WASHTENAW TECHNICAL MIDDLE COLLEGE

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended June 30, 2023

WASHTENAW TECHNICAL MIDDLE COLLEGE

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Administration

Karl Covert, Ph.D. - Dean

INDEPENDENT AUDITOR'S REPORT

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

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, 2023, 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, 2023, 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, 2023, Washtenaw Technical Middle College adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

To the Board of Directors
Washtenaw Technical Middle College

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.

To the Board of Directors
Washtenaw Technical Middle College

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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, 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.

UHY LLP

Farmington Hills, Michigan
October 5, 2023

WASHTENAW TECHNICAL MIDDLE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

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, 2023. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those 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

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 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.

The Academy as a Whole

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

	Governmental Activities	
	2023	**2022**
ASSETS		
Current and other assets	**$ 12,963,104**	11,274,311
Capital assets	**73,059**	130,737
Total Assets	**13,036,163**	11,405,048
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources related to pension	**3,342,030**	1,728,794
Deferred outflow of resources related to OPEB	**884,420**	626,306
Total assets and deferred outflows of resources	**$ 17,262,613**	$ 13,760,148
LIABILITIES		
Current liabilities	**$ 1,279,916**	$ 955,213
Long-term liabilities	**9,240,155**	5,483,210
Total liabilities	**10,520,071**	6,438,423
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow of resources related to pension	**685,692**	2,044,451
Deferred inflow of resources related to OPEB	**1,028,457**	1,241,359
Total liabilities and deferred inflow of resources	**12,234,220**	9,724,233
NET POSITION		
Net investment in capital assets	**73,059**	130,737
Restricted	**264**	2,089
Unrestricted	**4,955,070**	3,903,089
Total net position	**$ 5,028,393**	$ 4,035,915

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 $5,028,000 at June 30, 2023. Capital assets totaling approximately $73,000 represent the original cost less depreciation of the Academy's capital assets.

The approximately $4,955,000 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 $260 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.

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 2023 and 2022.

	Governmental Activities	
	2023	**2022**
Revenue		
Program Revenue		
Operating grants	**$ 926,785**	$ 722,434
Federal Sources	**632,590**	-
General Revenue		
State foundation allowance	**7,700,457**	7,951,191
Other	**4,172**	6,210
Total revenue	**9,264,004**	8,679,835
Functions/Program Expenses		
Instruction	**5,668,623**	4,858,388
Support services	**2,545,225**	2,155,456
Depreciation (unallocated)	**57,678**	60,158
Total functions/program expenses	**8,271,526**	7,074,002
Change in Net Position	**$ 992,478**	$ 1,605,833

As reported in the statement of activities, the cost of all of our governmental activities this year was $8,271,526. Certain activities were partially funded from those who benefited from the programs or by other governments that subsidized certain programs with grants of $1,559,375. We paid for the remaining "public benefit" portion of our governmental activities with $7,700,457 in state foundation allowance and with our other revenues, i.e., interest.

The Academy experienced an increase in net position of $992,478 which was primarily due to the increase in operating grants and federal sources.

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.

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 $11,682,924 which is an increase of $1,365,915 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 2023. 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 $780,001 favorable variance due to less activity in the tuition due to lower enrollment, supplies and textbook expenditures.
- Capital outlay expenditures showed a $272,921 favorable variance mainly due to the new refurnishing of new offices did not take place and was postponed.

Capital Assets

As of June 30, 2023, the Academy invested $482,969 in furniture and equipment without any debt outstanding. Accumulated depreciation totaled $409,910 which results in a book value of $73,059.

No major capital projects are planned for the 2023-2024 fiscal year. We present more detail information about our capital assets in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our board of directors and administration consider many factors when setting the Academy's 2023-2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blend count for the 2023-2024 fiscal year is 10 percent and 90 percent of the February 2023 and October 2023 student counts respectively. The 2023-2024 budget was adopted in June 2023, based on an estimate of students that will be enrolled in October 2023. 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 2023-2024 school year, we anticipate that the fall student count will be slightly up, approximately 833. 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.

WASHTENAW TECHNICAL MIDDLE COLLEGE
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
ASSETS	
Cash	$ 5,712,759
Accounts receivable	26,138
Due from other governmental units	2,175,501
Certificates of deposit	5,046,640
Prepaid items	2,066
Capital assets - net of accumulated depreciation	73,059
Total Assets	13,036,163
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	3,342,030
Deferred outflows of resources related to OPEB	884,420
Total assets and deferred outflows of resources	$ 17,262,613
LIABILITIES	
Accounts payable	$ 536,367
Accrued expenditures	352,794
Accrued salaries payable	390,755
Noncurrent liabilities:	
Net pension liability	8,738,424
Net OPEB liability	501,731
Total liabilities	10,520,071
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension	685,692
Deferred inflows of resources related to OPEB	1,028,457
Total liabilities and deferred inflows of resources	12,234,220
NET POSITION	
Net investment capital assets	73,059
Restricted	264
Unrestricted	4,955,070
Total net position	$ 5,028,393

WASHTENAW TECHNICAL MIDDLE COLLEGE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS			
Governmental activities			
Instruction	$ 5,668,623	$ 836,278	$ (4,832,345)
Supporting services	2,545,225	723,097	(1,822,128)
Depreciation (unallocated)	57,678	-	(57,678)
Total governmental activities	$ 8,271,526	$ 1,559,375	(6,712,151)
	GENERAL REVENUES		
	State aid - unrestricted		7,700,457
	Interest and other income		4,172
	Total general revenues		7,704,629
	Change in net position		992,478
	NET POSITION - beginning of year		4,035,915
	NET POSITION - ending of year		$ 5,028,393

WASHTENAW TECHNICAL MIDDLE COLLEGE
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash	$ 5,712,495	$ 264	$ 5,712,759
Accounts receivable	26,138	-	26,138
Due from other governmental units	2,175,501	-	2,175,501
Certificates of deposit	5,046,640	-	5,046,640
Prepaid items	2,066	-	2,066
Total Assets	$ 12,962,840	$ 264	$ 12,963,104
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 536,367	$ -	$ 536,367
Accrued expenditures	352,794	-	352,794
Accrued salaries payable	390,755	-	390,755
Total Liabilities	1,279,916	-	1,279,916
FUND BALANCE			
Non-spendable			
Prepaid items	2,066	-	2,066
Assigned for Academy Development	1,000,000	-	1,000,000
Restricted	-	264	264
Unassigned	10,680,858	-	10,680,858
Total fund balances	11,682,924	264	11,683,188
Total liabilities and fund balances	$ 12,962,840	$ 264	$ 12,963,104

WASHTENAW TECHNICAL MIDDLE COLLEGE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2023

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	$ 11,683,188
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	73,059
Deferred outflows (inflows) of resources are applicable to future periods and, therefore, not reported in the funds.	
Deferred inflows of resources related to pension	(685,692)
Deferred outflows of resources related to pension	3,342,030
Deferred inflows of resources related to OPEB	(1,028,457)
Deferred outflows of resources related to OPEB	884,420
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	(8,738,424)
Net OPEB liability	(501,731)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 5,028,393

WASHTENAW TECHNICAL MIDDLE COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total
REVENUES			
Local sources	$ 4,172	$ 25,713	$ 29,885
State sources	8,785,122	-	8,785,122
Federal sources	632,590	-	632,590
Interdistrict sources	129,281	-	129,281
Total revenues	9,551,165	25,713	9,576,878
EXPENDITURES			
Current			
Education			
Instruction	5,457,013	-	5,457,013
Supporting services	2,573,158	27,538	2,600,696
Capital outlay	155,079	-	155,079
Total expenditures	8,185,250	27,538	8,212,788
Excess (deficiency) of revenues over expenditures	1,365,915	(1,825)	1,364,090
FUND BALANCE - beginning	10,317,009	2,089	10,319,098
FUND BALANCE - ending	$ 11,682,924	$ 264	$ 11,683,188

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, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 1,364,090
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	(57,678)
Revenue in support of pension contributions made subsequent to the measurement date	(312,874)
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	(3,584,547)
Net change in the deferred inflows of resources related to pension	1,671,633
Net change in the deferred outflows of resources related to pension	1,613,236
Net change in net OPEB liability	(172,398)
Net change in the deferred inflowsof resources related to OPEB	212,902
Net change in the deferred outflows of resources related to OPEB	258,114
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 992,478

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 $231,000.

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.

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 major 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.

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.

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, 2023, 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For Academy-wide financial statements, the Academy reports deferred inflows of resources as a result of pension and OPEB 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 MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

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 Directors for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Directors.
>
> Assigned – amounts intended to be used for specific purposes, as determined by the Board of Directors. $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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard

For the year ended June 30, 2023, the Academy adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* The objective of this Statement is to improve accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Management performed an assessment of the Academy's activities and determined that the adoption of the Standard had no impact on the Academy for the year ended June 30, 2023.

Upcoming Reporting and Accounting Changes

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62.* The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. 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, 2024.

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 established 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.

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

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

Expenditures Over Appropriation in Budgeted Fund

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

	Appropriations	Expended	Variance
General Fund - Business Fiscal Services	$ 448,750	$ 471,345	$ 22,595

NOTE 3 – DEPOSITS

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

	Governmental Activities
Cash	$ 5,712,759
Certificates of deposit	5,046,640
	$ 10,759,399

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.

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, $5,598,570 of the Academy's bank balance of $10,895,210 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
Governmental activities				
Capital assets being depreciated				
Equipment and furniture	$ 482,969	$ -	$ -	$ 482,969
Less accumulated depreciation for equipment and furniture	352,232	57,678	-	409,910
Net capital assets	$ 130,737	$ (57,678)	$ -	$ 73,059

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 MPSERS) is a cost-sharing, multiple employers, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of 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.

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.

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.

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, 2021, valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2022.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.00 - 4.00%	20.14%
Member Investment Plan	3.00 - 7.00%	20.14%
Pension Plus	3.00 - 6.40%	17.22%
Pension Plus 2	6.20%	19.93%
Defined Contribution	0.00%	13.73%

Required contributions to the pension plan from Washtenaw Technical Middle College were $790,827 for the year ended September 30, 2022.

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

At June 30, 2023, the Academy reported a liability of $8,738,424 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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, 2022, the Academy's proportion was .023235 percent, which was an increase of .001466 percent from its proportion measured as of September 30, 2021.

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, 2023, the Academy recognized pension expense of $1,442,336. At June 30, 2023, 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	$ 87,415	$ 19,538
Changes of assumptions	1,501,574	-
Net difference between projected and actual earnings on pension plan investments	20,492	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	700,789	4,550
Employer contributions subsequent to the measurement date	1,031,760	
Nonemployer contributions received subsequent to the measurement date	-	661,604
	$ 3,342,030	$ 685,692

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future Pension Expenses)

Plan Year Ending September 30	Amount
2023	$ 772,252
2024	556,862
2025	416,526
2026	540,542
Total	$ 2,286,182

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.

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, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of returns:
    - MIP and Basic Plans: 6.00%, net of investment expenses
    - Pension Plus Plan: 6.00%, 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, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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 4.3922.*
    - *Recognition period for assets in years: 5.0000.*
    - *Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.*

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	100.00%	

*Long term rates of return are net of administrative expenses and 2.20% inflation.

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 6 – PENSION PLANS (Continued)

Discount Rate

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

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

The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1.00% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$ 11,531,473	$ 8,738,424	$ 6,436,825

Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

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 and a fiduciary component unit of 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.

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.

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 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, 2021, valuation will be amortized over a 17-year period beginning Oct. 1, 2021 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022.

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.23%

Required contributions to the OPEB plan from Washtenaw Technical Middle College were $180,441 for the year ended September 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, 2023, the Academy reported a liability of $501,731 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. 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, 2022, the Academy's proportion was .02369 percent, which was an increase of .00211 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, Washtenaw Technical Middle College recognized OPEB expense of ($102,724). At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$ 982,699
Changes of assumptions	447,209	36,414
Net difference between projected and actual earnings on OPEB plan investments	39,214	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	246,927	9,344
Employer contributions subsequent to the measurement date	151,070	-
Total	$ 884,420	$ 1,028,457

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)

Plan Year Ending September 30	Amount
2023	$ (105,150)
2024	(104,386)
2025	(105,828)
2026	5,056
2027	10,580
Thereafter	4,621
Total	$ (295,107)

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, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage Inflation Rate: 2.75%
- Investment Rate of Return: 6.00% 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.

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, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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 6.2250.*
    - *Recognition period for assets in years is 5.0000.*
    - *Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.*

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	100.00%	

*Long term rates of return are net of administrative expenses and 2.20% inflation.

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 7 – OPEB PLANS (Continued)

Discount Rate

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

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 6.00%, 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 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 841,606	$ 501,731	$ 215,515

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
$ 210,101	$ 501,731	$ 829,092

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 2022 MPSERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

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, 2027. For the year ended June 30, 2023, a license fee of $87,500 was paid by the Academy to WCC. At June 30, 2023, the Academy reported a payable in the amount of $12,500 to WCC for license to use space.

Administrative and Educational Support Services Agreement

Under this agreement, effective through June 30, 2027, WCC agrees to provide the Academy with purchasing services, computer services, promotional services, security services, and 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, 2023, the Academy paid WCC $87,500 under this agreement. At June 30, 2023, the Academy reported a payable in the amount of $12,500 to WCC for support services WCC.

The Academy also incurred $231,014 of administrative fees to WCC, which was 3% of State Aid received. At June 30, 2023, the Academy reported a payable in the amount of $42,021 to WCC for administrative fees.

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 $1,738,605 for the year ended June 30, 2023. At June 30, 2023, the Academy owed $222,299 for tuition and fees to WCC.

NOTE 10 – SUBSEQUENT EVENTS

The Academy's management has performed a review of events subsequent to the balance sheet date through October 5, 2023, 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, 2023

	Original	Final	Actual	Variance Positive (Negative)
REVENUES				
Local sources	$ 6,000	$ 5,000	$ 4,172	$ (828)
State sources	8,989,333	8,752,731	8,785,122	32,391
Federal sources	584,411	710,779	632,590	(78,189)
Interdistrict sources	102,823	102,823	129,281	26,458
Total revenues	9,682,567	9,571,333	9,551,165	(20,168)
EXPENDITURES				
Instruction				
Basic programs	6,097,767	6,234,673	5,454,672	780,001
Added needs	45,638	45,638	2,341	43,297
Supporting services				
Pupil	622,040	725,347	585,558	139,789
General administration	641,900	715,021	666,198	48,823
School administration	582,633	568,582	563,749	4,833
Business	383,750	448,750	471,345	(22,595)
Operations and maintenance	125,000	125,000	109,308	15,692
Pupil transportation services	10,000	70,950	68,139	2,811
Central services	215,839	209,372	108,861	100,511
Capital outlay	958,000	428,000	155,079	272,921
Total expenditures	9,682,567	9,571,333	8,185,250	1,386,083
Excess of revenues over expenditures	-	-	1,365,915	1,365,915
FUND BALANCE - beginning	10,317,009	10,317,009	10,317,009	-
FUND BALANCE - ending	$ 10,317,009	$ 10,317,009	$ 11,682,924	$ 1,365,915

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 NINE FISCAL YEARS
PLAN YEARS ENDED SEPTEMBER 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Reporting unit's proportion of net pension liability (%)	0.023235%	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	$ 8,738,424	$ 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	$ 2,366,064	$ 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	369.32%	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	60.77%	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 NINE FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF JUNE 30 OF EACH YEAR)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required pension contributions	$ 900,325	$ 770,673	$ 650,660	$ 566,525	$ 489,875	$ 393,440	$ 253,041	$ 255,686	$ 252,611
B. Contributions in relation to statutorily required contributions	900,325	770,673	650,660	566,525	489,875	393,440	253,041	255,686	252,611
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$ 2,585,394	$ 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	34.82%	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 SIX FISCAL YEARS
PLAN YEAR ENDED SEPTEMBER 30

	2022	2021	2020	2019	2018	2017
A. Employer's proportion of net OPEB liability (%)	0.02369%	0.02158%	0.02175%	0.01971%	0.01818%	0.01685%
B. Employer's proportionate share of net OPEB liability	$ 501,731	$ 329,333	$ 1,165,138	$ 1,414,524	$ 1,444,952	$ 1,491,928
C. Employer's covered payroll (OPEB)	$ 2,366,064	$ 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	21.21%	16.46%	59.60%	81.46%	92.66%	103.26%
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018
A. Statutorily required OPEB contributions	$ 196,731	$ 175,108	$ 159,080	$ 152,403	$ 128,947	$ 131,165
B. OPEB contributions in relation to statutorily required	196,731	175,108	159,080	152,403	128,947	131,165
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
D. Employer's covered payroll	$ 2,585,394	$ 2,266,170	$ 1,988,947	$ 1,942,911	$ 1,659,113	$ 1,444,798
E. OPEB contributions as a percentage of covered payroll	7.61%	7.73%	8.00%	7.84%	7.77%	9.08%

See notes to required supplementary information.

WASHTENAW TECHNICAL MIDDLE COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

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 2022.

Changes in Assumptions

There were no changes of assumptions in FY 2022.

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 2022.

Changes in Assumptions

There were no changes of assumptions in FY 2022.

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

	2023	2022
ASSETS		
Cash	**$ 5,712,495**	$ 4,628,226
Accounts receivable	**26,138**	19,689
Due from other governmental units	**2,175,501**	1,568,696
Certificates of deposit	**5,046,640**	5,043,788
Prepaid items	**2,066**	11,823
Total Assets	**$ 12,962,840**	$ 11,272,222
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	**$ 536,367**	366,712
Accrued expenditures	**352,794**	261,440
Accrued salaries payable	**390,755**	327,061
Total Liabilities	**1,279,916**	955,213
FUND BALANCE		
Non-spendable		
Prepaid items	**2,066**	11,823
Assigned - Academy development	**1,000,000**	1,000,000
Unassigned	**10,680,858**	9,305,186
Total fund balance	**11,682,924**	10,317,009
TOTAL LIABILITIES AND FUND BALANCE	**$ 12,962,840**	$ 11,272,222

WASHTENAW TECHNICAL MIDDLE COLLEGE
SCHEDULE OF REVENUES COMPARED TO BUDGET - GENERAL FUND
For the Year Ended June 30, 2023

	Original	Final	Actual	Variance Positive (Negative)
REVENUES FROM LOCAL SOURCES				
Earnings on investments	$ 6,000	$ 5,000	$ 4,172	$ (828)
Total revenues from local sources	6,000	5,000	4,172	(828)
REVENUES FROM STATE SOURCES				
Grants - unrestricted	8,348,751	7,700,457	7,700,457	-
Grants - restricted	640,582	1,052,274	1,084,665	32,391
Total revenues from state sources	8,989,333	8,752,731	8,785,122	32,391
REVENUES FROM FEDERAL SOURCES				
Elementary and Secondary School Emergency Relief Funds	584,411	710,779	632,590	(78,189)
Total revenues from federal sources	584,411	710,779	632,590	(78,189)
INTERDISTRICT SOURCES				
ISD collected millage (Act 18 funds)	102,823	102,823	129,281	26,458
Total revenue	$ 9,682,567	$ 9,571,333	$ 9,551,165	$ (20,168)

WASHTENAW TECHNICAL MIDDLE COLLEGE
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET - GENERAL FUND
For the Year Ended June 30, 2023

	Original	Final	Actual	Variance Positive (Negative)
BASIC PROGRAM - HIGH SCHOOL				
Salaries	$ 1,822,795	$ 2,110,000	$ 1,850,023	$ 259,977
Employee benefits	997,010	905,711	1,342,964	(437,253)
Purchased services	2,510,762	2,340,762	1,981,146	359,616
Supplies and materials	542,200	653,200	237,182	416,018
Other	225,000	225,000	43,357	181,643
Total high school	6,097,767	6,234,673	5,454,672	780,001
ADDED NEEDS - SPECIAL EDUCATION				
Purchased services	44,638	44,638	2,341	42,297
Supplies and Materials	1,000	1,000	-	1,000
Total special education	45,638	45,638	2,341	43,297
PUPIL - GUIDANCE SERVICES				
Salaries	274,356	366,205	361,265	4,940
Employee benefits	178,093	188,153	215,412	(27,259)
Purchased services	159,531	160,921	8,381	152,540
Other	10,060	10,068	500	9,568
Total guidance services	622,040	725,347	585,558	139,789
GENERAL ADMINISTRATION - BOARD OF EDUCATION				
Purchased services	82,700	61,000	35,357	25,643
Supplies and materials	12,000	12,000	4,872	7,128
Salaries	382,600	475,000	391,861	83,139
Employee benefits	157,100	158,021	230,345	(72,324)
Other	7,500	9,000	3,763	5,237
Total board of education	641,900	715,021	666,198	48,823
SCHOOL ADMINISTRATION - OFFICE OF THE PRINCIPAL				
Salaries	332,792	323,100	317,326	5,774
Employee benefits	176,641	180,782	231,543	(50,761)
Purchased services	18,200	9,700	3,454	6,246
Supplies and materials	3,000	3,000	-	3,000
Capital outlay	10,000	10,000	-	10,000
Other	31,000	31,000	2,817	28,183
Total office of the principal	571,633	557,582	555,140	2,442
SCHOOL ADMINISTRATION - OTHER				
Supplies and materials	11,000	11,000	8,609	2,391
Total Other	11,000	11,000	8,609	2,391
BUSINESS - FISCAL SERVICES				
Purchased services	6,750	6,750	90,551	(83,801)
Other	377,000	442,000	380,794	61,206
Total other business	383,750	448,750	471,345	(22,595)
OPERATIONS AND MAINTENANCE - OPERATING BUILDING SERVICES				
Purchased services	125,000	125,000	109,308	15,692
PUPIL TRANSPORTATION SERVICES				
Purchased services	10,000	70,950	68,139	2,811
CENTRAL - SUPPORT SERVICES TECHNOLOGY				
Salaries	137,550	138,000	60,108	77,892
Employee benefits	54,118	58,472	46,004	12,468
Purchased services	13,771	2,500	2,549	(49)
Others	10,400	10,400	200	10,200
Total support services technology	215,839	209,372	108,861	100,511
CAPITAL OUTLAY				
Basic program - high school	428,000	428,000	155,079	272,921
Other	530,000	-	-	-
Total capital outlay	958,000	428,000	155,079	272,921
Total expenditures	$ 9,682,567	$ 9,571,333	$ 8,185,250	$ 1,386,083

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, 2023, 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 5, 2023.

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.

UHY LLP

Farmington Hills, Michigan
October 5, 2023