

**Audited Financial Statements**

# **Old Mission Peninsula School**

Traverse City, Michigan

**June 30, 2025**

## **CONTENTS**

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	i - iii
<b>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 <i>Government Auditing Standards</i></b>	iv - v
<b>Management's Discussion and Analysis</b>	vi - x
<b>Basic Financial Statements</b>	
Statement of Net Position	1
Statement of Activities	2
Combined Balance Sheet – All Governmental Funds	3
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	4
Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Notes to Financial Statements	7 - 19
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	20
<b>Supplementary Information</b>	
Schedule of Revenues – General Fund	21
Schedule of Expenditures – General Fund	22 – 23
Schedule of Findings and Responses	24



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## **Independent Auditors' Report**

Board of Directors and Management  
**Old Mission Peninsula School**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Old Mission Peninsula School (the "Academy"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy, as of June 30, 2025, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information, as identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information, 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 November 6, 2025 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

*CBIZ CPAs P.C.*

Rochester, MI  
November 6, 2025



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**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**

To the Board of Directors and Management of  
**Old Mission Peninsula School**

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Old Mission Peninsula School (the "Academy"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 6, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses item 2025-001.

### ***Old Mission Peninsula School's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Academy's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Academy's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***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 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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CBIZ CPAs P.C.*

CBIZ CPAs P.C.  
Rochester, MI

November 6, 2025

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Old Mission Peninsula School’s annual financial report presents our discussion and analysis of the public school Academy’s financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

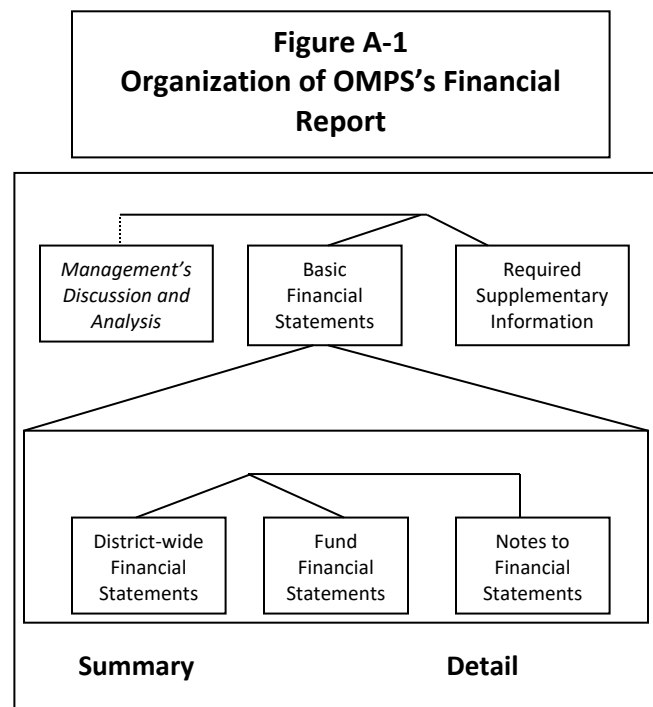
### Financial Highlights

- The Academy had an increase in the general fund balance ending with approximately \$737,000 for the fiscal year ended June 30, 2025.
- This was the Academy’s seventh year of operations. The Academy continues to be entrenched in the community and provide a solid, enriching academic experience for the students. Student counts have stabilized and we are in a great sustainable situation.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.



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-2 summarized 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**

	Academy-wide statements	Governmental funds
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
Required financial statements	* Statement of net position  * Statement of activities	* Balance sheet  * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	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
Type of inflow/outflow information	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

The two Academy-wide statements report the Academy's net position and how they have changed. Net position - the difference between the Academy's assets, deferred outflows, liabilities and deferred inflows, are one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental activities - The Academy's basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or show that it is properly using certain revenues (like school lunch).

The Academy has only governmental funds – a general fund and a special revenue fund for the child nutrition program. 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.

## **Financial Analysis of the Academy as a Whole**

The Academy is reporting a combined net position of \$961,294.

The total governmental fund revenues of the Academy were \$2,038,702. State aid foundation allowance included in revenue from state sources accounts for approximately 84% of the Academy's revenue. Blended enrollment of 145.54 was the paid state aid membership during the fiscal year.

The total cost of instruction in the current year of operations was \$1,194,485. Support services were provided in the amount of \$706,873. Other costs accounted for in the general fund included capital outlays in the amount of \$185,319, debt service payments of \$41,800 and an operating transfer out to the school service fund in the amount of \$26,959.

## **Financial Analysis of The Academy's Funds**

The financial operation of the Academy is considered stable. The general fund balance at June 30, 2025 is \$737,734, which is above 25%.

## **General Fund Budgetary Highlights**

Over the course of the year, the Academy revised the general fund annual operating budget to stay within its budgetary plan.

The Academy's final budget for the general fund anticipated revenues, expenditures, and other financing sources or uses to a net zero budget at June 30, 2025.

Actual revenues were \$8,603 more than budget.

Actual expenditures were \$173,077 more than budget primarily due to the timing of signing the lease on the building. This is offset by an other financing source. Impact of the lease signing is a net zero to fund balance.

## Academy Governmental Activities

**Table A-3**  
**Old Mission Peninsula School's Net Position**

	<b>2024</b>	<b>2024</b>
Current and other assets	\$ 977,893	\$ 995,408
Capital assets, net	390,657	303,219
Total assets	1,368,550	1,298,627
Current liabilities	292,882	303,960
Long-term liabilities	114,374	-
Total liabilities and deferred inflows	407,256	303,960
Net position:		
Net investment in capital assets	223,560	262,584
Unrestricted	737,734	732,083
Total net position	\$ 961,294	\$ 994,667

**Table A-4**  
**Changes in Old Mission Peninsula School's Net Position**

	<b>2025</b>	<b>2024</b>
Revenues:		
Program revenues:		
Charges for services	\$ 224,286	\$ 40,750
Federal and state operating grants	174,387	165,112
General revenues:		
State aid - unrestricted	1,574,023	1,484,758
Other	66,006	137,379
Total revenues	2,038,702	1,827,999
Expenses:		
Instruction	1,194,485	1,008,967
Support services	778,544	703,848
Unallocated interest	1,165	2,755
Unallocated depreciation / amortization	97,881	105,541
Total expenses	2,072,075	1,821,111
Change in net position	\$ (33,373)	\$ 6,888

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2025 the Academy had invested \$390,657 in capital assets net of accumulated depreciation/amortization as summarized in Table A-5. This amount represents a net increase of \$87,438 from the beginning of the year. Total depreciation/amortization expense for the year was \$97,881. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

<b>Table A-5</b>		
<b>Old Mission Peninsula School's Capital Assets</b>		
	<b>2025</b>	<b>2024</b>
Improvements	\$ 220,644	\$ 212,404
Furniture and equipment	142,443	142,443
Computers	372,015	362,033
Right to use assets	318,533	151,436
Subtotal	1,053,635	868,316
Less accumulated depreciation / amortization	662,978	565,097
Net book value of assets	<u>\$ 390,657</u>	<u>\$ 303,219</u>

### Long-Term Debt

The Academy adopted GASB 87 during the fiscal year ended June 30, 2022. This standard requires that lease arrangements be evaluated, and in some cases, treated as long term debt. Due to the adoption of this standard, the Academy now has some long-term obligations related to their building lease. They are summarized in Note 7 to the financial statements.

### Factors Bearing on The Academy's Future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The charter agreement with Grand Valley State University was reauthorized this year for a term of five additional years, ending on June 30, 2030.
- The State's approved budget did not provide a significant increase to revenues to the Academy. The per-pupil increase was counterbalanced by a decrease in special charter revenues received in 2025. The Academy is continuing to monitor all budget areas to ensure the Academy continues to operate in the most fiscally responsible way possible.

### 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 Board of Directors, 2699 Island View Rd., Traverse City, MI 49686, (231) 252-0225.

# OLD MISSION PENINSULA SCHOOL

## STATEMENT OF NET POSITION JUNE 30, 2025

### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 643,801
Accounts receivable	10,988
Due from other governmental units	289,623
Prepaid expenses	<u>33,481</u>
Total current assets	977,893

#### Capital Assets - Net of Accumulated Depreciation / Amortization

390,657

Total assets	<u><u>\$ 1,368,550</u></u>
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### LIABILITIES AND NET POSITION

#### Current Liabilities

Accounts payable	\$ 40,107
Unearned revenue	56,314
Other accrued liabilities	143,738
Long-term debt - current portion	<u>52,723</u>
Total current liabilities	292,882

#### Long-Term Debt - Long-Term Portion

114,374

#### Net Position

Investment in capital assets	223,560
Unrestricted	<u>737,734</u>
Total net position	<u>961,294</u>
Total liabilities and net position	<u><u>\$ 1,368,550</u></u>

See accompanying notes to financial statements

# OLD MISSION PENINSULA SCHOOL

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
<b>Functions</b>				
Instruction				
Basic programs	\$ 1,054,896	\$ 179,574	\$ 81,632	\$ (793,690)
Added needs	139,589	-	84,977	(54,612)
Support services				
Pupil support services	34,970	-	364	(34,606)
Instructional staff support services	19,385	-	4,370	(15,015)
General administration	67,025	-	-	(67,025)
School administration	225,535	-	2,038	(223,497)
Business support services	40,987	-	69	(40,918)
Operations and maintenance	241,099	-	-	(241,099)
Central support services	77,872	-	937	(76,935)
Food services	71,671	44,712	-	(26,959)
Unallocated depreciation / amortization	97,881	-	-	(97,881)
Unallocated interest	1,165	-	-	(1,165)
Total primary government	<u>\$ 2,072,075</u>	<u>\$ 224,286</u>	<u>\$ 174,387</u>	<u>(1,673,402)</u>
<b>General Purpose Revenues</b>				
State school aid - unrestricted				1,574,023
Miscellaneous revenues				<u>66,006</u>
Total general purpose revenues				<u>1,640,029</u>
Change in net position				(33,373)
Net position - July 1, 2024				<u>994,667</u>
Net position - June 30, 2025				<u>\$ 961,294</u>

See accompanying notes to financial statements

# OLD MISSION PENINSULA SCHOOL

## COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2025

### ASSETS

	<b>General</b>	<b>Non-Major Special Revenue</b>	<b>Total</b>
Cash and cash equivalents	\$ 643,801	\$ -	\$ 643,801
Accounts receivable	10,988	-	10,988
Due from other governmental units	289,623	-	289,623
Prepaid expenses	33,481	-	33,481
Total assets	<u>\$ 977,893</u>	<u>\$ -</u>	<u>\$ 977,893</u>

### LIABILITIES AND FUND BALANCE

#### Liabilities

Accounts payable	\$ 40,107	\$ -	\$ 40,107
Unearned revenue	56,314	-	56,314
Other accrued liabilities	143,738	-	143,738
Total liabilities	240,159	-	240,159

#### Fund Balance

Nonspendable	33,481	-	33,481
Unassigned	704,253	-	704,253
Total fund balance	<u>737,734</u>	<u>-</u>	<u>737,734</u>
Total liabilities and fund balance	<u>\$ 977,893</u>	<u>\$ -</u>	<u>\$ 977,893</u>

See accompanying notes to financial statements

## OLD MISSION PENINSULA SCHOOL

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2025

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

<b>Total Governmental Fund Balances</b>	\$ 737,734
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,053,635 and the accumulated depreciation / amortization is \$662,978.	390,657
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(167,097)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 961,294</u></u>

See accompanying notes to financial statements



# OLD MISSION PENINSULA SCHOOL

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	General	Non-Major Special Revenue - Food Services	Total
<b>Revenues</b>			
Local sources	\$ 245,580	\$ 44,712	\$ 290,292
State sources	1,654,105	-	1,654,105
Federal sources	94,305	-	94,305
Total governmental fund revenues	1,993,990	44,712	2,038,702
<b>Expenditures</b>			
Instruction			
Basic programs	1,054,896	-	1,054,896
Added needs	139,589	-	139,589
Support services			
Pupil support services	34,970	-	34,970
Instructional staff support services	19,385	-	19,385
General administration	67,025	-	67,025
School administration	225,535	-	225,535
Business support services	40,987	-	40,987
Operations and maintenance	241,099	-	241,099
Central support services	77,872	-	77,872
Food services	-	71,671	71,671
Capital outlay	185,319	-	185,319
Debt principal and interest	41,800	-	41,800
Total governmental fund expenditures	2,128,477	71,671	2,200,148
Excess (deficiency) of revenues over expenditures	(134,487)	(26,959)	(161,446)
<b>Other Financing Sources (Uses)</b>			
Proceeds from leases	167,097	-	167,097
Operating transfers in	-	26,959	26,959
Operating transfers out	(26,959)	-	(26,959)
Total other financing sources (uses)	140,138	26,959	167,097
Excess of revenues and other financing sources over expenditures and other uses	5,651	-	5,651
Fund balance - July 1, 2024	732,083	-	732,083
Fund balance - June 30, 2025	\$ 737,734	\$ -	\$ 737,734

See accompanying notes to financial statements

## OLD MISSION PENINSULA SCHOOL

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>5,651</b>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period

Capital outlay	\$	185,319	
Depreciation and amortization expense		<u>(97,881)</u>	87,438

The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:

Proceeds from long-term debt	\$	(167,097)	
Repayment of loan principal		<u>40,635</u>	<u>(126,462)</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(33,373)</u></b>
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# **OLD MISSION PENINSULA SCHOOL**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

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

The accounting policies of Old Mission Peninsula School (the “Academy”) conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

#### **Reporting Entity**

Old Mission Peninsula School was formed as a public 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 filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on December 9, 2017, and began operation in July 2018.

In July 2018, the Academy entered into a seven-year contract with Grand Valley State University's Board of Trustees to charter a public school academy. The contract has been renewed for an additional seven years through June 30, 2032. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Grand Valley State University's Board of Trustees three percent of State aid as administrative fees. Total administrative fees paid for the year ended June 30, 2025 were approximately \$42,000.

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 or financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

#### **Fund Financial Statements**

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

#### **Basis of Presentation – Fund Accounting**

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in a report, into generic fund types in two broad fund categories.

#### **Governmental Funds**

A governmental fund is a fund through which most Academy functions typically are financed. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities, are accounted for through a governmental fund.

## OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**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.

**Special Revenue Fund (Food Services)** - The special revenue fund is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund.

Governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible 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 sixty days of the end of the current fiscal period.
- b. Payments for inventorial types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.
- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

### Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

## **OLD MISSION PENINSULA SCHOOL**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

The government-wide Statement of Activities presents a comparison between expenses and program revenues of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

#### **Cash and Cash Equivalents**

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held no investments during the year ended June 30, 2025. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

#### **Receivables**

Due from other governmental units at June 30, 2025 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables were fully collected in July and August of 2025 and are considered measurable and available for the purposes of these financial statements.

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land or construction in process, when applicable, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments. Net position is displayed in the following three components:

## OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

*Net Investment in Capital Assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization and reduced by any outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - This component of net position consists of net position that does not meet the definition of Net investment in capital assets or Restricted.

#### **Fund Balance**

The Academy adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. *Committed fund balance* – amounts that can only be used for specific purposes pursuant to specific purposes imposed by formal action of the Academy's highest level of decision-making authority, the Board. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that include the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

## OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

#### Leases

##### *Leases and Subscription Based IT Arrangements (SBITA)*

The Academy is a lessee for a noncancelable lease/subscription of a building and an IT arrangement. The Academy recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

At the commencement of a lease/subscription, the Academy initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases included how the Academy determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.



## OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Implemented and Upcoming Accounting Pronouncements

The Academy implemented the following GASB pronouncements during the school year: GASB Statement No. 101, Compensated Absences and GASB Statement No. 102, Certain Risk Disclosures. These pronouncements did not impact the financial statements during the current school year.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

## **OLD MISSION PENINSULA SCHOOL**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

### **NOTE 2 - STEWARDSHIP, COMPLIANCE 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 function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2025 the budget was amended in a legally permissible manner. A comparison of budget to actual can be found on page 19 of these financial statements.

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

#### **Interest Rate Risk**

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

## **OLD MISSION PENINSULA SCHOOL**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### **NOTE 3 - DEPOSITS AND INVESTMENTS - Continued**

#### **Credit Risk**

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2025, the Academy held no investments.

#### **Concentration of Credit Risk**

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2025, the Academy held no investments.

#### **Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2025, \$393,801 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2024.

#### **Custodial Credit Risk - Investments**

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business. As of June 30, 2025, the Academy held no investments.

#### **Foreign Currency Risk**

The Academy is not authorized to invest in investments which have this type of risk.

#### **Fair Value**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

**OLD MISSION PENINSULA SCHOOL**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

**NOTE 3 - DEPOSITS AND INVESTMENTS - Continued**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.
- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- c. Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy’s own data.)

The Academy does not have any investments that are subject to the fair value measurement.

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consist of the following:

State sources	\$ 287,639
Federal sources	<u>1,984</u>
Total	<u>\$ 289,623</u>

## OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity of the Academy's governmental activities was as follows:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets subject to depreciation / amortization				
Right to use - building lease	\$ 140,769	\$ 167,097	\$ -	\$ 307,866
Right to use - subscription-based IT	10,667	-	-	10,667
Improvements	212,404	8,240	-	220,644
Equipment	142,443	-	-	142,443
Computers	362,033	9,982	-	372,015
Sub-total	868,316	185,319	-	1,053,635
Accumulated depreciation / amortization				
Right to use - building lease	105,202	35,567	-	140,769
Right to use - subscription-based IT	7,112	3,555	-	10,667
Improvements	52,185	16,627	-	68,812
Equipment	79,377	20,617	-	99,994
Computers	321,221	21,515	-	342,736
Sub-total	565,097	97,881	-	662,978
Total net capital assets	\$ 303,219	\$ 87,438	\$ -	\$ 390,657

Depreciation and amortization expense is reported as unallocated in the Statement of Activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

### NOTE 6 – OTHER ACCRUED LIABILITIES

Other accrued liabilities may be summarized as follows:

Purchased services - payroll and benefits	\$ 132,882
Oversight fee	7,631
Other	3,225
Total other accrued liabilities	\$ 143,738

## OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

### NOTE 7 – LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations as of June 30, 2025 can be summarized as follows:

#### Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Direct borrowing - building	4%	June 2028	Monthly payment ranging from of \$7,355 to \$7,500 including interest November through June

#### Loan Activity

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Direct borrowing - building	<u>\$ 40,635</u>	<u>\$ 167,097</u>	<u>\$ 40,635</u>	<u>\$ 167,097</u>	<u>\$ 52,723</u>

Following are minimum future lease agreements under capital leases for the next five years and in total:

	<u>Principal</u>	<u>Interest</u>
2026	\$ 52,723	\$ 6,117
2027	56,045	3,955
2028	58,329	1,671

The building lease has been extended for an additional three years beginning on July 1, 2025.

### NOTE 8 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

**OLD MISSION PENINSULA SCHOOL**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2025

**NOTE 9 – INTERFUND TRANSFERS**

During the normal course of the school year the Academy transferred amounts between its funds as follows:

	<u>General</u>	<u>Special Revenue - Food Services</u>
Transfer In	\$ -	\$ (26,959)
Transfer Out	(26,959)	-

The above transfers consisted of the general fund subsidizing the Special Revenue Fund’s food service activities during the year ended June 30, 2025.

## REQUIRED SUPPLEMENTARY INFORMATION



# OLD MISSION PENINSULA SCHOOL

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Local sources	\$ 291,570	\$ 231,787	\$ 245,580	\$ 13,793
State sources	1,518,890	1,668,812	1,654,105	(14,707)
Federal sources	59,900	84,788	94,305	9,517
Total general fund revenues	1,870,360	1,985,387	1,993,990	8,603
<b>Expenditures</b>				
Instruction				
Basic programs	997,326	1,062,147	1,054,896	(7,251)
Added needs	105,759	137,516	139,589	2,073
Support services				
Pupil support services	33,686	34,949	34,970	21
Instructional staff support services	24,500	18,403	19,385	982
General administration	71,245	67,564	67,025	(539)
School administration	196,125	226,930	225,535	(1,395)
Business support services	38,000	40,000	40,987	987
Operations and maintenance	266,181	232,893	241,099	8,206
Central support services	83,500	76,808	77,872	1,064
Capital outlay	-	16,390	185,319	168,929
Debt principal and interest	-	41,800	41,800	-
Total general fund expenditures	1,816,322	1,955,400	2,128,477	173,077
Excess of revenues over expenditures	54,038	29,987	(134,487)	(164,474)
<b>Other Financing Sources (Uses)</b>				
Proceeds from long-term debt	-	-	167,097	167,097
Operating transfers out	(38,545)	(29,987)	(26,959)	3,028
Excess of revenues and other financing sources over expenditures and other uses	15,493	-	5,651	5,651
Fund balance - July 1, 2024	732,083	732,083	732,083	-
Fund balance - June 30, 2025	\$ 747,576	\$ 732,083	\$ 737,734	\$ 5,651

## SUPPLEMENTARY INFORMATION

## OLD MISSION PENINSULA SCHOOL

### SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

#### Local Sources

Other local revenues	\$ 245,580
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#### State Sources

At risk	41,131
Special education	38,951
State aid	<u>1,574,023</u>
Total state sources	1,654,105

#### Federal Sources

Title I	19,484
Title II A	3,500
Title IV	11,804
Other program revenue	<u>59,517</u>
Total federal sources	<u>94,305</u>
Total general fund revenues	<u><u>\$ 1,993,990</u></u>

## OLD MISSION PENINSULA SCHOOL

### SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

#### Basic Programs

Purchased services	\$ 1,013,111
Supplies and materials	41,710
Other expenditures	<u>75</u>
Total basic programs	1,054,896

#### Added Needs

Purchased services	139,289
Supplies and materials	<u>300</u>
Total added needs	139,589

#### Pupil Support Services

Guidance services	34,970
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#### Instructional Staff Support Services

Purchased services	19,385
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#### General Administration

Purchased services	9,700
University oversight	41,950
Other expenditures	<u>15,375</u>
Total general administration	67,025

#### School Administration

Purchased services	214,027
Supplies and materials	2,098
Other expenditures	<u>9,410</u>
Total school administration	225,535

#### Business Support Services

Purchased services	40,987
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## OLD MISSION PENINSULA SCHOOL

### SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2025

#### Operations and Maintenance

Purchased services	122,108
Repairs and maintenance	59,202
Supplies and materials	<u>59,789</u>
Total operations and maintenance	241,099

#### Central Support Services

Purchased services	76,150
Supplies and materials	<u>1,722</u>
Total central support services	77,872

#### Capital Outlay

185,319

#### Debt Principal and Interest

41,800

Total general fund expenditures	<u><u>\$ 2,128,477</u></u>
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# OLD MISSION PENINSULA SCHOOL

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2025

### FINANCIAL STATEMENT FINDINGS

Reference Number
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Findings
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2025-001
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<b>Finding Type – Noncompliance</b>
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**Criteria** – The Michigan Public School Accounting Manual, Section IV, indicates that, when used appropriately, a budget provides the school board and administration with the ability to control and evaluate the use of the Academy's funds.

**Condition** – Actual expenditures exceeded budgeted amounts by \$173,077.

**Cause** – The budget was amended during the year as required by State statute. The State statute also requires total expenditures reported in the budget to correspond to the total expenditures reported in the Statement of Revenues, Expenditures and Changes in Fund Balance. The actual amounts reported as total expenditures included capital outlay to a lease entered in the year which had a corresponding debt (other financing source) due to the adoption of the GASB Statement 87 transaction. Accordingly, as the final amended budgeted amounts did not include the non-monetary GASB 87 transaction for capital outlay expenditure, total expenditures exceeded amounts budgeted for total expenditures. There was no impact on fund balance due to other financing source being reported as required by GASB 87.

**Effect** – Although there is no impact to fund balance, the overage of total expenditures in the Statement of Revenue, Expenditures and Changes in Fund Balance to the approved financial budget is considered a compliance issue and is required to be reported to the State.

**Recommendation** – The Academy should fully review actual and anticipated revenues and expenditures and in response amend the budget accordingly in order to comply with state law and GASB pronouncements.

**Auditee Response** – Actual expenditures differed from the budget as a result of entries resulting from the adoption of statement GASB 87. There was no fund balance effect as the proceeds from this transaction were also included, however are shown as an other financing source and not a traditional revenue or expenditure. The Academy has reviewed and revised its accounting procedures to ensure actual results are properly and timely reviewed resulting in budget amendments throughout the year as well as understanding how the accounting pronouncements will affect the budget process.