

**WASHTENAW TECHNICAL  
MIDDLE COLLEGE**

AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION

Year ended June 30, 2022

**Washtenaw Technical Middle College**  
**Members of the Board of Directors and Administration**  
**June 30, 2022**

**WASHTENAW TECHNICAL MIDDLE COLLEGE**

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**Washtenaw Technical Middle College**  
**Members of the Board of Directors and Administration**  
**June 30, 2022**

Members of the Board of Directors

Stuart E. White - Chair

Jan Gensheimer - Vice-Chairman

Paulette R. Miller - Treasurer

Alex Milshteyn - Secretary

Mr. Derrick Jackson – Director

Mr. Brian Muthig - Director

Mr. Donald J. Peurach, Ph.D. - Director

Katie Richards-Schuster, Ph.D. - Director

Mr. Will Johnson - Director

Richard Landau, Ph.D. - WCC Board Liaison

Administration

Karl Covert, Ph.D. - Dean

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Washtenaw Technical Middle College  
Ann Arbor, Michigan

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washtenaw Technical Middle College (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Washtenaw Technical Middle College, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washtenaw Technical Middle College 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.

#### ***Adoption of New Accounting Standard***

For the year ended June 30, 2022, Washtenaw Technical Middle College adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The adoption of such standard had no impact on the financial statements of the Academy. Our opinion is not modified with respect to this matter.

***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 Washtenaw Technical Middle College'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.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

To the Board of Directors  
Washtenaw Technical Middle College  
Page Four

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022, on our consideration of Washtenaw Technical Middle College'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 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 Washtenaw Technical Middle College's internal control over financial reporting and compliance.

The image shows a handwritten signature in dark ink. The letters 'UHY' are written in a large, stylized, cursive font. To the right of 'UHY', the letters 'LLP' are written in a smaller, simpler, sans-serif font.

Farmington Hills, Michigan  
October 6, 2022

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2022**

This section of Washtenaw Technical Middle College's (the "Academy") annual financial report 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 statements. These statements are organized so the reader can understand Washtenaw Technical Middle College financially as a whole. The Academy-Wide 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 as well as what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the Academy-Wide statements by providing information about the Academy's funds. The components of the annual report are as follows:

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

Basic Financial Statements

Academy-Wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information

Budgetary Information for Major Fund

Schedule of the Academy's Proportionate Share of the Net Pension and OPEB Liabilities

Schedule of Pension and OPEB Contributions

Other Supplementary Information



# **WASHTENAW TECHNICAL MIDDLE COLLEGE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2022**

### Reporting the Academy as a Whole – Academy-Wide Financial Statements

One of the most important questions asked about the Academy is, “As a whole, what is the Academy’s financial condition as 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 and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most by private sector companies. All of the current year’s revenues 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 – which is 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 revenues 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 quality of the education provided, to assess 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 and support services. Unrestricted state aid (foundation allowance revenue) and state grants finance most of these activities.

### Reporting the Academy’s Most Significant Fund – Fund Financial Statements

The Academy’s fund financial statements provide detailed information about the Academy’s General Fund and Special Revenue Fund – not the Academy as a whole. The governmental funds of the Academy use the following accounting approach:

All of the Academy’s services are reported in the 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 you 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 the governmental fund in a reconciliation.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2022**

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:

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current and other assets	\$ 11,274,311	9,719,760
Capital assets	<u>130,737</u>	<u>190,895</u>
Total Assets	<u>11,405,048</u>	<u>9,910,655</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow of resources related to pension	1,728,794	2,189,891
Deferred outflow of resources related to OPEB	<u>626,306</u>	<u>794,504</u>
Total assets and deferred outflows of resources	<u>\$ 13,760,148</u>	<u>\$ 12,895,050</u>
<b>LIABILITIES</b>		
Current liabilities	\$ 955,213	\$ 972,054
Long-term liabilities	<u>5,483,210</u>	<u>8,313,610</u>
Total liabilities	<u>6,438,423</u>	<u>9,285,664</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow of resources related to pension	2,044,451	309,763
Deferred inflow of resources related to OPEB	<u>1,241,359</u>	<u>869,541</u>
Total liabilities and deferred inflow of resources	<u>9,724,233</u>	<u>10,464,968</u>
<b>NET POSITION</b>		
Net investment in capital assets	130,737	190,895
Restricted	2,089	6,220
Unrestricted	<u>3,903,089</u>	<u>2,232,967</u>
Total net position	<u>\$ 4,035,915</u>	<u>\$ 2,430,082</u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2022**

The above analysis focuses on the net position (see above table). The change in net position (see table below) of the Academy's governmental activities is discussed below. The Academy's net position was approximately \$4,035,900 at June 30, 2022. Capital assets totaling approximately \$130,000 represent the original cost less depreciation of the Academy's capital assets.

The approximately \$3,903,000 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Academy to meet working capital and cash flow requirements as well as to provide for future uncertainties.

The approximately \$2,100 represents balances related to student activity accounts.

The net pension liability, net OPEB liability and related expenses have a significant impact on the Academy's Total Net Position. These are not new liabilities. They have been a shared responsibility of all Michigan public schools since the 1990's. In order to provide useful employer-level pension information, improve transparency, and to make it easier to compare public pension plans by standardizing financial reporting requirements, the net pension liability and the net OPEB liability are now being recorded on the Academy-wide financial statements. They are not immediately due and cannot be paid off under an accelerated schedule. The pension and OPEB expenses represents the change in net pension and OPEB liabilities from year to year and can change materially from year to year depending on new retirees to the system and the number of employer contributions made to the systems.

The Office of Retirement Services calculates the total pension and OPEB liabilities. The proportionate share for each Academy is calculated based on the prior year's total pension and OPEB contributions to the systems.

These large liabilities have a significant impact on the unrestricted net position of the Academy but do not affect the Academy's governmental-fund financial statements.

The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. Approximately, \$1,000,000 has been set aside for the support and development of Washtenaw Technical Middle College.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2022**

The results of the year's operations for the Academy as a whole are reported in the statement of activities (see table below), which shows the changes in net position for fiscal years 2022 and 2021.

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Program Revenue		
Operating grants	\$ 722,434	\$ 655,080
Federal Sources	-	325,349
General Revenue		
State foundation allowance	7,951,191	7,345,215
Other	6,210	14,807
Total revenue	<u>8,679,835</u>	<u>8,340,451</u>
<b>Functions/Program Expenses</b>		
Instruction	4,858,388	4,827,092
Support services	2,155,456	2,118,257
Depreciation (unallocated)	60,158	53,515
Total functions/program expenses	<u>7,074,002</u>	<u>6,998,864</u>
<b>Change in Net Position</b>	<u>\$ 1,605,833</u>	<u>\$ 1,341,587</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$7,074,002. Certain activities were partially funded from those who benefited from the programs or by other governments that subsidized certain programs with grants of \$722,434. We paid for the remaining "public benefit" portion of our governmental activities with \$7,951,191 in state foundation allowance and with our other revenues, i.e., interest.

The Academy experienced an increase in net position of \$1,605,833 which was primarily due to the increase in operating grants and foundation allowance.

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 Academy operating revenue sources, the board of directors and administration must annually evaluate the needs of the Academy and balance those needs with state-prescribed available unrestricted resources.

# **WASHTENAW TECHNICAL MIDDLE COLLEGE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2022**

### The Academy's Governmental 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 held accountable for the resources the State and others provide to it and may provide more insight into the Academy's overall financial health.

As the Academy completed this year, the General Fund reported a fund balance of \$10,317,009 which is an increase of \$1,575,523 from last year.

General Fund balance is available to fund costs related to allowable school operating purposes and to maintain adequate cash flow. This is important as no state aid revenue is received in September and without adequate fund balance to maintain cash flow, the Academy would need to borrow funds and would spend additional funds on interest costs.

### General Fund Budgetary Highlights

Over the course of the year, the Academy revises its budget at its attempts to deal with unexpected changes in revenues 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 required supplementary information of these financial statements.

The following were significant variances between the final budget and actual amounts on the general fund:

- Basic programs expenditures showed a \$637,611 favorable variance due to less activity in the printing, textbooks and tuition expenditures. In addition, the Academy budgeted certain expenditures related to online support that were not used as the Academy returned to in person classes.
- Capital outlay expenditures showed a \$473,884 favorable variance mainly due to the planned purchase of a new vacuum system that was budgeted as part of the ESSER III federal fund. As of June 30, 2022, the grant was not approved and therefore, the Academy did not purchase the vacuum system. In addition, new labs were budgeted for online education but were not needed as the Academy returned to in person classes.

### Capital Assets

As of June 30, 2022, the Academy invested \$482,969 in furniture and equipment without any debt outstanding. Accumulated depreciation totaled \$352,232 which results in a book value of \$130,737.

No major capital projects are planned for the 2022-2023 fiscal year. We present more detail information about our capital assets in the notes to the financial statements.

# **WASHTENAW TECHNICAL MIDDLE COLLEGE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2022**

### Economic Factors and Next Year's Budgets and Rates

Our board of directors 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 blend count for the 2022-2023 fiscal year is 10 percent and 90 percent of the February 2022 and October 2022 student counts respectively. The 2022-2023 budget was adopted in June 2022, based on an estimate of students that will be enrolled in October 2022. Substantially all of the General Fund revenue is from the foundation allowance. As a result, Academy funding is 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 slightly down, approximately 807. Once the final student counts and related per pupil funding is validated, state law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriations to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. If the State determines at this conference that funds are not sufficient to fund the appropriations, the Legislature must revise the appropriation, or a proration of state aid will occur.

### Requests for Information

Questions concerning any of the information contained in this report or requests for additional financial information should be addressed to the Washtenaw Technical Middle College Dean, 4800 East Huron River Drive, Ann Arbor, MI 48105. The Academy's past and current budgets and audited financials are available on the Academy's website: [www.themiddlecollege.org](http://www.themiddlecollege.org).

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 4,630,315
Accounts receivable	19,689
Due from other governmental units	1,568,696
Certificates of deposit	5,043,788
Prepaid items	11,823
Capital assets - net of accumulated depreciation	<u>130,737</u>
Total Assets	11,405,048
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pension	1,728,794
Deferred outflows of resources related to OPEB	<u>626,306</u>
Total assets and deferred outflows of resources	<u><u>\$ 13,760,148</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 366,712
Accrued expenditures	261,440
Accrued salaries payable	327,061
Noncurrent liabilities	
Net pension liability	5,153,877
Net OPEB liability	<u>329,333</u>
Total liabilities	<u>6,438,423</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pension	2,044,451
Deferred inflows of resources related to OPEB	<u>1,241,359</u>
Total liabilities and deferred inflows of resources	<u>9,724,233</u>
<b>NET POSITION</b>	
Net investment capital assets	130,737
Restricted	2,089
Unrestricted	<u>3,903,089</u>
Total net position	<u><u>\$ 4,035,915</u></u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2022

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>			
Governmental activities			
Instruction	\$ 4,858,388	\$ 206,078	\$ (4,652,310)
Supporting services	2,155,456	516,356	(1,639,100)
Depreciation (unallocated)	60,158	-	(60,158)
Total governmental activities	<u>\$ 7,074,002</u>	<u>\$ 722,434</u>	<u>(6,351,568)</u>
GENERAL REVENUES			
State aid - unrestricted			7,951,191
Interest and other income			6,210
Total general revenues			<u>7,957,401</u>
Change in net position			1,605,833
NET POSITION - beginning of year			<u>2,430,082</u>
NET POSITION - ending of year			<u>\$ 4,035,915</u>



**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash	\$ 4,628,226	\$ 2,089	\$ 4,630,315
Accounts receivable	19,689	-	19,689
Due from other governmental units	1,568,696	-	1,568,696
Certificates of deposit	5,043,788	-	5,043,788
Prepaid items	11,823	-	11,823
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 11,272,222</u>	<u>\$ 2,089</u>	<u>\$ 11,274,311</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 366,712	\$ -	\$ 366,712
Accrued expenditures	261,440	-	261,440
Accrued salaries payable	327,061	-	327,061
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>955,213</u>	<u>-</u>	<u>955,213</u>
<b>FUND BALANCE</b>			
Non-spendable			
Prepaid items	11,823	-	11,823
Assigned for Academy Development	1,000,000	-	1,000,000
Restricted	-	2,089	2,089
Unassigned	9,305,186	-	9,305,186
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>10,317,009</u>	<u>2,089</u>	<u>10,319,098</u>
Total liabilities and fund balances	<u>\$ 11,272,222</u>	<u>\$ 2,089</u>	<u>\$ 11,274,311</u>

## WASHTENAW TECHNICAL MIDDLE COLLEGE

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2022

<b>TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS</b>	<b>\$ 10,319,098</b>
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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.

Capital assets - net of accumulated depreciation	130,737
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Deferred outflows (inflows) of resources are applicable to future periods and, therefore, not reported in the funds.

Deferred inflows of resources related to pension	(2,044,451)
Deferred outflows of resources related to pension	1,728,794
Deferred inflows of resources related to OPEB	(1,241,359)
Deferred outflows of resources related to OPEB	626,306

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	(5,153,877)
Net OPEB liability	<u>(329,333)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,035,915</u></b>
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**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES**  
**For the Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Total
<b>REVENUES</b>			
Local sources	\$ 6,210	\$ 9,770	\$ 15,980
State sources	8,617,944	-	8,617,944
Interdistrict sources	107,709	-	107,709
Total revenues	8,731,863	9,770	8,741,633
<b>EXPENDITURES</b>			
Current			
Education			
Instruction	4,953,869	-	4,953,869
Supporting services	2,176,459	13,901	2,190,360
Capital outlay	26,012	-	26,012
Total expenditures	7,156,340	13,901	7,170,241
Excess (deficiency) of revenues over expenditures	1,575,523	(4,131)	1,571,392
<b>FUND BALANCE - beginning</b>	8,741,486	6,220	8,747,706
<b>FUND BALANCE - ending</b>	<u>\$ 10,317,009</u>	<u>\$ 2,089</u>	<u>\$ 10,319,098</u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**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, 2022**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 1,571,392**

Total change in net position reported for governmental activities in the statement of activities is different because:

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 expense.

Depreciation expense (60,158)

Revenue in support of pension contributions made subsequent to the measurement date (61,798)

The statement of net position reports the net pension and OPEB liabilities and deferred outflows of resources and deferred inflows related to the net pension and OPEB liabilities and pension and OPEB expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability 1,994,595

Net change in the deferred inflows of resources related to pension (1,672,890)

Net change in the deferred outflows of resources related to pension (461,097)

Net change in net OPEB liability 835,805

Net change in the deferred inflows of resources related to OPEB (371,818)

Net change in the deferred outflows of resources related to OPEB (168,198)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 1,605,833**

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Washtenaw Technical Middle College (the Academy) conform to accounting principles generally accepted in the United States of America (U.S. GAAP) 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 Accounts of 1994.

The Academy has entered into a contract with Washtenaw Community College (WCC) to charter a public-school academy through June 30, 2027. 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. WCC 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 WCC three percent of the state aid foundation as administrative fees. The total administrative fees for the year to WCC was approximately \$239,000.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Academic and Career Education Academy Board of Directors (Board) is the primary government that has oversight responsibility and control over all activities related to public education in the Academy. The Board receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements.

The board has separate legal standing and is fiscally independent of other government entities. As such, the Board has decision-making authority, the right to determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Board does not include any other component within its financial statements.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 majors funds). For the most part, the effect of interfund activity has been removed from these statements. All of the Academy's government-wide activities are considered 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 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 (certain intergovernmental revenues). The statement of activities reports 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. State Foundation Aid and other unrestricted items are not included as program revenues but instead as general revenues.

The net costs (by function) are normally covered by general revenue (state sources and federal sources, interest income, etc.). The Academy does not allocate indirect costs.

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

**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, expenditures related to compensated absences are recorded only when payment is due.

Unrestricted state aid, restricted 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.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements (Continued)**

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 and those operations not required to be provided for in other funds.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue fund maintained by the Academy is the Student Activity Fund.

**Assets, Liabilities and Equity**

Cash – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

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

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in the governmental funds the Academy follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital assets – Purchased or constructed capital assets are reported at historical cost. Donated capital assets are recorded at fair market value at the date of donation. The Academy defines capital assets as assets with an initial individual cost in excess of \$5,000 and an estimated useful life in excess of one year. 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. Equipment and furniture are depreciated using the straight-line method over a five-year useful life.

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 changes in proportion and differences between the Academy's contributions and the proportionate share of pension and OPEB contributions as defined by the Michigan Public Schools Employees Retirement System. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The Academy also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. These amounts will reduce net pension and OPEB liabilities in the following year.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Equity (Continued)**

Unavailable/Unearned Revenue – The Academy's governmental fund 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 did not have any unavailable revenue or unearned revenue.

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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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 earnings. These amounts are the result of differences between what the plan expected to earn from plan investments and what the plan actually earned. These amounts will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.



**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Equity (Continued)**

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefits provided (including comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries) cover a portion of total healthcare costs and the remaining premiums are deducted from the monthly pension payments for each retiree healthcare recipient. Investments are reported at fair value.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

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

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

Committed – amounts that have been formally set aside by the Board of 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 by the Board of Directors. \$1,000,000 is assigned for the support and development of the Academy.

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.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Adoption of New Accounting Standard**

For the year ended June 30, 2022, the Academy implemented the provisions of GASB Statement No. 87, *Leases*. The objective of this Statement is to improve accounting and financial reporting for leases. Management performed an assessment of the Academy's activities and determined that the adoption of the Statement had no impact on the Academy for the year ended June 30, 2022.

**Upcoming Accounting and Reporting Changes**

In May 2021, 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. 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 of 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.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with U.S. GAAP and state law for the general fund. All annual appropriations lapse at fiscal year-end, and thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the fiscal 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.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**Budgetary Information (Continued)**

Budgeted amounts are as originally adopted or as amended by the Board of Directors throughout the year.

**Expenditures Over Appropriation in Budgeted Fund**

The General Fund had expenditures in excess of amounts appropriated as follows:

	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
General Fund - Business Fiscal Services	\$ 383,750	\$ 435,824	\$ 52,074

**NOTE 3 – DEPOSITS**

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

	<u>Governmental Activities</u>
Cash	\$ 4,630,315
Certificates of deposit	<u>5,043,788</u>
	<u><u>\$ 9,674,103</u></u>

Interest rate risk – In accordance with its investment policy, the Academy manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit risk – State 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.

Concentration of credit risk – The Academy's investment policy requires diversification so the impact of potential losses from any one type of security or issuer will be minimized.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 3 – DEPOSITS (Continued)**

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of year-end, \$4,590,340 of the Academy's bank balance of \$9,884,128 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	Additions	Reductions	Ending Balance
<b>Governmental activities</b>				
Capital assets being depreciated				
Equipment and furniture	\$ 482,969	\$ -	\$ -	\$ 482,969
Less accumulated depreciation for equipment and furniture	292,074	60,158	-	352,232
Net capital assets	<u>\$ 190,895</u>	<u>\$ (60,158)</u>	<u>\$ -</u>	<u>\$ 130,737</u>

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

**NOTE 5 – RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The Academy has purchased commercial insurance for general liability, property and casualty and health and vision claims.

**NOTE 6 – PENSION PLANS**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employers, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, re-codified 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.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 – PENSION PLANS (Continued)**

**Plan Description (Continued)**

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 [Michigan.gov/ORSSchools](https://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.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 – PENSION PLANS (Continued)**

**Contributions (Continued)**

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, 2020, valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2021.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.00 - 4.00%	19.78%
Member Investment Plan	3.00 - 7.00%	19.78%
Pension Plus	3.00 - 6.40%	16.82%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from Washtenaw Technical Middle College were \$653,638 for the year ended September 30, 2021.

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

At June 30, 2022, the Academy reported a liability of \$5,153,877 for its proportionate share of the MPSERS 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 rolled forward from September 2020. The Academy's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the Academy's proportion was .021769 percent, which was an increase of .000959 percent from its proportion measured as of September 30, 2020.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 – PENSION PLANS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ending June 30, 2022, the Academy recognized pension expense of \$908,883. At June 30, 2022, Washtenaw Technical Middle College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 79,836	\$ 30,350
Changes of assumptions	324,882	-
Net difference between projected and actual earnings on pension plan investments	-	1,656,955
Changes in proportion and differences between employer contributions and proportionate share of contributions	644,923	8,416
Employer contributions subsequent to the measurement date	679,153	348,730
	<u>\$ 1,728,794</u>	<u>\$ 2,044,451</u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 6 – PENSION PLANS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>(To Be Recognized in Future Pension Expenses)</b>	
<b>Plan Year Ending September 30</b>	<b>Amount</b>
2022	\$ 131,101
2023	(74,748)
2024	(282,608)
2025	<u>(419,825)</u>
Total	<u><u>\$ (646,080)</u></u>

**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.



**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 – PENSION PLANS (Continued)**

**Actuarial Assumptions (Continued)**

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2020
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of returns:
  - 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: 3.00% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100.00% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Notes:
  - Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018, valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
  - Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 4.4367.
  - Recognition period for assets in years: 5.0000.
  - Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at [Michigan.gov/ORSSchools](https://www.michigan.gov/ORSSchools).

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 – PENSION PLANS (Continued)**

**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, 2021, are summarized in the following table:

Asset Class	Target Allocation	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%
Real Return/Opportunistic Pools	12.50%	6.10%
Short-Term Investment Pools	2.00%	-1.30%
	<u>100.00%</u>	

\*Long term rates of return are net of administrative expenses and 2.00% inflation.

**Rate of Return**

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 – PENSION PLANS (Continued)**

**Discount Rate**

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% 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 6.80% (6.80% 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 point higher:

1.00% Decrease*	Current Single Discount Rate Assumption*	1% Increase*
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
<u>\$ 7,368,646</u>	<u>\$ 5,153,877</u>	<u>\$ 3,317,688</u>

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

**Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Payables to the Pension Plan**

The total employer and employee portion of defined benefits payable to the pension plan was \$31,697 at June 30, 2022.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employers, 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 [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Benefits Provided**

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

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS** (Continued)

**Benefits Provided** (Continued)

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 3.00% contribution to retiree healthcare and keeping the premium subsidy benefit described above or choosing not to pay the 3.00% 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 2.00% employee contribution into their 457 account as of their transition date, earning them a 2.00% employer match into a 401(k) account. Members who selected this option stop paying the 3.00% 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 Sept. 30, 2020, valuation will be amortized over a 18-year period beginning Oct. 1, 2020 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2021.

<u>Benefit Structure</u>	<u>Member</u>
Premium Subsidy	3.00%
Personal Healthcare Fund (PHF)	0.00%

Required contributions to the OPEB plan from Washtenaw Technical Middle College were \$160,169 for the year ended September 30, 2021.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS** (Continued)

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

At June 30, 2022, the Academy reported a liability of \$329,333 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability 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 rolled forward from September 2020. The Academy's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the Academy's proportion was .02158 percent, which was a decrease of .00017 percent from its proportion measured as of October 1, 2020.

For the year ending June 30, 2022, Washtenaw Technical Middle College recognized OPEB expense of (\$111,838). At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 940,059
Changes of assumptions	275,306	41,196
Net difference between projected and actual earnings on OPEB plan investments	-	248,225
Changes in proportion and differences between employer contributions and proportionate share of contributions	215,790	11,879
Employer contributions subsequent to the measurement date	<u>135,210</u>	<u>-</u>
Total	<u><u>\$ 626,306</u></u>	<u><u>\$ 1,241,359</u></u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS (Continued)**

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)</b>	
<b>Plan Year Ending September 30</b>	<b>Amount</b>
2022	\$ (175,955)
2023	(163,698)
2024	(164,769)
2025	(167,606)
2026	(69,159)
Thereafter	<u>(9,076)</u>
Total	<u><u>\$ (750,263)</u></u>

**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, 2020
- 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 at 2.75%
- Healthcare Cost Trend Rate:  
 Pre-65: 7.75% Year 1 graded to 3.50% Year 15; 3.00% for Year 120.  
 Post-65: 5.25% Year 1 graded to 3.50% Year 15; 3.00% for Year 120.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS (Continued)**

**Actuarial Assumptions (Continued)**

- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Other Assumptions:
  - Opt-Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
  - Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
  - Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.
- Notes:
  - Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
  - Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.1312.
  - Recognition period for assets in years is 5.0000.
  - Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at [Michigan.gov/ORSSchools](https://Michigan.gov/ORSSchools).



**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS** (Continued)

**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, 2021, are summarized in the following table:

Asset Class	Target Allocation	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%
Real Return/Opportunistic Pools	12.50%	6.10%
Short-Term Investment Pools	2.00%	-1.30%
	<u>100.00%</u>	

\*Long term rates of return are net of administrative expenses and 2.00% inflation.

**Rate of Return**

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS (Continued)**

**Discount Rate**

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

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

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

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
<u>\$ 611,961</u>	<u>\$ 329,333</u>	<u>\$ 89,484</u>

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>\$ 80,157</u>	<u>\$ 329,333</u>	<u>\$ 609,687</u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – OPEB PLANS (Continued)**

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS CAFR, available on the ORS website at [Michigan.gov/ORSSchools](https://Michigan.gov/ORSSchools).

**Payables to the OPEB Plan**

The total employer and employee portion of the OPEB plan was \$12,266 at June 30, 2022.

**NOTE 8 – 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.

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The Washtenaw Community College board of trustees (WCC) is the chartering body for the Academy. As such, WCC also acts as the fiscal agent for the Academy and has oversight responsibilities for the Academy. The Academy has entered into several contractual agreements with WCC which are renewed annually, including the following:

**Facility Use License Agreement**

Under this agreement, WCC granted the Academy a license to use space located on the WCC campus through June 30, 2022. For the year ended June 30, 2022, a license fee of \$75,000 was paid by the Academy to WCC.

**Administrative and Educational Support Services Agreement**

Under this agreement, effective through June 30, 2022, WCC agrees to provide the Academy with purchasing services, computer services, promotional services, security services, receiving and mail services. In addition, as part of this agreement, WCC agrees to provide limited student counseling, career counseling, and library services. For the year ended June 30, 2022, the Academy paid WCC \$75,000 under this agreement.

The Academy also incurred \$238,549 of administrative fees to WCC, which was 3% of State Aid received. At June 30, 2022, \$43,390 of administrative fees were owed to WCC.

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 9 – RELATED PARTY TRANSACTIONS (Continued)**

**Joint Enrollment Agreement**

Under this agreement, Academy students may be jointly enrolled in both the Academy and WCC. The Academy pays all WCC tuition and fees for students enrolled at WCC. Total expenditures to WCC under this agreement were \$1,720,426 for the year ended June 30, 2022.

**NOTE 10 – SUBSEQUENT EVENTS**

The Academy's management has performed a review of events subsequent to the balance sheet date through October 6, 2022, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended June 30, 2022**

	Original	Final	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 17,000	\$ 6,000	\$ 6,210	\$ 210
State sources	7,710,118	8,591,773	8,617,944	26,171
Federal sources	325,351	121,750	-	(121,750)
Interdistrict sources	102,823	102,823	107,709	4,886
Total revenues	8,155,292	8,822,346	8,731,863	(90,483)
<b>EXPENDITURES</b>				
Instruction				
Basic programs	5,426,269	5,588,830	4,951,219	637,611
Added needs	41,625	41,625	2,650	38,975
Supporting services				
Pupil	554,434	567,355	563,733	3,622
General administration	541,628	541,627	538,202	3,425
School administration	441,842	538,778	440,770	98,008
Business	328,750	383,750	435,824	(52,074)
Operations and maintenance	121,000	122,000	97,798	24,202
Pupil transportation services	10,000	10,000	1,304	8,696
Central services	189,848	196,132	98,828	97,304
Capital outlay	499,896	499,896	26,012	473,884
Total expenditures	8,155,292	8,489,993	7,156,340	1,333,653
Excess of revenues over expenditures	-	332,353	1,575,523	1,243,170
<b>FUND BALANCE - beginning</b>	8,741,486	8,741,486	8,741,486	-
<b>FUND BALANCE - ending</b>	<u>\$ 8,741,486</u>	<u>\$ 9,073,839</u>	<u>\$ 10,317,009</u>	<u>\$ 1,243,170</u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM**  
**LAST EIGHT FISCAL YEARS**  
**PLAN YEARS ENDED SEPTEMBER 30**

	2021	2020	2019	2018	2017	2016	2015	2014
A. Reporting unit's proportion of net pension liability (%)	0.021769%	0.020810%	0.018975%	0.017567%	0.016774%	0.015400%	0.013700%	0.011430%
B. Reporting unit's proportionate share of net pension liability	\$ 5,153,877	\$ 7,148,472	\$ 6,283,822	\$ 5,280,972	\$ 4,346,867	\$ 3,832,052	\$ 3,338,789	\$ 2,517,433
C. Reporting unit's covered-employee payroll	\$ 2,000,647	\$ 1,954,897	\$ 1,736,360	\$ 1,559,390	\$ 1,444,798	\$ 1,427,402	\$ 1,144,062	\$ 978,211
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	257.61%	365.67%	361.90%	338.66%	300.86%	268.46%	291.84%	257.35%
E. Plan fiduciary net position as a percentage of total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE ACADEMY'S PENSION CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM**  
**LAST EIGHT FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF JUNE 30 OF EACH YEAR)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required pension contributions	\$ 770,673	\$ 650,660	\$ 566,525	\$ 489,875	\$ 393,440	\$ 253,041	\$ 255,686	\$ 252,611
B. Contributions in relation to statutorily required contributions	<u>770,673</u>	<u>650,660</u>	<u>566,525</u>	<u>489,875</u>	<u>393,440</u>	<u>253,041</u>	<u>255,686</u>	<u>252,611</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Reporting unit's covered-employee payroll	\$ 2,266,170	\$ 1,988,947	\$ 1,942,911	\$ 1,659,113	\$ 1,444,798	\$ 1,434,072	\$ 1,373,420	\$ 1,128,337
E. Contributions as a percentage of covered- employee payroll	34.01%	32.71%	29.16%	29.53%	27.23%	17.64%	18.62%	22.39%



**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM**  
**LAST FIVE FISCAL YEARS**  
**PLAN YEAR ENDED SEPTEMBER 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. Employer's proportion of net OPEB liability (%)	0.02158%	0.02175%	0.01971%	0.01818%	0.01685%
B. Employer's proportionate share of net OPEB liability	\$ 329,333	\$ 1,165,138	\$ 1,414,524	\$ 1,444,952	\$ 1,491,928
C. Employer's covered payroll (OPEB)	\$ 2,000,647	\$ 1,954,897	\$ 1,736,360	\$ 1,559,390	\$ 1,444,798
D. Employer's proportionate share of net OPEB liability as a percentage of its covered payroll	16.46%	59.60%	81.46%	92.66%	103.26%
E. Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE ACADEMY'S OPEB CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM**  
**LAST FIVE FISCAL YEARS**  
**YEAR ENDED JUNE 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily required OPEB contributions	\$ 175,108	\$ 159,080	\$ 152,403	\$ 128,947	\$ 131,165
B. OPEB contributions in relation to statutorily required	<u>175,108</u>	<u>159,080</u>	<u>152,403</u>	<u>128,947</u>	<u>131,165</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Employer's covered payroll	\$ 2,266,170	\$ 1,988,947	\$ 1,942,911	\$ 1,659,113	\$ 1,444,798
E. OPEB contributions as a percentage of covered payroll	7.73%	8.00%	7.84%	7.77%	9.08%

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**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 in FY 2021.

***Changes in Assumptions***

There were no changes of assumptions in FY 2021.

***Covered Payroll***

The employers' covered payroll to be reported in the required supplemental information is defined by GASB No. 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by GASB No. 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For the Academy, covered payroll represents payroll on which contributions to both plans are based.

***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 in FY 2021.

***Changes in Assumptions***

There were no changes of assumptions in FY 2021.

***Covered Payroll***

The employers' covered payroll to be reported in the required supplemental information is defined by GASB No. 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by GASB No. 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For the Academy, covered payroll represents payroll on which contributions to both plans are based.

## **OTHER SUPPLEMENTARY INFORMATION**

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**COMPARATIVE BALANCE SHEET - GENERAL FUND**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash	\$ 4,628,226	\$ 6,149,507
Accounts receivable	19,689	20,565
Due from other governmental units	1,568,696	1,499,724
Certificates of deposit	5,043,788	2,039,210
Prepaid items	11,823	4,534
	<u>                    </u>	<u>                    </u>
Total Assets	<u><u>\$ 11,272,222</u></u>	<u><u>\$ 9,713,540</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 366,712	450,920
Accrued expenditures	261,440	188,209
Accrued salaries payable	327,061	332,925
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>955,213</u>	<u>972,054</u>
 <b>FUND BALANCE</b>		
Non-spendable		
Prepaid items	11,823	4,534
Assigned - Academy development	1,000,000	1,000,000
Unassigned	9,305,186	7,736,952
	<u>                    </u>	<u>                    </u>
Total fund balance	<u>10,317,009</u>	<u>8,741,486</u>
	<u><u>\$ 11,272,222</u></u>	<u><u>\$ 9,713,540</u></u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**SCHEDULE OF REVENUES COMPARED TO BUDGET - GENERAL FUND**  
**For the Year Ended June 30, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES FROM LOCAL SOURCES</b>				
Earnings on investments	\$ 17,000	\$ 6,000	\$ 4,680	\$ (1,320)
Miscellaneous Local Revenues	<u>-</u>	<u>-</u>	<u>1,530</u>	<u>1,530</u>
Total revenues from local sources	<u>17,000</u>	<u>6,000</u>	<u>6,210</u>	<u>210</u>
<b>REVENUES FROM STATE SOURCES</b>				
Grants - unrestricted	7,122,351	7,951,191	7,951,191	-
Grants - restricted	<u>587,767</u>	<u>640,582</u>	<u>666,753</u>	<u>26,171</u>
Total revenues from state sources	<u>7,710,118</u>	<u>8,591,773</u>	<u>8,617,944</u>	<u>26,171</u>
<b>REVENUES FROM FEDERAL SOURCES</b>				
Coronavirus Aid, Relief, and Economic Security Act	<u>325,351</u>	<u>121,750</u>	<u>-</u>	<u>(121,750)</u>
Total revenues from local sources	<u>325,351</u>	<u>121,750</u>	<u>-</u>	<u>(121,750)</u>
<b>INTERDISTRICT SOURCES</b>				
ISD collected millage (Act 18 funds)	<u>102,823</u>	<u>102,823</u>	<u>107,709</u>	<u>4,886</u>
Total revenue	<u>\$ 8,155,292</u>	<u>\$ 8,822,346</u>	<u>\$ 8,731,863</u>	<u>\$ (90,483)</u>

**WASHTENAW TECHNICAL MIDDLE COLLEGE**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET - GENERAL FUND**  
**For the Year Ended June 30, 2022**

	Original	Final	Actual	Variance Positive (Negative)
<b>BASIC PROGRAM - HIGH SCHOOL</b>				
Salaries	\$ 1,624,950	\$ 1,670,112	\$ 1,645,151	\$ 24,961
Employee benefits	802,119	903,568	1,020,330	(116,762)
Purchased services	2,240,000	2,249,000	1,977,889	271,111
Supplies and materials	542,200	542,200	256,962	285,238
Other	217,000	223,950	50,887	173,063
Total high school	5,426,269	5,588,830	4,951,219	637,611
<b>ADDED NEEDS - SPECIAL EDUCATION</b>				
Purchased services	40,625	40,625	2,650	37,975
Supplies and Materials	1,000	1,000	-	1,000
Total special education	41,625	41,625	2,650	38,975
<b>PUPIL - GUIDANCE SERVICES</b>				
Salaries	238,899	250,936	265,476	(14,540)
Employee benefits	161,110	161,896	154,777	7,119
Purchased services	145,721	145,821	142,380	3,441
Other	8,704	8,702	1,100	7,602
Total guidance services	554,434	567,355	563,733	3,622
<b>GENERAL ADMINISTRATION - BOARD OF EDUCATION</b>				
Purchased services	30,156	30,156	24,899	5,257
Supplies and materials	12,000	12,000	3,561	8,439
Salaries	351,830	351,830	342,241	9,589
Employee benefits	142,592	142,591	165,046	(22,455)
Other	5,050	5,050	2,455	2,595
Total board of education	541,628	541,627	538,202	3,425
<b>SCHOOL ADMINISTRATION - OFFICE OF THE PRINCIPAL</b>				
Salaries	256,764	304,000	265,550	38,450
Employee benefits	111,378	160,578	159,572	1,006
Purchased services	17,700	18,200	5,391	12,809
Supplies and materials	3,000	3,000	-	3,000
Capital outlay	15,000	15,000	-	15,000
Other	28,000	28,000	3,145	24,855
Total office of the principal	431,842	528,778	433,658	95,120
<b>SCHOOL ADMINISTRATION - OTHER</b>				
Supplies and materials	10,000	10,000	7,112	2,888
Total Other	10,000	10,000	7,112	2,888
<b>BUSINESS - FISCAL SERVICES</b>				
Purchased services	81,750	6,750	75,362	(68,612)
Other	247,000	377,000	360,462	16,538
Total other business	328,750	383,750	435,824	(52,074)
<b>OPERATIONS AND MAINTENANCE - OPERATING BUILDING SERVICES</b>				
Purchased services	121,000	122,000	97,798	24,202
<b>PUPIL TRANSPORTATION SERVICES</b>				
Purchased services	10,000	10,000	1,304	8,696
<b>CENTRAL - SUPPORT SERVICES TECHNOLOGY</b>				
Salaries	124,210	124,210	54,900	69,310
Employee benefits	43,274	49,558	36,285	13,273
Purchased services	11,964	11,964	7,643	4,321
Others	10,400	10,400	-	10,400
Total support services technology	189,848	196,132	98,828	97,304
<b>CAPITAL OUTLAY</b>				
Basic program - high school	479,896	479,896	-	479,896
Other	20,000	20,000	26,012	(6,012)
Total capital outlay	499,896	499,896	26,012	473,884
Total expenditures	\$ 8,155,292	\$ 8,489,993	\$ 7,156,340	\$ 1,333,653

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

To the Board of Directors  
Washtenaw Technical Middle College  
Ann Arbor, 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, each major fund, and the aggregate remaining fund information of Washtenaw Technical Middle College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Washtenaw Technical Middle College's basic financial statements, and have issued our report thereon dated October 6, 2022.

**Report on Internal Control over Financial Reporting**

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



To the Board of Directors  
Washtenaw Technical Middle College

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washtenaw Technical Middle College'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.

A handwritten signature in dark ink, appearing to read "UHY LLP", is positioned above the printed name and date.

Farmington Hills, Michigan  
October 6, 2022