

**NAH TAH WAHSH PUBLIC SCHOOL
ACADEMY
Audited Financial Statements
For the year ended June 30, 2022**

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the School Board
Nah Tah Wahsh Public School Academy
N14911 Hannahville B-1 Road
Wilson, MI 49896

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Nah Tah Wahsh Public School Academy (the "Academy"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Nah Tah Wahsh Public School 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 and each major fund of the Nah Tah Wahsh Public School Academy, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for 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 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, 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 management's discussion and analysis, budgetary comparison information, and retirement schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, on our consideration of the Nah Tah Wahsh Public School Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Digitally signed by Kurt Tucker
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Date: 2023.01.12 16:28:57 -05'00'

Midwest Professionals, P.L.L.C.
Gaylord, Michigan
January 12, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion and Analysis

This section of the financial report presents our discussion and analysis of the Nah Tah Wahsh Public School Academy's (the "Academy") financial performance during the fiscal year that ended June 30, 2022. Please read it in conjunction with the Academy's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Statement of Net Position:

Assets and deferred outflows of resources at June 30, 2022, totaled \$2,789,464 comprised of \$940,727 in cash deposits, \$1,156,481 in receivables from the State of Michigan, Hannahville Indian Community & others and food service inventory of \$9,540, net capital assets of \$44,681 and deferred outflows of resources for pension obligations of \$638,035.

Liabilities and deferred inflows of resources totaled \$7,049,641 comprised of \$183,011 in accounts payable, \$511,427 in payroll related liabilities, \$63,000 in MPSERS retirement liabilities, \$25,127 in school group liability, \$77,868 in compensated absences liabilities, net pension liability of \$3,304,496, \$254,108 in Net other post-employment benefit liability, and deferred inflows of resources for pension-related obligations of \$2,630,604.

Statement of Activities:

Revenues were approximately \$3.66 million. Expenses were approximately \$3.04 million. The result was an excess of revenues over expenses of \$621,920.

Net position increased from \$(4.88) million to \$(4.26) million by the end of June 30, 2022, as a result of the excess of revenues over expenses.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The school-wide financial statements outline functions of the Academy that are principally supported by intergovernmental revenues. The school activities of the Academy include instruction and support services. The school-wide financial statements can be found as noted in the table of contents.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Academy are included in governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as school activities in the school-wide financial statements. However, unlike the school-wide financial statements, governmental fund financial statements focus on near-term inflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements. See note 1 in the Notes to the Financial Statements section for details in regard to changes in classifications of fund balances due to GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. It also discusses the change in the name of the equity title "Net Asset" to "Net Position" in the equity section of the new "Statement of Net Position," formerly called the "Statement of Net Assets."

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

In accordance with Michigan Statutes, the Academy maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Food Service Funds, both of which are considered major funds. Data from the two governmental funds are combined into a single, aggregated presentation. The governmental fund financial statements can be found as noted in the table of contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the school-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Academy's budget process as well as information discussing the Academy's participation in the Michigan Public School Employees Retirement plan. The Academy adopts an annual expenditure budget for its General Fund and Food Service Fund. Budgetary comparison schedules have been provided for the General Fund and Food Service Fund as required supplementary information section as noted in the table of contents. In addition, pension-related schedules can be found in the required supplementary information section as noted in the table of contents.

SCHOOL-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Academy's financial position. As of June 30, 2022, liabilities exceeded assets by \$(4.26) million. This deficit is comprised of net position at the beginning of the year in the amount of \$(4.88) million and the current year's excess revenues over expenses of \$621,920.

The Academy's assets included capital assets which consist of building improvements, a parking lot and some food service equipment having costs in excess of the Academy's capitalization threshold of \$5,000. The Hannahville Indian Community owns all other land, buildings, vehicles, and much of the school equipment and provides these assets for an annual rental fee of \$1.00.

The Hannahville Indian Community provides support to the Academy through a number of services. These services include building costs, personnel salaries, student transportation services, library services, and other educational related costs paid for directly by the Hannahville Indian Community but benefiting the operations of the Academy. These costs are identified as "in-kind" revenues and expenses on the Academy's basic financial statements. As noted in the financial footnote section of this financial report, the significance of these provided services is substantial in nature and warrants disclosure through financial presentation.

Figure 1 presents a summary of the Academy’s net position for the fiscal years ended June 30, 2021 and 2022.

	As of June 30, 2021	As of June 30, 2022
Current Assets	\$ 1,867,432	\$ 2,106,748
Fixed Assets	54,646	44,681
Deferred Outflows of Resources	987,202	638,035
Total Assets	2,909,280	2,789,464
Current Liabilities	596,071	813,712
Long-term Liabilities	45,752	46,721
Net Pension Liability	5,965,824	3,558,604
Deferred Inflows of Resources	1,183,729	2,630,604
Total Liabilities	7,791,376	7,049,641
Net Investment in Capital Assets	54,646	44,681
Unrestricted Assets	(4,936,742)	(4,304,858)
Total Net Position	\$ (4,882,096)	\$ (4,260,177)

Figure 2 presents changes in net position. The Academy's total revenues for the fiscal year ended June 30, 2022, were \$3.66 million. The total cost of all programs and services was \$3.04 million. Figure 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and 2022.

Figure 2 - Summary of Changes in Net Position for the Years Ended June 30, 2021 and 2022

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2022
Revenues:		
Program Grants & Charges:		
Federal Sources	\$ 365,257	605,013
Charges for Meals and Other	37,479	90,268
General		
State Aid - Michigan	1,985,118	2,191,009
Tribal & Local Support	649,444	775,028
Tribal Support – In-Kind	845,309	834,908
Other	0	
Total Revenues	<u>3,882,607</u>	<u>4,496,226</u>
Expenses		
School Activities		
Instruction	2,792,534	2,445,610
Added Needs	171,399	193,854
General Administration	78,971	133,947
Executive Administration	57,494	65,730
Food Service	197,498	190,293
Tribal Support – In-Kind	845,309	834,908
Depreciation	9,964	9,964
Total Expenses	<u>4,153,169</u>	<u>3,874,306</u>
Increase (Decrease) in Net Position	(270,562)	621,920
Beginning Net Position	(4,487,767)	(4,882,096)
	(123,767)	
Ending Net Position	<u><u>\$(4,882,096)</u></u>	<u><u>\$(4,260,177)</u></u>

Governmental activities. Figure 3 presents the cost of the eight major Academy functional activities: instruction, added needs, general administration, executive administration, food service, and tribal support services in-kind and depreciation of fixed assets.

The table below also shows each function’s net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the general revenue sources of the Academy which was comprised mainly of state aid and tribal support and in-kind dollars.

Figure 3 - Cost of the Seven Major Functional Activities

	Major Functional Costs	Charges and Specific Program Government Aid	Net Major Functional (Costs)/Gain	Percentage Of Net Major Costs
Instruction	\$2,445,610	\$ 0	\$(2,445,610)	104.89%
Added Needs	193,854	454,904	261,050	(11.20)%
General Administration	133,947	-	(133,947)	5.75%
Executive Administration	65,730	-	(65,730)	2.82%
Food Service	190,293	252,969	62,676	(2.69)%
USDA - In-Kind	11,390	11,390	-	0.00%
Tribal Support – In Kind	834,908	834,908	-	0.00%
Depreciation	9,964	-	(9,964)	0.004%
Totals	\$3,885,696	\$1,554,171	\$(2,331,525)	100.00%

- The cost of all school activities this year was \$3.89 million.
- The Federal and State governments subsidized certain programs with grants and contributions of \$2,796,022. Charges for meals totaling \$81,183 helped to subsidize the Food Service activities. Local support through primarily the Hannahville Indian Community totaled \$775,028. Academy costs totaled \$3,885,696.
- The net cost of governmental activities of \$2.33 million was financed by general revenues, which are made up primarily from State aid and tribal support (direct-only) of \$2.97 million. Overall, there was an excess of revenues over expenses of \$621,920.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The financial performance of the Academy as a whole is reflected in its governmental funds. At June 30, 2022, the Academy's governmental funds reported a combined fund balance of \$1,324,183, an increase of \$10,590 from the prior year balance of \$1,313,593. This decrease was due primarily to a prior period adjustment relating to employee summer fringe accrual.

BUDGETS

General Fund Budgetary Highlights

The resources available for appropriation in the general fund were \$3.48 million. General fund charges to appropriations were \$3.46 million. The actual result comprised of an excess of expenditures over revenues totaling \$52,086. There were no transfers to or from the food service fund. Actual to budget variances were favorable for appropriations, charges to appropriations and other financing (uses). See the Budgetary Comparison Schedule-General Fund which is included in the required supplementary information section as noted in the table of contents.

Food Service Fund Budgetary Highlights

The resources available for appropriation in the food service fund were \$226,390. Food service fund charges to appropriations were \$201,683. The actual result comprised of an excess of revenues over expenditures totaling \$62,676. There were no transfers to or from the general fund. Actual to budget variances were unfavorable for appropriations and expenditures. See the Budgetary Comparison Schedule-Food Service Fund which is included in the required supplementary information section as noted in the table of contents.

CAPITAL ASSETS

The Academy has capital assets consisting of building improvements, a parking lot and kitchen equipment. The capitalization threshold used by the School Academy is set at \$5,000. The total net capital assets balance of \$44,681 as of June 30, 2022, consists of \$161,486 historical cost less accumulated depreciation of \$116,805. Current year depreciation was \$9,964. There were no current year additions or deletions. See Notes to the Financial Statements-Note 6.

DEBT ADMINISTRATION

At year-end, the Academy had outstanding long-term debt of \$3.61 million comprised of compensated absences totaling \$46,721, (see Notes to the Financial Statements-Note 7), and net pension/postemployment benefits liability of \$3,558,604, (see Notes to the Financial Statements-Note 17 and 18 for more details.)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many Budgeting factors are being considered by the Academy's administration during the process of developing the fiscal year 2022-2023 budget. Among them:

- Academy student population.
- COVID19 concerns effecting staffing and student attendance
- Home schooling due to COVID19 issues
- Increasing Employee salaries and related benefits
- Alternative sources of revenues.
- Cost cutting measures to improve efficiency and effectiveness of Academy instructional and non-instructional programs.
- The unstable funding status of the State of Michigan may continue.

These same indicators were considered when adopting the budget for fiscal year 2022-2023.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide School Board, Federal and State funding agencies, and interested citizenry with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the resources it receives. If you have questions about this report or need additional information, contact:

Renee Watchorn - Financial Director (906)-466-2952
Nah Tah Wahsh Public School Academy
N14911 Hannahville B-1 Road
Wilson, MI 49896

BASIC FINANCIAL STATEMENTS

SCHOOL-WIDE FINANCIAL STATEMENTS

Nah Tah Wahsh Public School Academy

STATEMENT OF NET POSITION JUNE 30, 2022

	Governmental Activities
Current Assets	
Cash and cash equivalents	\$ 940,727
Accounts receivable	1,156,481
Inventory	9,540
Total current assets	2,106,748
Capital Assets - Buildings & Land Improvements	
Capital assets, net (Note 6)	44,681
Deferred Outflows of Resources	
Related to pensions (Note 16)	291,334
Related to other postemployment benefits (Note 17)	346,701
Total deferred outflows of resources	638,035
Total assets and deferred outflows of resources	\$ 2,789,464
Liabilities	
Accounts payable	\$ 183,011
Accrued salaries and payroll liabilities	511,427
MPERS retirement liabilities	63,000
School group liability	25,127
Due To Affiliate (HIC)	-
Current Portion - Compensated absences	31,147
Total current liabilities	813,712
Long-term liabilities	
Compensated absences net of current portion	46,721
Net pension liability (Note 16)	3,304,496
Net other postemployment benefits liability (Note 17)	254,108
Total long-term liabilities	3,605,325
Total liabilities	4,419,037
Deferred Inflows of Resources	
Related to pensions (Note 16)	1,541,209
Related to other postemployment benefits liability (Note 17)	1,089,395
Total deferred inflows of resources	2,630,604
Total liabilities and deferred inflows of resources	7,049,641
Net Position	
Net Investment in capital assets	44,681
Unrestricted	(4,304,858)
Total net position	\$ (4,260,177)

The notes to the financial statements are an integral part of this statement.

Nah Tah Wahsh Public School Academy

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Operating		Capital	
	Charges for Services	Grants and Contributions	Grants And Contributions	
Governmental Activities				
Functional Expenses				
Instruction	\$ 2,445,610	\$ -	\$ -	\$ (2,445,610)
Added Needs	193,854	454,904	-	261,050
General Administration	133,947	-	-	(133,947)
Executive Administration	65,730	-	-	(65,730)
Food Service	190,293	90,268	150,109	50,084
Depreciation of Capital Assets (Unallocated)	9,964	-	-	(9,964)
Total Academy - Governmental Activities	\$ 3,039,398	\$ 90,268	\$ 605,013	\$ (2,344,117)
General purpose revenues:				
State sources- general purpose				2,191,009
Local Support (See Note 14)				775,028
Total general purpose revenues				<u>2,966,037</u>
Excess of revenues over expenses				621,920
Net position, July 1, 2021				<u>(4,882,097)</u>
Net position, June 30, 2022				<u>\$ (4,260,177)</u>

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Nah Tah Wahsh Public School Academy

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

Assets	General	Food Service	Total Governmental Funds
Cash and Cash Equivalents	\$ 877,888	\$ 62,839	\$ 940,727
Accounts Receivable	1,038,883	117,598	1,156,481
Due From General Fund	-	182,315	182,315
Inventory	-	9,540	9,540
	Total Assets	\$ 372,292	\$ 2,289,063
	\$ 1,916,771	\$ 372,292	\$ 2,289,063
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 150,088	\$ 32,923	\$ 183,011
Accrued Salaries and Payroll Liabilities	511,427	-	511,427
MPERS Retirement Liabilities	63,000	-	63,000
Due to Food Service Fund	182,315	-	182,315
Due to Hannahville	-	-	-
School Group Liability	25,127	-	25,127
	Total Liabilities	32,923	964,880
	931,957	32,923	964,880
Fund Balances			
Nonspendable	-	9,540	9,540
Unassigned	984,814	329,829	1,314,643
	Total Fund Balance	339,369	1,324,183
	984,814	339,369	1,324,183
Total Liabilities and Fund Balances	\$ 1,916,771	\$ 372,292	\$ 2,289,063

The notes to the financial statements are an integral part of this statement.

Nah Tah Wahsh Public School Academy

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balances	\$ 1,324,183
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$ 161,487 and the accumulated depreciation is \$96,877	44,681
Deferred outflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds	638,035
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities the Academy has are for:	
Compensated absences	\$ (77,868)
Net pension liability	(3,558,604)
Total Long-term liabilities	<u>(3,636,472)</u>
Deferred inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds	<u>(2,630,604)</u>
Net Position of Governmental Activities, June 30, 2022	<u><u>\$ (4,260,177)</u></u>

The notes to the financial statements are an integral part of this statement.

Nah Tah Wahsh Public School Academy

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	General	Food Service	Total Governmental Funds
Revenues			
Local Sources (Note 14)	\$ 775,028	\$ -	\$ 775,028
Local Sources - In-Kind (Note 11)	657,352	177,556	834,908
State Sources	2,178,417	12,592	2,191,009
Federal Sources	454,904	150,109	605,013
USDA-Commodities	-	11,390	11,390
Food Sales	-	81,183	81,183
Other Income	-	9,085	9,085
Total Revenues	4,065,701	441,915	4,507,616
Expenditures			
Instruction	3,066,904	-	3,066,904
Added Needs	193,854	-	193,854
General Administration	133,947	-	133,947
Executive Administration	65,730	-	65,730
Tribal Support Services - In-Kind	657,352	177,556	834,908
USDA-Commodities	-	11,390	11,390
Food Service	-	190,293	190,293
Total Expenditures	4,117,787	379,239	4,497,026
Excess (Deficiency) of revenues over expenditures	(52,086)	62,676	10,590
Net Change in Fund Balances	(52,086)	62,676	10,590
Fund balance, July 1, 2021	1,036,900	276,693	1,313,593
Fund balance, June 30, 2022	\$ 984,814	\$ 339,369	\$ 1,324,183

The notes to the financial statements are an integral part of this statement.

Nah Tah Wahsh Public School Academy

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in Fund Balances- Total Governmental Funds \$ 10,590

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	\$	-	
Capital outlays		-	
Depreciation expense		(9,964)	
		(9,964)	(9,964)

Change in deferred outflow & inflow of pension and OPEB obligation (1,796,042)

The governmental funds do not report compensated absences as a long-term liability.

Increases and decreases in compensated absences are not reflected in the governmental funds. This is the current increase in compensated absences for the fiscal year. 10,116

Change in net pension & OPEB obligation 2,407,220

Change in Net Position of Governmental Activities \$ 621,920

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nah Tah Wahsh Public School Academy received Charter school recognition from the Board of Control of Northern Michigan University on April 28, 1995. The Nah Tah Wahsh Public School Academy is located on reservation land of the Hannahville Indian Community, just off Hannahville Road, in Wilson, Michigan.

There is a School Board that oversees the operations of the Nah Tah Wahsh Public School Academy.

The financial statements of the Nah Tah Wahsh Public School Academy (the “Academy”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB statements and interpretations constitute GAAP for governments, including public schools.

The accompanying financial statements have been prepared in accordance with the reporting model defined by GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The more significant of the Academy’s accounting policies are described below.

Reporting Entity

The Nah Tah Wahsh Public School Academy is an independent, separate, legal entity, chartered under Michigan law to serve as a public school, grades K-12. The Academy’s enrolled student population is comprised primarily of Native Americans which are members of the Hannahville Indian Community.

The school has no component units and therefore none are presented as part of the school's Basic Financial Statements.

Basis of Presentation

Basic Financial Statements

The basic financial statements of the Nah Tah Wahsh Public School Academy include the school-wide and the fund financial statements. Under the GASB 34 reporting model, the focus is on the Academy as a whole in the school-wide financial statements, while reporting additional and detailed information about the Academy’s major governmental and business-type activities in fund financial statements.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

School-Wide Financial Statements

The school-wide statement of net position and statements of activities display information about the Academy. These statements include the financial activities of the overall Academy, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental (school) and business-type activities of the Academy.

School activities are financed primarily through state-aid revenues, federal grants, and tribal support dollars from the Hannahville Indian Community. Business-type activities are financed primarily by revenues earned in transactions with external parties. There were no business-type activities for the fiscal year.

The school-wide statement of activities reflects the cost of programs and functions (instructional, administration, etc.) reduced by directly associated revenues (program income and operating and capital grants) to arrive at the net revenue or expense for each program and function. Net program revenue or expense for school activities is then adjusted for general revenues to determine the change in net assets for the year. Indirect expenses such as support services and administration incurred in school operations are not allocated to programs/functions that they may benefit. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented as applicable. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The Academy made use of only governmental funds for the fiscal year ending June 30, 2022.

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 provided for in other funds. Included are all transactions related to the approved current operating budget.

Food Service Fund- the Food Service Fund is used to record the food service activity of the Academy. Federal grants are received under this fund in support of the Academy's free or reduced lunch and breakfast programs. Included are all transactions related to the approved current operating budget.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Basis of Accounting

The Academy follows generally accepted accounting principles as well as a chart of accounts outlined in the *Michigan School Accounting Manual*.

School-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgets

Budgets are adopted using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund and the Food Service Fund.

Budgetary accounting is used to control expenditures and monitor revenues. Budgetary accounts are established in fund general ledgers as a useful procedural adaptation of the accounting system. Estimated revenues and expenditures adopted in the budget are recorded in those accounts. Information is thus available that allows management to continuously monitor compliance with the approved budget.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Academy considers all investments with maturity of three months or less to be cash equivalents. The Academy maintains two checking accounts (General Fund and Food Service accounts) and has no short-term or long-term investments.

Interfund Receivables/Payables

On the governmental financial statements, short-term amounts owed between the Academy’s General Fund and its Food Service Fund are classified as “due to” or “due from” in each fund. These balances are eliminated in the presentation of the school-wide financial statements.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Inventories

Inventories for food supplies are recorded at a cost of \$9,540 and are reported as Food Service Fund assets. On both the governmental fund, when applicable, and the school-wide financial statements, food supplies and commodities are capitalized and expensed when consumed.

Capital Assets

The Academy has adopted a policy of capitalizing fixed assets, having a useful life of more than one year, with a historical cost of equal to, or greater than \$5,000. Capital assets are depreciated over their remaining useful lives computed using the straight-line method over the following useful lives in the event these items are acquired:

Buildings and improvements	10 – 40 years
Infrastructure	15 – 20 years
Furniture and equipment	7 – 15 years
Computers and software	3 – 10 years

As required by GASB 34, major networks of infrastructure assets acquired since 1980 are to be reported in the Academy-wide financial statements. The Academy does not report infrastructure under the modified approach. Infrastructure assets are depreciated over their useful lives.

Impairment of long-lived assets

The Academy reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the year ended June 30, 2022.

Compensated Absences

Personal leave time is accrued for full time employees at a rate of 120 hours per school year. Unused personal leave time may be sold back at a rate of 70% or it may be carried over to the next year. Termination of employment results in the payment of 100% of all accumulated leave time.

Unearned Revenue- Grants

Federal and state award monies received, in advance of qualifying expenditures being incurred, are recorded on the Academy's balance sheet as unearned revenue.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Nah Tah Wahsh Public School Academy is a non-profit entity recognized as tax exempt by the Internal Revenue Service and State of Michigan Department of Treasury. Because of this recognition, no provisions for income taxes have been made in the school's financial statements.

Prepaid Expenses

On the governmental fund financial statements, prepaid expenditures are recorded using the consumption method. Under the consumption method prepaid expenditures will appear as an asset and as non-spendable fund balance on the balance sheet and will be expensed proportionately over the periods that service is provided. There were no prepaid expenditures at June 30, 2022.

Equity Presentation

Under GASB 54 the following fund balance classifications must be used on the governmental fund financial statements when applicable:

Nonspendable Fund Balance

Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned. Amounts that must be maintained intact legally or contractually (corpus or principle of a permanent fund).

Restricted Fund Balance

Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used by GASB Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis-for State and Local Governments, for restricted net positions.

Committed Fund Balance

Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. Action to constrain resources must occur prior to year-end: however, the amount can be determined in the subsequent period

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Presentation – Continued

Assigned Fund Balance

For all governmental funds other than the general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

For the general fund, amounts not classified as non-spendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance. For all governmental funds other than the general fund, amounts expended in excess of resources that are non-spendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

Net Equity on full accrual financial statements is presented in the following categories:

Net Investment in Capital Assets– Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of net position with constraints placed on their use by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net positions that do not meet the definition of “restricted net position” or “net investment in capital assets.”

Subsequent Events

Subsequent events have been evaluated through the date of the audit report, the date the financial statements were available to be issued.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, 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.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Academy maintains both noninterest-bearing and interest-bearing cash balances at Wells Fargo Bank. The Academy’s cash balances at June 30, 2022, were as follows:

	Carrying Amount	Bank Balance	Insured and Collateralized Bank Balance	Uninsured Uncollateralized Bank Balance
General Fund	\$ 877,888	\$ 919,813	\$ 919,813	\$ -
Food Service	62,839	63,316	63,316	-
	<u>\$ 940,727</u>	<u>\$ 983,129</u>	<u>\$ 983,129</u>	<u>\$ -</u>

Custodial Credit Risk - Custodial credit risk on deposits is the risk that in the event of a bank failure, the Academy's deposits might not be returned to it. The Academy does not have a written bank deposit policy to address custodial credit risk. The Academy has not formally adopted deposit and investment

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS– Continued

policies that limit the Academy's allowable deposits or investments and address the specific types of risk to which the Academy is exposed. The Academy did not have any investments at June 30, 2022.

NOTE 3- ACCOUNTS RECEIVABLE

All year end receivables were deemed to be collectible. Receivables as of June 30, 2022, consisted of the following:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Totals</u>
State Aid and Federal Sources	\$ 775,092	\$ 102,989	\$878,081
Food Reimbursements	0	14,609	14,609
Hannahville Indian Community	<u>263,791</u>	<u>-</u>	<u>263,791</u>
Total Receivables	<u>\$ 1,038,883</u>	<u>\$ 117,598</u>	<u>\$ 1,156,481</u>

NOTE 4- PREPAID COSTS

As of June 30, 2022, there were no prepaid lease costs or prepaid insurance costs.

NOTE 5- INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter-fund balances as of June 30, 2022, were as follows; General Fund – Due to Food Service Fund payable \$(182,315) and a Food Service Fund – Due from General Fund receivable \$182,315. Elimination entries were made in the preparation of the school-wide financial statements to exclude inter-fund balances.

There were no transfers in or out between General Fund and the Food Service during the fiscal year ending June 30, 2022.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – CAPITAL ASSETS

The Academy owns a building, has invested in some land improvements and equipment. Depreciation expense was not allocated to any specific functions.

	Balance			Balance
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Building	\$ 95,523	\$ -	\$ -	\$ 95,523
Land Improvements	20,170	-	-	20,170
Equipment	<u>45,794</u>	<u>-</u>	<u>-</u>	<u>45,793</u>
Totals	161,487	-	-	161,486
Less Accumulated depreciation	<u>(106,841)</u>	<u>(9,964)</u>	<u>-</u>	<u>(116,805)</u>
Cost net of depreciation	<u>\$ 54,646</u>	<u>\$ (9,964)</u>	<u>\$ -</u>	<u>\$ 44,681</u>

NOTE 7 – CURRENT AND LONG-TERM LIABILITIES

Current liabilities for governmental activities consisted of:

	General	Food	
	<u>Fund</u>	<u>Service</u>	<u>Total</u>
Accounts Payable	\$ 150,088	\$ 32,923	\$ 183,011
Payroll Accruals & Liabilities	511,427	-	511,427
MPSERS Retirement Liabilities	63,000	-	63,000
Compensated Absences-Current	31,147	-	31,147
Due to Affiliate (HIC)		-	-
School Group Liability	<u>25,127</u>	<u>-</u>	<u>25,127</u>
Total Current Liabilities	<u>\$ 780,789</u>	<u>\$ 32,923</u>	<u>\$ 813,712</u>

Total current liabilities are considered due and payable within 90 days within the next fiscal year.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 – CURRENT AND LONG-TERM LIABILITIES-continued

Long-term liabilities at June 30, 2022, were comprised of accumulated compensated absences, net pension liability, and net other postemployment benefits liability.

The compensated absences represent the estimated liability to be paid to employees under the Academy’s personal leave policy.

Beginning Balance June 30, 2021	\$87,984
Current Increases	55,482
Current (Decreases)	<u>(110,370)</u>
Ending Balance June 30, 2022	<u>\$77,868</u>

The estimated current portion of compensated absences for the coming year is approximately \$31,147.

Summary of Long-Term liabilities at June 30, 2022

Compensated Absences (long-term portion)	\$ 46,721
Net pension liability (Note 17)	3,304,496
Net other postemployment benefits liability (Note 16)	<u>254,108</u>
Total Long-Term Liabilities	<u>\$3,605,325</u>

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss to torts; theft, damage, and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the Academy carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. In addition, there have been no settlements in excess of coverage in any of the prior fiscal years.

NOTE 9 – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Michigan. Any disallowed claims, including amounts already collected, may constitute a liability of the Academy’s general fund. The amount of expenditures which may be disallowed by grantors, if any, cannot be determined at this time, although the Academy expects that such amounts would be immaterial.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 10- ECONOMIC DEPENDENCY

The Academy receives the majority of its operating revenue from the State of Michigan through the School Aid Act. The State of Michigan utilizes a foundation allowance funding approach for the state aid funding, which provides for a specific annual amount of revenue per student based on a state-wide formula. The levels of funding will vary from year to year based on the Academy's student counts. Management does not anticipate any material fluctuations in its student counts in the future years which would result in a loss of state aid revenues. The loss of these revenues would prevent the Academy from performing regular daily administrative and operating activities.

The Academy also received support from the Hannahville Indian Community (see Note 11) in the form of actual revenues as well as in-kind contributions. Loss of these forms of tribal support would also cause the Academy to become unable to perform regular daily administrative and operating activities.

NOTE 11 - HANNAHVILLE INDIAN COMMUNITY

Reimbursed Expenditures & Rents for Use of Facilities

The Academy has an agreement with the Hannahville Indian Community whereby the Tribe pays certain program expenditures on behalf of the Academy. This agreement also requires that the School reimburse the Tribe for certain program expenditures on behalf of the Community. As of June 30, 2022, there was a receivable due from Hannahville Indian Community for \$263,791.

The Academy also has a rental agreement with the Hannahville Indian Community for the use of the school facilities. (See Note 13)

In-Kind Tribal Support

The Hannahville Indian Community provides support to the Nah Tah Wahsh Public School Academy through a number of services. These services include building costs, personnel salaries, student transportation services, a library service, and other educational related costs paid for by the Hannahville Indian Community but benefit the Nah Tah Wahsh Public School Academy. Estimated in-kind support of \$657,352 for the General Fund and \$177,556 for the Food Service Fund was recorded during the fiscal year. These in-kind tribal support revenues/expenses are presented separately on the Academy's basic financial statements and in the budgetary comparison schedules.

Tribal Support

Besides contributing in-kind support services to the Academy, the Hannahville Indian Community and the Island Casino also contributed actual support dollars totaling \$756,473 during the fiscal year (See note 14). These support dollars went towards supporting teachers' salaries, transportation, and other operating expenses.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – BUDGETS AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the functional level. State law requires the Academy to have its budget adopted by June 30. Adoption of a deficit budget is a violation of Michigan Uniform Budgeting and Accounting Act. During the year ended June 30, 2022, the budgets were amended in a legally permissible manner and were finalized at the end of the fiscal year with a final budget amendment.

Fund balance for the general fund decreased. Aggregate Revenues, Expenditures and Transfer line items did not exceed the 1% reasonableness threshold for unfavorable variances as used by the Michigan Department of Education for the general fund. Aggregate Revenues and Transfer line items did not exceed the 1% reasonableness threshold for unfavorable variances as used by the Michigan Department of Education for the food service fund. The budgetary comparison statements are presented in the required supplemental section of this report.

NOTE 13 – RENTS & LEASES

The Academy has a flexible annual lease arrangement with Hannahville Indian Community to pay rent on the use of the school facilities based on the availability of funds. The rent amount is determined each year starting with a minimum payment of \$1. This year's rent expense came to \$1.

NOTE 14 – LOCAL SUPPORT REVENUE

The Academy received local support revenue totaling \$775,028. This was comprised of the following:

Tribal-Casino support dollars (See Note 11)	756,473
Various other local sources	<u>18,555</u>
	<u>\$ 775,028</u>

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 15- CONTINGENCY

COVID-19 Pandemic:

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in government mandated school closures with students and employees being sent home. The School is closely monitoring its operations, liquidity, capital, and human resources and is actively working to minimize the current and future impact of this unprecedented situation. The School's primary financial support comes from State and Federal grants and contracts. These funding sources remain fully available to the School. As of the date of issuance of these financial statements, the full impact to the School's financial position is not known.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 16- RETIREMENT PLAN

General Information About the Michigan Public School Employees' Retirement System (MPSERS) Pension Plan

Plan Description

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

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

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

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

Benefits Provided

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

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

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 16- RETIREMENT PLAN – Continued

Contributions and Funded Status

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

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

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

Pension Contribution Rates:

<u>Benefit Structure</u>	<u>Member Rate</u>	<u>Employer Rate</u>
Basic	0.0 – 4.0%	19.78%
Member Investment Plan	3.0 – 7.0 %	19.78%
Pension Plus	3.0 – 6.4%	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from Nah Tah Wahsh Public School Academy were \$419,091 for the year ended September 30, 2021.

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

At June 30, 2022, Nah Tah Wahsh Public School Academy reported a liability of \$3,304,496 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. Nah Tah Wahsh Public School Academy 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.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 16- RETIREMENT PLAN – Continued

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

At September 30, 2021, Nah Tah Wahsh Public School Academy’s proportion was .0001395750 percent, which was a decrease of .000001105980 percent from its proportion measured as of September 30, 2021.

For the year ended June 30, 2022, Nah Tah Wahsh Public School Academy recognized pension expense of \$183,021. At June 30, 2022, Nah Tah Wahsh Public School Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 51,188	\$ 19,460
Changes of assumptions	208,304	-
Net difference between projected and actual earnings on pension plan investments	-	1,062,385
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	459,364
Employer contributions subsequent to the measurement date	31,842 *	-
Total	<u>\$ 291,334</u>	<u>\$ 1,541,209</u>

*\$31,842 of contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 16- RETIREMENT PLAN – Continued

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

<u>Year Ending September 30</u>	<u>Amount</u>
2022	(\$265,782)
2023	(\$328,072)
2024	(\$363,587)
2025	(\$324,276)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.80%
- Pension Plus Plan:	6.80%
- Pension Plus 2 Plan:	6.00%
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 16- RETIREMENT PLAN – Continued

Summary of 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: P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018, valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4367 for non-university employers]*
- *Recognition period for assets in years: 5.0000*
- *Full actuarial assumptions are available in the 2021 MPSEERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 16- RETIREMENT PLAN – Continued

Summary of Actuarial Assumptions - Continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	-0.7%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Oppportunistic Pools	12.5%	6.1%
Short Term Investments Pools	2.0%	-1.3%
Total	100.0%	

**Long term rates of return are net of administrative expenses and 2.3% inflation*

Rate of Return

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

Discount Rate

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

**Nah Tah Wahsh Public School Academy
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022**

NOTE 16- RETIREMENT PLAN – Continued

Sensitivity of Nah Tah Wahsh Public School Academy’s proportionate share of the net pension liability to changes in the discount rate

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

1% Decrease	Current Single Discount Rate	1% Increase
5.80% / 5.80% / 5.0%	Assumption	7.80% / 7.80% / 7.00%
	6.80% / 6.80% / 6.0%	
\$4,724,533	\$3,304,496	\$2,127,192

** Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-University employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans.*

Michigan Public School Employees’ Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employees’ Retirement System (MPERS)

Nah Tah Wahsh Public School Academy owed MPERS \$40,547 based on required contributions and applicable employee MPERS withholdings for the year end payroll paid subsequent to June 30, 2021.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the Michigan Public School Employees’ Retirement System (MPSERS) OPEB plan

Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning 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.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-cont.

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021, valuation will be amortized over a 21-year period beginning October 1, 2020 and ending September 30, 2038.

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

<u>Benefit Structure</u>	OPEB Contribution Rates	
	<u>Member</u>	Employer <u>Non-Universities</u>
Premium Subsidy	3.00%	8.43%
Personal Healthcare Fund (PHF)	0.00%	7.57%

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-cont.

Required contributions to the OPEB plan from the Nah Tah Wahsh Public School Academy were \$123,584 for the year ended September 30, 2021.

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

At June 30, 2022, the Nah Tah Wahsh Public School Academy reported a liability of \$254,108 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The Academy's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, Academy's proportion was .0001664781 percent, which was a decrease of .0000187619 percent from its proportion measured as of October 1, 2020.

For the year ending June 30, 2022, the Academy recognized OPEB expense of \$(157,639). At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 752,335
Changes of Assumptions	212,422	31,786
Net difference between projected and actual earnings on OPEB plan investments	-	191,526
Changes in proportion and differences between employer contributions and proportionate share of contributions	118,358	113,748
Employer contributions subsequent to the measurement date	15,921	-
Total	\$ 346,701	\$ 1,089,395

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-cont.

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

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

2022	\$	(207,027)
2023	\$	(184,624)
2024		(159,319)
2025		(144,656)
2026		(31,813)
Thereafter		(4,176)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-cont.

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 Assumption	21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 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, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers].*
- *Recognition period for assets in years: 5.0000*
- *Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-cont.

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, 20, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.00%	9.10%
International Equity Pools	15.00%	7.50%
Fixed Income Pools	10.50%	-0.70%
Real Estate and Infrastructure Pools	10.00%	5.40%
Absolute Return Pools	9.00%	2.60%
Real Return/Oppportunistic Pools	12.50%	6.10%
Short-Term Investment Pools	2.00%	-1.30%
Total	100.00%	

**Long-term rates of return are net of administrative expenses and 2.0% inflation.*

Rate of Return

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

Discount Rate

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

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-cont.

projected benefit payments to determine the total OPEB liability.

Sensitivity of Nah Tah Wahsh Public School Academy’s proportionate share of the net OPEB liability to changes in the discount rate

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

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
\$ 472,179	\$ 254,108	\$ 69,044

Sensitivity of Nah Tah Wahsh Public School 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
\$ 61,848	\$ 254,108	\$ 470,425

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Nah Tah Wahsh Public School Academy
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-cont.

Payables to the OPEB Plan

Nah Tah Wahsh Public School Academy owed MPSERS \$15,921 based on required contributions for the year end payroll paid subsequent to June 30, 2022.

REQUIRED SUPPLEMENTAL INFORMATION

NAH TAH WAHSH PUBLIC SCHOOL ACADEMY

REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>	
Resources (Inflows)					
Local Sources	\$ 933,389	\$ 772,020	\$ 775,028	\$ 3,008	
Local Sources-InKind	-	657,352	657,352	-	
State Sources	1,687,934	2,139,029	2,178,417	39,388	
Federal Sources	85,272	307,122	454,904	147,782	
Use of Fund Balance	26,948	262,505	52,086	(210,419)	
Amounts Available for Appropriation	<u>2,733,543</u>	<u>4,138,028</u>	<u>4,117,787</u>	<u>(20,241)</u>	-0.49%
Charges to Appropriations (Outflows)					
Instruction	2,489,520	3,093,030	3,066,904	26,126	
Added Needs	75,475	187,646	193,854	(6,208)	
Support Services-InKind	-	657,352	657,352	-	
General Administration	165,698	134,000	133,947	53	
Executive administration	2,850	66,000	65,730	270	
Total Charges to Appropriations	<u>2,733,543</u>	<u>4,138,028</u>	<u>4,117,787</u>	<u>20,241</u>	0.49%
Resources Over Charges to Appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	favorable

NAH TAH WAHSH PUBLIC SCHOOL ACADEMY

REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - FOOD SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>	
Resources (Inflows)					
Food Sales	\$ 70,000	\$ 70,000	\$ 81,183	\$ 11,183	
Local Sources	-	-	12,592	-	
Local Sources-InKind	-	177,556	177,556	-	
State Sources	-	-	-	-	
Federal Sources	128,000	128,000	159,194	31,194	
USDA Commodities	-	11,390	11,390	-	
Use of Fund Balance	17,000	17,000	-	(17,000)	
Amounts Available for Appropriation	<u>215,000</u>	<u>403,946</u>	<u>441,915</u>	<u>37,969</u>	9.40%
Charges to Appropriations (Outflows)					
Food Service	215,000	226,390	201,683	24,707	
Food Service-InKind	-	177,556	177,556	-	
Total Charges to Appropriations	<u>215,000</u>	<u>403,946</u>	<u>379,239</u>	<u>24,707</u>	6.12%
Resources Over Charges to Appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,676</u>	<u>\$ 62,676</u>	favorable

Nah Tah Wahsh Public School Academy
 Schedule of Nab Tab Wahsh Public School Academy's Proportionate Share of the Net Pension Liability
 Michigan Public School Employees Retirement Plan
 Last 10 Fiscal Years (Amounts were determined as of 9/30 of each year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A Employer's portion of net pension liability (%)	-	-	0.00013958%	0.00015063%	0.01550418%	0.01590974%	0.01636960%	0.01628488%	0.01605933%	Prior Year
B Employer's proportionate share of net pension liability	-	-	3,304,496	5,174,469	5,134,463	4,782,755	4,242,059	4,062,944	3,922,496	Prior Year
C Employer's covered-employee payroll*	-	-	1,477,872	1,293,506	1,345,611	1,330,031	1,377,579	1,394,392	1,328,001	Prior Year
D Employer's proportionate share of net pensions liability as a percentage of its covered payroll (%)	-	-	44.72%	25.00%	26.21%	27.81%	32.47%	34.32%	33.86%	Prior Year
E Plan fiduciary net position as a percentage of total pension liability	-	-	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	Prior Year

*The employer's covered payroll is defined by GASB 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 85, Omnibus 2017, as payroll on which contributions to the OPEB, plan are based. For university employers, covered payroll bor both pension ad OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

Nah Tah Wahsh Public School Academy
Schedule of Nab Tab Wahsh Public School Academy's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A Statutorily required contributions	-	428,033	500,067	411,874	328,000	345,901	349,689	365,685	309,805	Prior Year
B Contributions in relation to statutorily required contributions*	-	428,053	500,067	439,713	337,323	354,597	347,568	386,523	331,505	Prior Year
C Contribution deficiency (excess) payroll	-	\$ (20)	\$ -	\$ (27,839)	\$ (9,323)	\$ (8,696)	\$ 2,121	\$ (20,838)	\$ (21,700)	Prior Year
D Employer's covered-employee payroll**	-	1,559,373	1,346,650	1,345,611	1,379,915	1,322,462	1,378,611	1,394,392	1,285,899	Prior Year
E Contributions as a percentage of covered-employee payroll	-	27.45%	37.13%	32.68%	24.45%	26.81%	25.21%	27.72%	25.78%	Prior Year

*Contributions in relation to statutorily required contributions are the contributions an employer made to the System, as distinct from the statutorily required contributions.

**The employer's covered payroll is defined by GASB 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 85, Omnibus 2017, as payroll on which contributions to the OPEB, plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is completed, the schedule will show information for those years for which data is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Michigan Public School Employees Retirement Plan

Changes of benefit terms: There were no changes of benefit terms in 2022.
Changes of assumptions: There were no changes of benefit assumptions in 2022.

Nah Tah Wahsh Public School Academy
 Schedule of Nab Tab Wahsh Public School Academy's Proportionate Share of the Net OPEB Liability
 Michigan Public School Employees Retirement Plan
 Last 10 Fiscal Years (Amounts were determined as of 9/30 of each year)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018</u> Prior Year
A Employer's portion of net OPEB liability (%)	-	-	-	0.16647810%	0.00014772%	0.01551438%	0.01567756%					
B Employer's proportionate share of net OPEB liability	-	-	254,108	1,113,583	791,355	1,246,202						Prior Year
C Employer's covered-employee payroll (OPEB)*	-	-	1,477,872	1,293,506	1,345,611	1,330,031						Prior Year
D Employer's proportionate share of net OPEB liability as a percentage of its covered payroll (%)	-	-	581.59%	163.45%	120.84%	106.73%						Prior Year
E Plan fiduciary net position as a percentage of total OPEB liability	-	-	87.33%	59.44%	48.46%	42.95%						Prior Year

*The employer's covered payroll is defined by GASB 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 85, Omnibus 2017, as payroll on which contributions to the OPEB, plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

Nah Tah Wahsh Public School Academy
 Schedule of Nab Tab Wahsh Public School Academy's OPEB Contributions
 Michigan Public School Employees Retirement Plan
 Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2017</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	-	-	-	-	-	40,547	37,876	106,523	62,320	Prior Year
A Statutorily required OPEB contributions	-	-	-	-	-	37,673	34,903	113,723	64,091	Prior Year
B OPEB Contributions in relation to statutorily required contributions*	-	-	-	-	-	-	-	-	-	-
C Contribution deficiency (excess) payroll	-	-	-	-	-	2,874	2,973	(7,200)	(1,771)	Prior Year
D Employer's covered-employee payroll OPEB**	-	-	-	-	-	1,559,373	1,213,755	1,345,611	1,379,915	Prior Year
E OPEB Contributions as a percentage of covered-employee payroll	-	-	-	-	-	2.42%	2.88%	8.45%	4.64%	Prior Year

*contributions in relation to statutorily required OPEB contributions are the contributions an employer made to the OPEB Plan, as distinct from the statutorily required contributions.

**The employer's covered payroll is defined by GASB 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 85, Omnibus 2017, as payroll on which contributions to the OPEB, plan are based. For university employers, covered payroll bor both pension ad OPEB is the greater of 1) university payroll on which contributions t the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full to-year trend is completed, the schedule will show information for those years for which data is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Michigan Public School Employees Retirement Plan

Changes of benefit terms:

There were no changes of benefit terms in 2022.

Changes of assumptions:

There were no changes of benefit assumptions in 2022.

OTHER INFORMATION

**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 School Board
Nah Tah Wahsh Public School Academy
N14911 Hannahville B-1 Road
Wilson, MI 49896

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Nah Tah Wahsh Public School Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Nah Tah Wahsh Public School Academy’s basic financial statements and have issued our report thereon dated January 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Nah Tah Wahsh Public School Academy’s internal control over financial reporting (internal control) to determine the 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 the Nah Tah Wahsh Public School Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Nah Tah Wahsh Public School Academy’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Academy’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 may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nah Tah Wahsh Public School Academy’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Nah Tah Wahsh Public School Academy’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 Nah Tah Wahsh Public School Academy’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Digitally signed by Kurt Tucker
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email=kurt@mwp.us.com, c=US
Date: 2023.01.12 16:29:41 -05'00'

Midwest Professionals, P.L.L.C.

Gaylord, Michigan
January 12, 2023

*Member of American Institute of Certified Public Accountants
Member of Michigan Association of Certified Public Accountants*

**NAH TAH WAHSH PUBLIC SCHOOL ACADEMY
SCHEDULE OF AUDITORS' FINDINGS & RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Nah Tah Wahsh Public School Academy.
2. There were no deficiencies relating to the audit of the financial statements reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Nah Tah Wahsh Public School Academy were disclosed during our audit.
4. An audit conducted in accordance with the Single Audit Act was not required in the current year. The audit was not performed under the Single Audit Act guidelines.

**NAH TAH WAHSH PUBLIC SCHOOL ACADEMY
SCHEDULE OF AUDITORS' FINDINGS & RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022**

PRIOR YEAR FINDINGS:

Internal Control Over Financial Reporting

None noted.

Compliance and Other Matters:

None noted.

CURRENT YEAR FINDINGS:

Internal Control Over Financial Reporting

None noted.

Compliance and Other Matters:

None noted.