

# Grand Blanc Academy

## Financial Statements

June 30, 2022



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**Grand Blanc Academy**  
**Members of the Board of Directors and Administration**  
**June 30, 2022**

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**Members of the Board of Directors**

|                   |                |
|-------------------|----------------|
| Angelo Powell     | President      |
| Jennifer Kotwicki | Vice President |
| Dylan Luna        | Treasurer      |
| JoAnn McCann      | Secretary      |

**Administration**

|            |               |
|------------|---------------|
| Patty Wood | School Leader |
|------------|---------------|



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## Independent Auditors' Report

To Management and the Board of Directors  
Grand Blanc Academy  
Grand Blanc, Michigan

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Blanc Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Grand Blanc Academy's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Blanc 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Blanc 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.

#### Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Academy adopted new accounting guidance, GASBS No. 87, *Leases*. Our opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grand Blanc 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 Grand Blanc 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 and budgetary comparison information, identified in the table of contents, be presented to supplement the basic financial statements. Such information is the

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

### **Other Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2022, on our consideration of Grand Blanc Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Blanc Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Blanc Academy's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan  
October 23, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT’S DISCUSSION AND ANALYSIS

Grand Blanc Academy is a preschool through 8<sup>th</sup> grade Public School Academy located in Grand Blanc, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Grand Blanc Academy administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2022.

### FINANCIAL HIGHLIGHTS OF THE ACADEMY

|   | <b>Current Fiscal Year</b> | <b>Prior Fiscal Year</b> |
|---|----------------------------|--------------------------|
| State Aid Funding Per Pupil                                       | \$8,700                    | \$8,111                  |
| Enrollment  | 331                        | 263                      |
| General Fund Balance Increase/(Decrease)                          | (\$36,926)                 | \$174,080                |
| General Fund Balance as percent of Unrestricted State Aid Revenue | 18%                        | 21%                      |
| Instructional Expenditures as percent of Total Expenditures       | 41%                        | 43%                      |

### OVERVIEW OF THE FINANCIAL STATEMENTS

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

#### FUND FINANCIAL STATEMENTS:

For the most part, the fund financial statements are comparable to general purpose financial statements. The primary difference is that the Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. The fund level statements are reported on a modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, the Academy’s major instruction and instructional support activities are reported in the General Fund. Additional governmental activities are reported in their relevant Special Revenue Funds.

In the fund financial statement, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.

The academy has one kind of fund:

Governmental fund – Most of the Academy’s basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy’s programs. Because this information does not encompass the additional long-term focus of the academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

## ACADEMY WIDE FINANCIAL STATEMENTS:

The Academy-wide financial statements are maintained using the “full accrual” basis. They report all of the Academy’s assets and liabilities, both short and long term, regardless if they are “currently available” or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

**Figure A-1 Organization of Grand Blanc Academy’s Annual Financial Report**

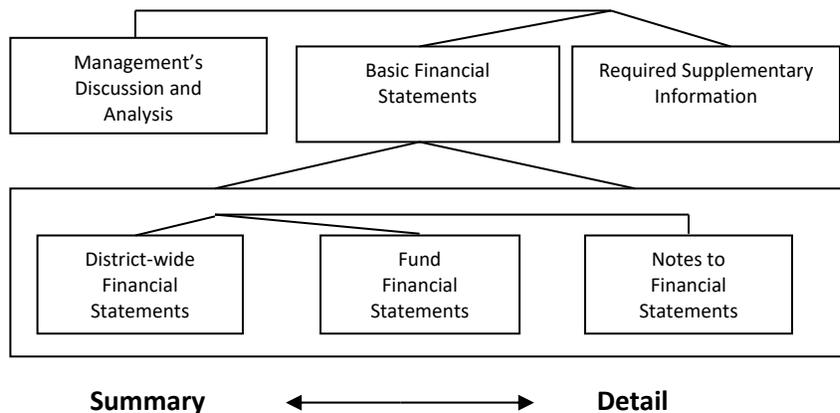


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**Figure A – 2 Major Features of the Academy-Wide and Fund Financial Statements**

|   | <b>Academy-wide statements</b>   | <b>Fund Financial Statements</b>  |
|---|--|---|
| <b>Scope</b>                                  | Entire academy (except fiduciary funds)  | All activities of the academy that are not fiduciary  |
| <b>Required financial statements</b>          | * Statement of net position<br>* Statement of activities                           | * Balance sheet<br>* Statement of revenues, expenditures and changes in fund balances   |
| <b>Accounting basis and measurement focus</b> | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial resources focus   |
| <b>Type of asset/liability information</b>    | All assets and liabilities, both financial and capital, short-term and long-term   | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                     |
| <b>Type of inflow/outflow information</b>     | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable |

## FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

|   | Current Fiscal Year | Prior Fiscal Year |
|---|---------------------|-------------------|
| Ending General Fund Balance                                   | \$507,637           | \$544,563         |
| Total General Fund Revenue                                    | \$5,016,210         | \$3,812,261       |
| State Aid Foundation Allowance as percent of Academy Revenues | 56%                 | 68%               |
| Total Cost of Instructional Programs                          | \$1,839,473         | \$1,561,907       |
| Total Cost of Support/Operational Services                    | \$2,715,603         | \$1,528,244       |
| Support/Operational Services as percent of Total Expenditures | 59%                 | 42%               |
| Total Expenditures transferred to Debt Service                | \$498,060           | \$498,276         |
| Transfer to Debt Service as percent of Total Expenditures     | 11%                 | 14%               |

## ACADEMY GOVERNMENTAL ACTIVITIES

### Summary of Net Position:

The following summarizes the net position at fiscal year ended June 30, 2022 and 2021:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| Current Assets  | \$ 2,150,173        | \$ 1,720,134        |
| Capital Assets  | 5,886,574           | 5,886,574           |
| Less: Accumulated Depreciation                            | <u>(2,866,549)</u>  | <u>(2,727,868)</u>  |
| Capital Assets, Net Book Value                            | <u>3,020,025</u>    | <u>3,158,706</u>    |
| Total Assets and Deferred Outflows                        | <u>\$ 5,170,198</u> | <u>\$ 4,878,840</u> |
| <b>Liabilities</b>  |                     |                     |
| Current Liabilities                                       | \$ 1,217,880        | \$ 555,396          |
| Long-term Liabilities                                     | <u>2,607,888</u>    | <u>3,162,389</u>    |
| Total Liabilities and Deferred Inflows                    | <u>\$ 3,825,768</u> | <u>\$ 3,717,785</u> |
| <b>Net Position</b>                                       |                     |                     |
| Invested in Capital Assets, Net of Related Debt (Deficit) | \$ 124,047          | \$ (3,683)          |
| Restricted for Food Service                               | 77,324              | -                   |
| Restricted for Debt Service                               | 633,837             | 618,865             |
| Unrestricted  | <u>509,222</u>      | <u>545,873</u>      |
| Total Net Position  | <u>\$ 1,344,430</u> | <u>\$ 1,161,055</u> |

## Results of Operations:

For the fiscal year ended June 30, 2022 and 2021, the Academy wide results of operations were:

|  | 2022              |            | 2021              |            |
|--|-------------------|------------|-------------------|------------|
|  | Amount            | % of Total | Amount            | % of Total |
| <b>General Revenue:</b>                |                   |            |                   |            |
| State of Michigan Aid - All Sources    | \$ 2,816,277      | 51.97%     | \$ 2,593,535      | 64.84%     |
| Other                                  | 5,531             | 0.10%      | 1,387             | 0.03%      |
| Total General Revenue                  | 2,821,808         | 52.07%     | 2,594,922         | 64.87%     |
| <b>Program Revenue:</b>                |                   |            |                   |            |
| Charges for Services                   | 3,879             | 0.07%      | 904               | 0.02%      |
| Operating Grants - Federal and State   | 2,593,169         | 47.85%     | 1,404,281         | 35.11%     |
| Total Program Revenue                  | 2,597,048         | 47.93%     | 1,405,185         | 35.13%     |
| Total Revenue                          | 5,418,856         | 100.00%    | 4,000,107         | 100.00%    |
| <b>Expenses:</b>                       |                   |            |                   |            |
| Instruction and Instructional Services | 2,082,577         | 39.78%     | 1,629,778         | 43.94%     |
| Support Services                       | 2,564,348         | 48.98%     | 1,596,983         | 43.05%     |
| Food Service                           | 330,470           | 6.31%      | 200,636           | 5.41%      |
| Community Services                     | -                 | 0.00%      | 856               | 0.02%      |
| Interest on Long-term Debt             | 258,086           | 4.93%      | 281,132           | 7.58%      |
| Total Expenses                         | 5,235,481         | 100.00%    | 3,709,385         | 100.00%    |
| Change in Net Position                 | <u>\$ 183,375</u> |            | <u>\$ 290,722</u> |            |

During the fiscal year ended June 30, 2022, the Academy's net position increased by \$183,375 as compared to a net increase of \$290,722 in the prior fiscal year. The total increase in Revenue and Expenditures for the current year is due to the additional funds received from the ESSER and ARP-ESSER federal funds.

## State of Michigan Aid and Other Factors affecting Revenue

The State of Michigan aid is determined by the following variables:

- Per Student, Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. The Grand Blanc Academy foundation allowance was \$8,700.
- Student Enrollment: The Academy's student enrollment for the fall count of 2021-22 was 331 students. To calculate total state aid to be provided by the foundation allowance, a system (Section 25) where the funding follows the student was used. This means adjustments were made to the current year fall count when students enrolled or unenrolled until the current year winter count to calculate the adjusted fall count. A blend of 90% of the adjusted current year fall count and 10% of the prior year spring count is multiplied by the Academy's foundation allowance.
- Total Section 25 adjustment was 1.03 FTE or \$8,961.
- The Academy continues to receive federal monies in the way of ESSER Act funding. These funds are to be used to deliver a continued high quality academic program and response to COVID-19. Additional federal funding is available during the 2022-23 and 2023-24 fiscal years.

Subsequent to year end June 30, 2022, preliminary student enrollments for 2022-23 indicate that the 2022 fall student enrollment is anticipated to be about the same as the 2021-22 level.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget two times. These budget amendments fall into several categories:

Changes were made in the second and fourth quarters to account change in student enrollment, federal funding, and changes in assumptions (e.g. staffing changes, instructional, transportation, food services and community services) since the original budget was adopted.

The Academy's expenditures from General Fund operations exceeded revenues by \$36,926 for the fiscal year ended June 30, 2022.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital assets

The Academy's net investment in capital assets decreased by \$138,681 during the fiscal year. This can be summarized as follows:

|  | Beginning<br>Balance 6/30/21 | Additions           | Disposals   | Ending<br>Balance 6/30/22 |
|--|------------------------------|---------------------|-------------|---------------------------|
| <i>Depreciable Capital Assets</i>          |                              |                     |             |                           |
| Buildings and additions                    | 4,378,908                    | -                   | -           | 4,378,908                 |
| Site Improvements                          | 202,008                      | -                   | -           | 202,008                   |
| Equipment and Furniture                    | 582,946                      | -                   | -           | 582,946                   |
| Right to Use Asset - Equipment & Furniture | 57,425                       |                     |             | 57,425                    |
| <i>Non-Depreciable Capital Assets</i>      |                              |                     |             |                           |
| Land                                       | 665,287                      | -                   | -           | 665,287                   |
| Less: Accumulated Depreciation             | 2,727,868                    | 138,681             | -           | 2,866,549                 |
| Net Investment in Capital Assets           | <u>\$ 3,158,706</u>          | <u>\$ (138,681)</u> | <u>\$ -</u> | <u>\$ 3,020,025</u>       |

### Depreciation Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets in the entity wide financial statements. Depreciation is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy's financial statements.

For fiscal year ended June 30, 2022, the net increase in accumulated depreciation was \$138,681.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset, less an estimated salvage value.

## Debt, Principal Payments

A summary of long-term debt service activities is as follows:

|                               | <u>Balance<br/>6/30/2021</u> | <u>New<br/>Financings</u> | <u>Principal<br/>Payments</u> | <u>Balance<br/>6/30/2022</u> |
|-------------------------------|------------------------------|---------------------------|-------------------------------|------------------------------|
| Certificates of Participation | \$ 3,110,000                 | \$ -                      | \$ 250,000                    | \$ 2,860,000                 |
| Notes and Lease Payable       | 52,389                       | \$ -                      | \$ 16,411                     | \$ 35,978                    |
| Total Long-term Obligations   | <u>\$ 3,162,389</u>          | <u>\$ -</u>               | <u>\$ 266,411</u>             | <u>\$ 2,895,978</u>          |

## ECONOMIC FACTORS BEARING ON THE ACADEMY'S FUTURE

The Preliminary Budget for the 2022-23 Fiscal Year was adopted by the Board of Directors in June 2022. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2022-23 budget preparation process include:

- State Aid Foundation increase is estimated at \$250 per pupil. The actual state aid foundation allowance for fiscal year 2022-23 will be \$9,150 per pupil.
- Enrollment projections of 362 students in grades Preschool – 8<sup>th</sup> grade.
- Continued improvement of academic achievement through changes in academic programs.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year. In spite of the current economic uncertainties we remain cautiously confident that the State will find the resources to sufficiently fund current appropriations.

## CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 5135 E. Hill Rd. Grand Blanc, MI 48439.

## BASIC FINANCIAL STATEMENTS

**Grand Blanc Academy**  
**Statement of Net Position**  
**June 30, 2022**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>                                    |                            |
| Cash   | \$ 329,744                 |
| Due from other governmental units                | 1,004,339                  |
| Investments                                      | 728,037                    |
| Prepaid items                                    | 88,053                     |
| Right to use assets - net of amortization        | 29,841                     |
| Capital assets not being depreciated             | 665,287                    |
| Capital assets - net of accumulated depreciation | 2,324,897                  |
| Total assets                                     | 5,170,198                  |
| <b>Liabilities</b>                               |                            |
| Accounts payable                                 | 382,640                    |
| State aid anticipation note payable              | 186,200                    |
| Accrued expenditures                             | 360,950                    |
| Noncurrent liabilities                           |                            |
| Due within one year                              | 288,090                    |
| Due in more than one year                        | 2,607,888                  |
| Total liabilities                                | 3,825,768                  |
| <b>Net Position</b>                              |                            |
| Net investment in capital assets                 | 124,047                    |
| Restricted for                                   |                            |
| Food service                                     | 77,324                     |
| Debt service                                     | 633,837                    |
| Unrestricted                                     | 509,222                    |
| Total net position                               | \$ 1,344,430               |

See Accompanying Notes to the Financial Statements

**Grand Blanc Academy**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

|                                  | Program Revenues        |  |              | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|----------------------------------|-------------------------|--|--------------|--|
| Expenses                         | Charges for<br>Services | Operating<br>Grants and<br>Contributions |              |  |
| <b>Functions/Programs</b>        |                         |  |              |  |
| Governmental activities          |                         |  |              |  |
| Instruction                      | \$ 2,082,577            | \$ -                                     | \$ 2,016,544 | \$ (66,033)  |
| Supporting services              | 2,564,348               | -  | 182,279      | (2,382,069)  |
| Food services                    | 330,470                 | 3,879                                    | 394,346      | 67,755   |
| Interest on long-term debt       | 258,086                 | -  | -            | (258,086)  |
| Total governmental activities    | \$ 5,235,481            | \$ 3,879                                 | \$ 2,593,169 | (2,638,433)  |
| General revenues                 |                         |  |              |  |
| State aid - unrestricted         |                         |  |              | 2,816,277  |
| Interest and investment earnings |                         |  |              | 138  |
| Other                            |                         |  |              | 5,393  |
| Total general revenues           |                         |  |              | 2,821,808  |
| Change in net position           |                         |  |              | 183,375  |
| Net position - beginning         |                         |  |              | 1,161,055  |
| Net position - ending            |                         |  |              | \$ 1,344,430   |

See Accompanying Notes to the Financial Statements

**Grand Blanc Academy**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

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|                                   | Major Funds     |                 | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------|-----------------|-----------------|-----------------------------------|--------------------------------|
|                                   | General<br>Fund | Debt<br>Service |                                   |                                |
| <b>Assets</b>                     |                 |                 |                                   |                                |
| Cash                              | \$ 328,159      | \$ -            | \$ 1,585                          | \$ 329,744                     |
| Due from other funds              | -               | -               | 77,324                            | 77,324                         |
| Due from other governmental units | 1,004,339       | -               | -                                 | 1,004,339                      |
| Investments                       | -               | 728,037         | -                                 | 728,037                        |
| Prepaid items                     | 88,053          | -               | -                                 | 88,053                         |
| Total assets                      | \$ 1,420,551    | \$ 728,037      | \$ 78,909                         | \$ 2,227,497                   |

See Accompanying Notes to the Financial Statements

**Grand Blanc Academy**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

|   | Major Funds         |                   | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------|-----------------------------------|--------------------------------|
|   | General<br>Fund     | Debt<br>Service   |                                   |                                |
| <b>Liabilities</b>                                      |                     |                   |                                   |                                |
| Accounts payable  | \$ 382,640          | \$ -              | \$ -                              | \$ 382,640                     |
| State aid anticipation note payable                     | 186,200             | -                 | -                                 | 186,200                        |
| Due to other funds                                      | 72,224              | 5,100             | -                                 | 77,324                         |
| Accrued expenditures                                    | 271,850             | -                 | -                                 | 271,850                        |
|   | <u>912,914</u>      | <u>5,100</u>      | <u>-</u>                          | <u>918,014</u>                 |
| <b>Fund Balance</b>                                     |                     |                   |                                   |                                |
| Non-spendable   |                     |                   |                                   |                                |
| Prepaid items   | 88,053              | -                 | -                                 | 88,053                         |
| Restricted for  |                     |                   |                                   |                                |
| Food service  | -                   | -                 | 77,324                            | 77,324                         |
| Debt service  | -                   | 722,937           | -                                 | 722,937                        |
| Committed for   |                     |                   |                                   |                                |
| Student activities                                      | -                   | -                 | 1,585                             | 1,585                          |
| Assigned for budgeted excess expenditures over revenues | 41,890              | -                 | -                                 | 41,890                         |
| Unassigned  | 377,694             | -                 | -                                 | 377,694                        |
|   | <u>507,637</u>      | <u>722,937</u>    | <u>78,909</u>                     | <u>1,309,483</u>               |
| Total fund balance                                      | <u>507,637</u>      | <u>722,937</u>    | <u>78,909</u>                     | <u>1,309,483</u>               |
| Total liabilities and fund balances                     | <u>\$ 1,420,551</u> | <u>\$ 728,037</u> | <u>\$ 78,909</u>                  | <u>\$ 2,227,497</u>            |

See Accompanying Notes to the Financial Statements

**Grand Blanc Academy**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2022**

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|   |                            |
|---|----------------------------|
| <b>Total fund balances for governmental funds</b>   | \$ 1,309,483               |
| Total net position for governmental activities in the statement of net position is different because:   |                            |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |                            |
| Right to use assets - net of amortization   | 29,841                     |
| Capital assets not being depreciated  | 665,287                    |
| Capital assets - net of accumulated depreciation  | 2,324,897                  |
| Certain liabilities are not due and payable in the current period and are not reported in the funds.  |                            |
| Accrued interest  | (89,100)                   |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. |                            |
| Certificates payable  | (2,860,000)                |
| Leases  | (35,978)                   |
|   | (2,895,978)                |
| <b>Net position of governmental activities</b>  | <b>\$ <u>1,344,430</u></b> |

**Grand Blanc Academy**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

|   | Major Funds       |                   | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------|-----------------------------------|--------------------------------|
|   | General<br>Fund   | Debt<br>Service   |                                   |                                |
| <b>Revenues</b>                                   |                   |                   |                                   |                                |
| Local sources                                     | \$ 5,581          | \$ 129            | \$ 8,171                          | \$ 13,881                      |
| State sources                                     | 3,377,892         | -                 | 5,845                             | 3,383,737                      |
| Federal sources                                   | 1,619,140         | -                 | 388,501                           | 2,007,641                      |
| Interdistrict sources                             | 13,597            | -                 | -                                 | 13,597                         |
| Total revenues                                    | <u>5,016,210</u>  | <u>129</u>        | <u>402,517</u>                    | <u>5,418,856</u>               |
| <b>Expenditures</b>                               |                   |                   |                                   |                                |
| Current   |                   |                   |                                   |                                |
| Education   |                   |                   |                                   |                                |
| Instruction                                       | 1,839,473         | -                 | -                                 | 1,839,473                      |
| Supporting services                               | 2,486,074         | -                 | -                                 | 2,486,074                      |
| Student activities                                | -                 | -                 | 4,017                             | 4,017                          |
| Food services                                     | -                 | -                 | 320,901                           | 320,901                        |
| Capital outlay                                    | 188,249           | -                 | -                                 | 188,249                        |
| Debt service                                      |                   |                   |                                   |                                |
| Principal   | 16,411            | 250,000           | -                                 | 266,411                        |
| Interest and other expenditures                   | 24,869            | 241,017           | -                                 | 265,886                        |
| Total expenditures                                | <u>4,555,076</u>  | <u>491,017</u>    | <u>324,918</u>                    | <u>5,371,011</u>               |
| Excess (deficiency) of revenues over expenditures | <u>461,134</u>    | <u>(490,888)</u>  | <u>77,599</u>                     | <u>47,845</u>                  |
| <b>Other Financing Sources (Uses)</b>             |                   |                   |                                   |                                |
| Transfers in                                      | -                 | 498,060           | -                                 | 498,060                        |
| Transfers out                                     | (498,060)         | -                 | -                                 | (498,060)                      |
| Total other financing sources (uses)              | <u>(498,060)</u>  | <u>498,060</u>    | <u>-</u>                          | <u>-</u>                       |
| Net change in fund balances                       | (36,926)          | 7,172             | 77,599                            | 47,845                         |
| Fund balances - beginning                         | <u>544,563</u>    | <u>715,765</u>    | <u>1,310</u>                      | <u>1,261,638</u>               |
| Fund balances - ending                            | <u>\$ 507,637</u> | <u>\$ 722,937</u> | <u>\$ 78,909</u>                  | <u>\$ 1,309,483</u>            |

See Accompanying Notes to the Financial Statements

**Grand Blanc Academy**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

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|  |                          |
|--|--------------------------|
| <b>Net change in fund balances - Total governmental funds</b>  | <b>\$ 47,845</b>         |
| Total change in net position reported for governmental activities in the statement of activities is different because  |                          |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.   |                          |
| Depreciation and amortization expense  | (138,681)                |
| Expenses are recorded when incurred in the statement of activities.  |                          |
| Interest   | 7,800                    |
| Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities. |                          |
| Repayments of long-term debt   | <u>266,411</u>           |
| <b>Change in net position of governmental activities</b>   | <b><u>\$ 183,375</u></b> |

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Grand Blanc Academy (Academy) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Academy's significant accounting policies:

**Reporting Entity**

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

The Academy operates under a contract with Eastern Michigan University to charter a public school academy thru June 30, 2024. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state aid funds pursuant to the state constitution. Eastern Michigan University is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Eastern Michigan University three percent of state aid foundation as administrative fees. The total administrative fee paid to Eastern Michigan University during 2022 was \$84,130.

The Academy is governed by an appointed five-member Board of Directors. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. The Academy has no component units.

**Academy-wide Financial Statements**

The Academy's basic financial statements include both Academy-wide (reporting for the Academy as a whole) and fund financial statements (reporting the Academy's major funds). The Academy-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the Academy's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Academy's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The Academy first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Academy's functions. The functions are also supported by general government revenues (certain intergovernmental revenues, investments and earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (state sources and federal sources, interest income, etc.). The Academy does not allocate indirect costs. In creating the Academy-wide financial statements the Academy has eliminated interfund transactions.

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

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**Fund Financial Statements**

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Academy reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the Academy pertaining to education and those operations not required to be provided for in other funds.

Debt Service Fund – Debt Service Funds are used to record interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Additionally, the Academy reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Academy's Special Revenue Funds include Food Service and Student Activities.

**Assets, Liabilities and Net Position and Fund Balance**

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

The Academy considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Academy-wide and fund financial statements.

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

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

|                         |             |
|-------------------------|-------------|
| Buildings and additions | 20-50 years |
| Site improvements       | 10-20 years |
| Equipment and furniture | 5-10 years  |

Long-term Obligations – In the Academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the Academy's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

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

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

Committed – amounts that have been formally set aside by the Board of Directors for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Directors.

Assigned – amounts intended to be used for specific purposes, as determined by the board of directors. The Board of Directors has granted the Chief Administrative Officer the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Academy's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Academy's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates – The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standards**

Statement No. 87, *Leases* increases the usefulness of the Academy’s financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Academy’s leasing activities.

Statement No. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**Upcoming Accounting and Reporting Changes**

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor’s IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding

subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

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

The Academy is evaluating the impact that the above pronouncements will have on its financial reporting.

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. The Academy is not considered in violation of the law if reasonable procedures are in use by the Academy to detect violations.

The Chief Administrative Officer is authorized to transfer budgeted amounts within functions in any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Budgeted amounts are as originally adopted or as amended by the Board of Directors throughout the year. Individual amendments were not material in relation to the original appropriations.

**Excess of Expenditures over Appropriations**

During the year, the Academy incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

| Function                   | Final<br>Budget | Amount of<br>Expenditures | Budget<br>Variances<br>Over<br>(Under) |
|----------------------------|-----------------|---------------------------|--|
| General Fund               |                 |                           |  |
| Basic programs             | \$ 1,139,212    | \$ 1,168,651              | \$ 29,439                              |
| Pupil                      | 138,493         | 151,523                   | 13,030                                 |
| General administration     | 437,785         | 442,107                   | 4,322                                  |
| Operations and maintenance | 309,414         | 339,809                   | 30,395                                 |
| Central                    | 279,362         | 315,016                   | 35,654                                 |
| Capital outlay             | 180,000         | 188,249                   | 8,249                                  |
| Debt - principal           | -               | 16,411                    | 16,411                                 |

**Note 3 - Deposits and Investments**

The breakdown between deposits and investments for the Academy is as follows:

|  |                            |
|--|----------------------------|
| Deposits (checking, savings accounts,<br>money markets, certificates of deposit) | \$ 329,744                 |
| Investments in securities, mutual funds,<br>and similar vehicles                 | <u>728,037</u>             |
| Total  | <u><u>\$ 1,057,781</u></u> |

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

As of year end, the Academy had the following investments:

| Investment   | Fair Value        | Maturities | Rating | Rating Organization |
|--|-------------------|------------|--------|---------------------|
| First American Treasury<br>Obligation Fund - Class D | <u>\$ 728,037</u> | N/A        | AAAmf  | Fitch               |

Interest rate risk – The Academy has a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Academy is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers’ acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy has no investment policy that would further limit its investment choices.

Concentration of credit risk – The Academy has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Academy’s deposits may not be returned to it. The Academy does not have a deposit policy for custodial credit risk. As of year end, \$79,744 of the Academy’s bank balance of \$329,744 was exposed to custodial credit risk.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. There is no custodial credit risk related to the Academy’s investments as of year end.

The investments have been allocated by the trustee, U.S. Bank N.A., as follows in accordance with the financing agreements related to the Participation Notes:

| Name of Account     | Balance at<br>June 30,<br>2022 | Restriction   |
|---------------------|--------------------------------|---|
| Certificate account | \$ 232,242                     | Principal and interest due on certificates            |
| Reserve fund        | <u>495,795</u>                 | Security for lender, will be applied to final payment |
|                     | <u>\$ 728,037</u>              |   |

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Note 4 - Fair Value Measurements**

The Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Academy has the following recurring fair value measurements as of June 30, 2022:

- U.S. Treasury securities of \$728,037 are valued using quoted market prices (Level 1 inputs)

**Note 5 - Capital Assets**

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

|  | Restated<br>Beginning<br>Balance | Increases    | Decreases | Ending<br>Balance |
|--|----------------------------------|--------------|-----------|-------------------|
| <b>Governmental activities</b>               |                                  |              |           |                   |
| Capital assets not being depreciated         |                                  |              |           |                   |
| Land   | \$ 665,287                       | \$ -         | \$ -      | \$ 665,287        |
| Capital assets being depreciated             |                                  |              |           |                   |
| Buildings and additions                      | 4,378,908                        | -            | -         | 4,378,908         |
| Site improvements                            | 202,008                          | -            | -         | 202,008           |
| Equipment and furniture                      | 582,946                          | -            | -         | 582,946           |
| Right to use asset - equipment and furniture | 57,425                           | -            | -         | 57,425            |
| Total capital assets being depreciated       | 5,221,287                        | -            | -         | 5,221,287         |
| Less accumulated depreciation for            |                                  |              |           |                   |
| Buildings and additions                      | 2,058,953                        | 96,874       | -         | 2,155,827         |
| Site improvements                            | 113,504                          | 20,132       | -         | 133,636           |
| Equipment and furniture                      | 539,312                          | 10,190       | -         | 549,502           |
| Right to use asset - equipment and furniture | 16,099                           | 11,485       | -         | 27,584            |
| Total accumulated depreciation               | 2,727,868                        | 138,681      | -         | 2,866,549         |
| Net capital assets being depreciated         | 2,493,419                        | (138,681)    | -         | 2,354,738         |
| Net capital assets                           | \$ 3,158,706                     | \$ (138,681) | \$ -      | \$ 3,020,025      |
| Total right to use leased assets             |                                  |              |           |                   |
| Right to use assets, net of amortization     | \$ 41,326                        | \$ (11,485)  | \$ -      | \$ 29,841         |
| Capital assets                               |                                  |              |           |                   |
| Assets not being depreciated                 | 665,287                          | -            | -         | 665,287           |
| Other capital assets, net of depreciation    | 2,452,093                        | (127,196)    | -         | 2,324,897         |
| Net capital assets                           | \$ 3,158,706                     | \$ (138,681) | \$ -      | \$ 3,020,025      |

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

Depreciation and amortization expense was charged to activities of the Academy as follows:

|                                |                   |
|--------------------------------|-------------------|
| <b>Governmental activities</b> |                   |
| Instruction                    | \$ 54,855         |
| Support services               | 74,257            |
| Food services                  | <u>9,569</u>      |
| Total governmental activities  | <u>\$ 138,681</u> |

**Note 6 - Interfund Receivable and Payable and Transfers**

Individual interfund receivable and payable balances at year end were:

| Receivable Fund             | Payable Fund | Amount           |
|-----------------------------|--------------|------------------|
| Nonmajor Governmental Funds | Debt Service | \$ 5,100         |
| Nonmajor Governmental Funds | General Fund | <u>72,224</u>    |
|                             |              | <u>\$ 77,324</u> |

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year, from the General Fund to the Debt Service Fund totaling \$498,060 to cover the required debt payments.

**Note 7 - Leases**

**Lease Liability**

The Academy has two leases, and both are classified as right to use assets. The first agreement is related to a HVAC repair lease. The Academy entered this lease in 2020 and the length of the lease is 4 years. The second agreement is related to a firewall server lease. The Academy entered this lease in 2019 and the length of the lease is 5 years. As of June 30, 2022, the value of the lease liability was \$35,978. The Academy is required to make annual principal and interest payments ranging from \$3,452 - \$18,090. Each lease has an interest rate of 4.5%. The value of the right-to-use assets as of the end of the current fiscal year was \$29,841 and had accumulated amortization of \$11,485.

| Year ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|----------------------|------------------|-----------------|------------------|
| 2023                 | \$ 18,090        | \$ 1,621        | \$ 19,711        |
| 2024                 | 14,436           | 460             | 14,896           |
| 2025                 | <u>3,452</u>     | <u>32</u>       | <u>3,484</u>     |
| Total                | <u>\$ 35,978</u> | <u>\$ 2,113</u> | <u>\$ 38,091</u> |

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

**Note 8 - Long-Term Debt**

The Academy issued Series 2000 Certificates of Participation totaling \$5,605,000 to provide for the acquisition and construction of their facilities. The Certificates are direct obligations and pledge the full faith and credit of the Academy.

Long-term obligation activity is summarized as follows:

|                               | Beginning<br>Balance       | Additions          | Reductions               | Ending<br>Balance          | Amount Due<br>Within One Year |
|-------------------------------|----------------------------|--------------------|--------------------------|----------------------------|-------------------------------|
| Bonds and notes payable       |                            |                    |                          |                            |                               |
| Certificates of Participation | \$ 3,110,000               | \$ -               | \$ 250,000               | \$ 2,860,000               | \$ 270,000                    |
| Other Liabilities             |                            |                    |                          |                            |                               |
| Leases                        | <u>52,389</u>              | <u>-</u>           | <u>16,411</u>            | <u>35,978</u>              | <u>18,090</u>                 |
| <b>Total</b>                  | <b><u>\$ 3,162,389</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 266,411</u></b> | <b><u>\$ 2,895,978</u></b> | <b><u>\$ 288,090</u></b>      |

Under the bond agreement, the Academy has granted a security interest in an amount equal to 20% of the state school aid revenues to secure the bond payments. The interest rate on outstanding obligations is 7.61%. Principal payments range from \$270,000 to \$455,000. The final payment is due February 1, 2030.

Future principal and interest requirements for bonded debt are as follows:

| Year Ending June 30, | Principal                  | Interest                   |
|----------------------|----------------------------|----------------------------|
| 2023                 | \$ 270,000                 | \$ 221,650                 |
| 2024                 | 295,000                    | 200,725                    |
| 2025                 | 315,000                    | 177,863                    |
| 2026                 | 340,000                    | 153,450                    |
| 2027                 | 365,000                    | 127,100                    |
| 2028-2030            | <u>1,275,000</u>           | <u>202,275</u>             |
| <b>Total</b>         | <b><u>\$ 2,860,000</u></b> | <b><u>\$ 1,083,063</u></b> |

The Certificates of Participation are payable from the Debt Service Fund. As of year end, the fund had a balance of \$722,937 to pay this debt. Future debt and interest will be payable from future state aid payments. Final maturity on these Certificates of Participation is in February 2030.

Interest expenditures related to the certificates for the year ended June 30, 2022, in the Debt Service fund, were \$241,017.

**State Aid Anticipation Note**

The Academy issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the Academy receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>. The Academy is required to pledge 100% of their state aid, October through August, or until the note is repaid, whichever is longer.

Short-term debt activity for the year was as follows:

|                             | Beginning<br>Balance | Proceeds          | Repayments        | Ending<br>Balance |
|-----------------------------|----------------------|-------------------|-------------------|-------------------|
| State aid anticipation note | <u>\$ 145,457</u>    | <u>\$ 800,000</u> | <u>\$ 759,257</u> | <u>\$ 186,200</u> |

**Note 9 - Risk Management**

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for general liability, property and casualty. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

**Grand Blanc Academy**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**Note 10 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the Academy expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2022.

financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation had no effect on net position as reported July 1, 2021.

**Note 11 - Management Service Agreement**

The Academy operates under an Education Services Agreement with CS Partners, LLC (CSP) and CSP Management Inc. doing business as Partner Solutions (PS). Under the terms of this agreement, CSP provides a variety of services including management of operational areas, academic program support and compliance. The Academy is obligated to pay CSP nine to ten percent of applicable revenues. Additionally, PS provides staffing for teachers, administrators and other individuals who provide educational programs at the Academy. The Academy is responsible for reimbursing PS for all costs incurred for providing staffing.

The total charged for these management services amounted to approximately \$290,000 for the year ended June 30, 2022. As of June 30, 2022, \$88,053 was prepaid to CSP and \$16,972 was owed to PS.

**Note 12 - Change in Accounting Principle**

As indicated in Note 1, Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the Academy's leasing activities. It establishes requirements for lease accounting based on the principle that leases are

## REQUIRED SUPPLEMENTARY INFORMATION

**Grand Blanc Academy**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2022**

|   | Budgeted Amounts |                  | Actual           | Over<br>(Under)<br>Budget |
|---|------------------|------------------|------------------|---------------------------|
|   | Original         | Final            |                  |                           |
| <b>Revenues</b>                         |                  |                  |                  |                           |
| Local sources                           | \$ 5,500         | \$ 5,000         | \$ 5,581         | \$ 581                    |
| State sources                           | 2,866,239        | 3,406,941        | 3,377,892        | (29,049)                  |
| Federal sources                         | 824,738          | 1,604,011        | 1,619,140        | 15,129                    |
| Interdistrict sources                   | <u>11,673</u>    | <u>11,674</u>    | <u>13,597</u>    | <u>1,923</u>              |
| Total revenues                          | <u>3,708,150</u> | <u>5,027,626</u> | <u>5,016,210</u> | <u>(11,416)</u>           |
| <b>Expenditures</b>                     |                  |                  |                  |                           |
| Instruction                             |                  |                  |                  |                           |
| Basic programs                          | 749,456          | 1,139,212        | 1,168,651        | 29,439                    |
| Added needs                             | 708,278          | 697,719          | 670,822          | (26,897)                  |
| Supporting services                     |                  |                  |                  |                           |
| Pupil                                   | 156,941          | 138,493          | 151,523          | 13,030                    |
| Instructional staff                     | 43,546           | 718,347          | 707,358          | (10,989)                  |
| General administration                  | 343,194          | 437,785          | 442,107          | 4,322                     |
| School administration                   | 183,204          | 230,771          | 221,792          | (8,979)                   |
| Business                                | 24,200           | 22,000           | 2,533            | (19,467)                  |
| Operations and maintenance              | 282,563          | 309,414          | 339,809          | 30,395                    |
| Pupil transportation services           | 390,000          | 350,900          | 301,293          | (49,607)                  |
| Central                                 | 90,890           | 279,362          | 315,016          | 35,654                    |
| Athletics                               | 3,500            | 5,796            | 4,643            | (1,153)                   |
| Community services                      | 1,400            | 19,902           | -                | (19,902)                  |
| Capital outlay                          | 180,000          | 180,000          | 188,249          | 8,249                     |
| Debt service                            |                  |                  |                  |                           |
| Principal                               | -                | -                | 16,411           | 16,411                    |
| Interest                                | <u>24,940</u>    | <u>24,869</u>    | <u>24,869</u>    | <u>-</u>                  |
| Total expenditures                      | <u>3,182,112</u> | <u>4,554,570</u> | <u>4,555,076</u> | <u>506</u>                |
| Excess of<br>revenues over expenditures | <u>526,038</u>   | <u>473,056</u>   | <u>461,134</u>   | <u>(11,922)</u>           |

**Grand Blanc Academy**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2022**

|                                       | Budgeted Amounts |              | Actual       | Over<br>(Under)<br>Budget |
|---------------------------------------|------------------|--------------|--------------|---------------------------|
|                                       | Original         | Final        |              |                           |
| <b>Other Financing Sources (Uses)</b> |                  |              |              |                           |
| Transfers out                         | \$ (525,276)     | \$ (514,946) | \$ (498,060) | \$ (16,886)               |
| Net change in fund balance            | 762              | (41,890)     | (36,926)     | 4,964                     |
| Fund balance - beginning              | 544,563          | 544,563      | 544,563      | -                         |
| Fund balance - ending                 | \$ 545,325       | \$ 502,673   | \$ 507,637   | \$ 4,964                  |

## OTHER SUPPLEMENTARY INFORMATION

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**Grand Blanc Academy**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

|                      | Special Revenue Funds   |                               | Total<br>Nonmajor<br>Governmental<br>Funds |
|----------------------|-------------------------|-------------------------------|--|
|                      | Food<br>Service<br>Fund | Student<br>Activities<br>Fund |  |
| <b>Assets</b>        |                         |                               |  |
| Cash                 | \$ -                    | \$ 1,585                      | \$ 1,585                                   |
| Due from other funds | 77,324                  | -                             | 77,324                                     |
| Total assets         | \$ 77,324               | \$ 1,585                      | \$ 78,909                                  |
| <b>Fund Balances</b> |                         |                               |  |
| Restricted for       |                         |                               |  |
| Food service         | \$ 77,324               | \$ -                          | \$ 77,324                                  |
| Committed for        |                         |                               |  |
| Student activities   | -                       | 1,585                         | 1,585                                      |
| Total fund balances  | \$ 77,324               | \$ 1,585                      | \$ 78,909                                  |

**Grand Blanc Academy**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

|                                   | Special Revenue Funds   |                               | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------------------|-------------------------|-------------------------------|--|
|                                   | Food<br>Service<br>Fund | Student<br>Activities<br>Fund |  |
| <b>Revenues</b>                   |                         |                               |  |
| Local sources                     | \$ 3,879                | \$ 4,292                      | \$ 8,171                                   |
| State sources                     | 5,845                   | -                             | 5,845                                      |
| Federal sources                   | 388,501                 | -                             | 388,501                                    |
| Total revenues                    | <u>398,225</u>          | <u>4,292</u>                  | <u>402,517</u>                             |
| <b>Expenditures</b>               |                         |                               |  |
| Current                           |                         |                               |  |
| Education                         |                         |                               |  |
| Food services                     | 320,901                 | -                             | 320,901                                    |
| Student activities                | -                       | 4,017                         | 4,017                                      |
| Total expenditures                | <u>320,901</u>          | <u>4,017</u>                  | <u>324,918</u>                             |
| Excess revenues over expenditures | 77,324                  | 275                           | 77,599                                     |
| Fund balances - beginning         | -                       | 1,310                         | 1,310                                      |
| Fund balances - ending            | <u>\$ 77,324</u>        | <u>\$ 1,585</u>               | <u>\$ 78,909</u>                           |