related deferred inflows and outflows. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the Academy as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
(in thousands)		
Revenue		
Program revenue:		
Charges for services	\$ 74.1	\$ 34.5
Operating grants	1,232.0	871.5
General revenue:		
State aid not restricted to specific purposes	4,817.2	4,568.8
Other	44.0	40.4
Total revenue	6,167.3	5,515.2
Expenses		
Instruction	2,892.0	3,158.1
Support services	2,194.9	2,421.7
Athletics	58.6	34.5
Food services	138.3	32.8
Community services	10.7	4.7
Total expenses	5,294.5	5,651.8
Change in Net Position	872.8	(136.6)
Net Position (Deficit) - Beginning of year	(8,531.0)	(8,394.4)
Net Position (Deficit) - End of year	<u>\$ (7,658.2)</u>	<u>\$ (8,531.0)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was approximately \$5.3 million. Certain activities were partially funded from those who benefited from the programs (approximately \$74,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$1.2 million). We paid for the remaining public benefit portion of our governmental activities with approximately \$4.9 million in state foundation allowance and other revenue (i.e., general entitlements).

The Academy experienced an increase in net position of approximately \$873,000, reflected mainly by the increase in revenues.

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

The Academy's Funds

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

As the Academy completed this year, the governmental funds reported a combined fund balance of approximately \$625,000, which is an increase of \$224,000 from last year. The primary reasons for the increase in fund balance were due to the Academy's ability to control costs coupled with increased federal funding related to the COVID-19 pandemic, along with late-year increases in state categorical revenue.

General Fund Budgetary Highlights

Over the course of the year, the Academy revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2022. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were significant revisions made to the 2021-2022 original budget. Budgeted revenue was increased approximately \$277,000 due to additional restricted federal funding and a change in certain categorical revenue from the State.

Budgeted expenditures were also increased approximately \$34,000 to account for additional grant-funded costs and increased purchased services resulting from the Academy's revised operating plans.

There was a significant variance between the final budget and actual amounts for support services - operations and maintenance. The actual amount was approximately \$55,000 higher than the final budget due to higher than anticipated building repair expenditures, while added needs expenditures came in approximately \$86,000 lower than final budget due to timing of certain grant-related activities.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the Academy's 2022-2023 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2022-2023 budget was adopted in June 2022 based on an estimate of students who will enroll in September 2022. Approximately 73.5 percent of total General Fund revenue is from the foundation allowance. As a result, the Academy's funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2022-2023 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2022-2023 budget. Once the final student count and related per pupil funding are validated, state law requires the Academy to amend the budget if actual academy resources are not sufficient to fund original appropriations.

Contacting the Academy's Management

This financial report is intended to provide our parents and investors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the administration office.

June 30, 2022

	Governmental Activities
Assets	
Cash (Note 4)	\$ 1,247,463
Receivables:	
Due from other governments	1,146,207
Other receivables	4,712
Total assets	<u>2,398,382</u>
Deferred Outflows of Resources (Note 9)	
Deferred pension costs	1,248,726
Deferred OPEB costs	485,253
Total deferred outflows of resources	<u>1,733,979</u>
Liabilities	
Accounts payable	11,889
Accrued payroll-related liabilities	438,282
Unearned revenue (Note 5)	65,311
Due to affiliate (Note 8)	1,127,983
Noncurrent liabilities:	
Due within one year - Compensated absences	11,550
Due in more than one year - Compensated absences	60,638
Net pension liability (Note 9)	5,852,829
Net OPEB liability (Note 9)	373,883
Total liabilities	<u>7,942,365</u>
Deferred Inflows of Resources (Note 9)	
Revenue in support of pension contributions made subsequent to report date	374,161
Deferred pension cost reductions	2,025,333
Deferred OPEB cost reductions	1,448,677
Total deferred inflows of resources	<u>3,848,171</u>
Net Position (Deficit) - Unrestricted	<u><u>\$ (7,658,175)</u></u>

Year Ended June 30, 2022

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 2,891,959	\$ 47,127	\$ 754,407	\$ (2,090,425)
Support services	2,194,875	7,471	371,573	(1,815,831)
Athletics	58,589	19,508	-	(39,081)
Food services	138,345	-	106,007	(32,338)
Community services	10,732	-	-	(10,732)
Total primary government	\$ 5,294,500	\$ 74,106	\$ 1,231,987	(3,988,407)
General revenue:				
State aid not restricted to specific purposes				4,817,207
Other				44,017
Total general revenue				<u>4,861,224</u>
Change in Net Position				872,817
Net Position (Deficit) - Beginning of year				<u>(8,530,992)</u>
Net Position (Deficit) - End of year				<u>\$ (7,658,175)</u>

Governmental Funds
Balance Sheet

June 30, 2022

	General Fund	Nonmajor Fund - Food Service Fund	Total Governmental Funds
Assets			
Cash (Note 4)	\$ 1,247,463	\$ -	\$ 1,247,463
Receivables:			
Due from other governments	1,146,207	-	1,146,207
Other receivables	4,712	-	4,712
	<u>\$ 2,398,382</u>	<u>\$ -</u>	<u>\$ 2,398,382</u>
Total assets			
Liabilities			
Accounts payable	\$ 11,889	\$ -	\$ 11,889
Accrued payroll-related liabilities	438,282	-	438,282
Unearned revenue (Note 5)	65,311	-	65,311
Due to affiliate (Note 8)	1,127,983	-	1,127,983
	<u>1,643,465</u>	<u>-</u>	<u>1,643,465</u>
Total liabilities			
Deferred Inflows of Resources - Unavailable revenue (Note 5)	129,533	-	129,533
Fund Balances	<u>625,384</u>	<u>-</u>	<u>625,384</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,398,382</u>	<u>\$ -</u>	<u>\$ 2,398,382</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 625,384
Amounts reported for governmental activities in the statement of net position are different because:	
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	129,533
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(72,188)
Net pension liability and related deferred inflows and outflows	(6,629,436)
Net OPEB liability and related deferred inflows and outflows	(1,337,307)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(374,161)
Net Position (Deficit) of Governmental Activities	<u><u>\$ (7,658,175)</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	Nonmajor Fund - Food Service Fund	Total Governmental Funds
Revenue			
Local sources	\$ 118,123	\$ -	\$ 118,123
State sources	5,221,660	3,541	5,225,201
Federal sources	637,926	102,466	740,392
Total revenue	5,977,709	106,007	6,083,716
Expenditures			
Current:			
Instruction	3,308,983	-	3,308,983
Support services	2,340,403	-	2,340,403
Athletics	59,518	-	59,518
Food services	-	138,345	138,345
Community services	12,170	-	12,170
Total expenditures	5,721,074	138,345	5,859,419
Excess of Revenue Over (Under) Expenditures	256,635	(32,338)	224,297
Other Financing Sources (Uses) (Note 6)			
Transfers in	-	32,338	32,338
Transfers out	(32,338)	-	(32,338)
Total other financing (uses) sources	(32,338)	32,338	-
Net Change in Fund Balances	224,297	-	224,297
Fund Balances - Beginning of year	401,087	-	401,087
Fund Balances - End of year	\$ 625,384	\$ -	\$ 625,384

Governmental Funds

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

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ 224,297
Amounts reported for governmental activities in the statement of activities are different because:	
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	129,533
Revenue in support of pension contributions made subsequent to the measurement date	(45,932)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>564,919</u>
Change in Net Position of Governmental Activities	<u><u>\$ 872,817</u></u>

Note 1 - Nature of Business

Henry Ford Academy (the "Academy") is an academy in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

The Academy was formed as a charter school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994.

On April 24, 1997, the Academy entered into a five-year contract with Wayne County Regional Education Services Agency (RESA) to charter a public school academy. The contract has been extended through June 30, 2023. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the state constitution. The RESA board of trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws.

The contract stipulates that the Academy will pay the RESA board of trustees 3 percent of unrestricted state aid received each year as administrative fees. The total administrative fees for the year ended June 30, 2022 to RESA were approximately \$130,000.

Report Presentation

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

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

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting

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

Note 2 - Significant Accounting Policies (Continued)

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

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

Fund Accounting

The Academy accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Academy to show the particular expenditures for which specific revenue is used. The Academy reports and has only governmental funds.

Governmental Funds

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

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

- The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Academy's special revenue fund is the Food Service Fund. Revenue sources for the Food Service Fund include grants received from state and federal sources. Any operating deficit generated by this activity is the responsibility of the General Fund.

Interfund Activity

During the course of operations, the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

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

Specific Balances and Transactions

Cash

Cash includes cash on hand and demand deposits.

Receivables

Accounts receivable are shown net of an allowance for uncollectible amounts. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Academy reports deferred inflows related to unavailable revenue, revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the Academy is classified as follows: The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of restricted.

Fund Balance

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

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

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

Grants and Contributions

The Academy receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue.

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

It is the Academy's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Academy will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Upcoming Accounting Pronouncement

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2023.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 21, 2022, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and the special revenue fund. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits academies to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The Academy adjusted budgeted amounts during the year in response to actual and projected activity.

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

June 30, 2022

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Academy incurred expenditures in the General Fund that were in excess of the amount budgeted as follows:

	Budget	Actual
Support services - Operations and maintenance	\$ 571,496	\$ 626,668

Note 4 - Deposits

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with statutory authority.

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the Academy's deposits. At year end, the Academy had \$1,025,485 of bank deposits (checking account) that were uninsured and uncollateralized.

Note 5 - Unavailable/Unearned Revenue

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

At June 30, 2022, the Academy had \$129,533 of unavailable revenue and \$65,311 of unearned revenue, primarily related to federal and local grants and state categoricals received but not yet earned.

Note 6 - Interfund Transfers

During the year, an interfund transfer was made from the General Fund to the Food Service Fund in the amount of \$32,338 in order to subsidize food service activities.

Note 7 - Risk Management

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Academy has purchased commercial insurance for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception. The Academy participates in a shared-risk pool for claims relating to property loss, torts, and errors and omissions.

The shared-risk pool program in which the Academy participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 8 - Related Party Transactions

The Academy engages in significant related party transactions with The Henry Ford (the "Museum"). These transactions are outlined as follows:

Facilities, Furniture, and Equipment

The Museum constructed the Academy's facilities and purchased substantially all the furniture and equipment. These are all leased to the Academy for the nominal amount of \$4 per year plus operating costs. The facilities lease has been extended through June 30, 2028. As permitted under accounting principles generally accepted in the United States of America, the in-kind value of the use of the facilities, furniture, and equipment has not been established and has not been recognized in the financial statements.

Administrative Support

The Museum typically provides accounting, custodial, technology, and other administrative support to the Academy. The personnel and services agreement has been extended through June 30, 2030. Charges to the Academy for the year ended June 30, 2022 totaled approximately \$795,000 and are included within support services on the financial statements.

Operating Support

The Museum may provide the Academy with an annual operating subsidy equal to the difference between the Academy's state, local, and federal revenue and the total expenditures. For the year ended June 30, 2022, no subsidy was provided to the Academy, as the Academy ended the year with a positive fund balance.

Insurance

The Museum's self-insurance policy covers employees of the Academy. As stated in an agreement between the Museum and the Academy, the Academy pays the Museum for medical coverage for active employees at illustrative rates set annually by the insurance company.

Due to Affiliate

At June 30, 2022, the Academy owes the Museum \$1,127,983 for rent, operating costs, administrative support, and reimbursement for salaries and expenses paid by the Museum on behalf of the Academy, net of amounts the Museum owes the Academy for any support not yet paid to the Academy.

Note 9 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Note 9 - Michigan Public School Employees' Retirement System (Continued)

Benefits Provided

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

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

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

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

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

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

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

Contributions

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

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

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

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

The Academy's required and actual pension contributions to the plan for the year ended June 30, 2022 were \$874,902, which includes the Academy's contributions required for those members with a defined contribution benefit. The Academy's required and actual pension contributions include an allocation of \$374,161 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022.

The Academy's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were \$210,211, which includes the Academy's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2022, the Academy reported a liability of \$5,852,829 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The Academy's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the Academy's proportion was 0.025 percent.

Net OPEB Liability

At June 30, 2022, the Academy reported a liability of \$373,883 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The Academy's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the Academy's proportion was 0.024 percent and 0.025 percent, respectively.

June 30, 2022

Note 9 - Michigan Public School Employees' Retirement System (Continued)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For 2022, the Academy recognized pension expense of \$642,420, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 90,663	\$ (34,466)
Changes in assumptions	368,941	-
Net difference between projected and actual earnings on pension plan investments	-	(1,881,666)
Changes in proportion and differences between the Academy's contributions and proportionate share of contributions	60,357	(109,201)
The Academy's contributions to the plan subsequent to the measurement date	728,765	-
	<u>1,248,726</u>	<u>(2,025,333)</u>
Total	<u>\$ 1,248,726</u>	<u>\$ (2,025,333)</u>

The \$374,161 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2023	\$ (167,695)
2024	(341,035)
2025	(477,884)
2026	(518,758)
Total	<u>\$ (1,505,372)</u>

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

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

For the year ended June 30, 2022, the Academy recognized OPEB recovery of \$208,843.

June 30, 2022

Note 9 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (1,067,222)
Changes in assumptions	312,547	(46,769)
Net difference between projected and actual earnings on OPEB plan investments	-	(281,802)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	29,351	(52,884)
Employer contributions to the plan subsequent to the measurement date	143,355	-
Total	<u>\$ 485,253</u>	<u>\$ (1,448,677)</u>

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

Years Ending	Amount
2023	\$ (281,640)
2024	(259,406)
2025	(241,572)
2026	(228,482)
2027	(84,582)
Thereafter	(11,097)
Total	<u>\$ (1,106,779)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2021 are based on the results of an actuarial valuation as of September 30, 2020 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

Note 9 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2020, for the OPEB plan include an increase in the health care cost trend rate of 0.75 percentage points for members under 65 and a reduction from 7.0 percent to 5.25 percent for members over 65. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

Significant assumption changes since the measurement date, September 30, 2021, for the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plan's net pension liability by approximately \$8.1 billion and the total plan's net OPEB liability by approximately \$1.1 billion.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2021 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that academy contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.40 %
Private equity pools	16.00	9.10
International equity pools	15.00	7.50
Fixed-income pools	10.50	(0.70)
Real estate and infrastructure pools	10.00	5.40
Absolute return pools	9.00	2.60
Short-term investment pools	2.00	(1.30)
Real return/opportunistic pools	12.50	6.10
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.0 percent.

June 30, 2022

Note 9 - Michigan Public School Employees' Retirement System (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the Academy	\$ 8,367,959	\$ 5,852,829	\$ 3,767,622

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the Academy	\$ 694,742	\$ 373,883	\$ 101,588

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the Academy	\$ 91,000	\$ 373,883	\$ 692,160

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2022, the Academy reported a payable of \$116,665 and \$19,650 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 128,405	\$ 96,475	\$ 118,123	\$ 21,648
State sources	4,859,655	5,149,931	5,221,660	71,729
Federal sources	614,159	632,677	637,926	5,249
Total revenue	5,602,219	5,879,083	5,977,709	98,626
Expenditures				
Current:				
Instruction:				
Basic programs	2,765,107	2,708,586	2,708,613	27
Added needs	453,613	686,110	600,370	(85,740)
Total instruction	3,218,720	3,394,696	3,308,983	(85,713)
Support services:				
Pupil	487,312	447,913	449,333	1,420
Instructional staff	247,529	174,611	171,096	(3,515)
General administration	30,586	29,585	29,587	2
School administration	596,786	577,076	573,149	(3,927)
Business	412,343	443,323	444,285	962
Operations and maintenance	597,523	571,496	626,668	55,172
Pupil transportation services	27,101	19,000	14,017	(4,983)
Central	18,045	8,015	6,261	(1,754)
Other	47,998	27,852	26,007	(1,845)
Total support services	2,465,223	2,298,871	2,340,403	41,532
Athletics	49,325	63,633	59,518	(4,115)
Community services	2,609	12,440	12,170	(270)
Total expenditures	5,735,877	5,769,640	5,721,074	(48,566)
Excess of Revenue (Under) Over Expenditures	(133,658)	109,443	256,635	147,192
Other Financing Sources (Uses)				
Transfers in	182,228	-	-	-
Transfers out	(48,570)	(38,560)	(32,338)	6,222
Total	133,658	(38,560)	(32,338)	6,222
Net Change in Fund Balance	-	70,883	224,297	153,414
Fund Balance - Beginning of year	401,087	401,087	401,087	-
Fund Balance - End of year	<u>\$ 401,087</u>	<u>\$ 471,970</u>	<u>\$ 625,384</u>	<u>\$ 153,414</u>

Henry Ford Academy

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

	Last Eight Plan Years							
	Plan Years Ended September 30							
	2021	2020	2019	2018	2017	2016	2015	2014
Academy's proportion of the net pension liability	0.02472 %	0.02506 %	0.02491 %	0.02449 %	0.02439 %	0.02465 %	0.02379 %	0.02368 %
Academy's proportionate share of the net pension liability	\$ 5,852,829	\$ 8,606,562	\$ 8,250,225	\$ 7,361,802	\$ 6,319,237	\$ 6,149,744	\$ 5,810,931	\$ 5,214,966
Academy's covered payroll	\$ 2,232,406	\$ 2,243,642	\$ 2,202,329	\$ 2,108,969	\$ 2,021,470	\$ 2,111,695	\$ 2,014,665	\$ 2,038,032
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	262.18 %	383.60 %	374.61 %	349.07 %	312.61 %	291.22 %	288.43 %	255.88 %
Plan fiduciary net position as a percentage of total pension liability	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Henry Ford Academy

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

	Last Eight Fiscal Years Years Ended June 30							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 844,837	\$ 760,616	\$ 704,445	\$ 663,465	\$ 626,320	\$ 575,817	\$ 556,347	\$ 437,379
Contributions in relation to the statutorily required contribution	<u>844,837</u>	<u>760,616</u>	<u>704,445</u>	<u>663,465</u>	<u>626,320</u>	<u>575,817</u>	<u>556,347</u>	<u>437,379</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's Covered Payroll	\$ 2,370,226	\$ 2,217,531	\$ 2,253,032	\$ 2,167,545	\$ 2,092,648	\$ 2,028,594	\$ 2,020,842	\$ 2,023,965
Contributions as a Percentage of Covered Payroll	35.64 %	34.30 %	31.27 %	30.61 %	29.93 %	28.39 %	27.53 %	21.61 %

Henry Ford Academy

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

	Last Five Plan Years				
	Plan Years Ended September 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Academy's proportion of the net OPEB liability	0.02449 %	0.02518 %	0.02508 %	0.02471 %	0.02441 %
Academy's proportionate share of the net OPEB liability	\$ 373,883	\$ 1,348,780	\$ 1,800,490	\$ 1,964,227	\$ 2,161,372
Academy's covered payroll	\$ 2,232,406	\$ 2,243,642	\$ 2,202,329	\$ 2,108,969	\$ 2,021,470
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.75 %	60.12 %	81.75 %	93.14 %	106.92 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Henry Ford Academy

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

	Last Five Fiscal Years				
	Years Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 193,154	\$ 184,537	\$ 181,045	\$ 170,261	\$ 151,146
Contributions in relation to the statutorily required contribution	<u>193,154</u>	<u>184,537</u>	<u>181,045</u>	<u>170,261</u>	<u>151,146</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's Covered Payroll	\$ 2,370,226	\$ 2,217,531	\$ 2,253,032	\$ 2,167,545	\$ 2,092,648
Contributions as a Percentage of Covered Payroll	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2022

Pension Information

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

Benefit Changes

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

Changes in Assumptions

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

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

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

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

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

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

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