

October 25, 2023

To the School Board and Management of
Old Mission Peninsula Academy

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Old Mission Peninsula Academy for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Old Mission Peninsula Academy are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Old Mission Peninsula Academy changed accounting policies related to Subscription Based IT Arrangements (SMITA) by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, Subscription Based Information Technology Arrangements, in 2023. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position. We noted no transactions entered into by Old Mission Peninsula Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Academy's financial statements was (were):

Management's estimate of depreciation is based on management's best judgement of the useful lives of the assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Old Mission Peninsula Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Old Mission Peninsula Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

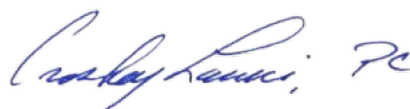
We applied certain limited procedures to management's discussion and analysis, and budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, and schedules of revenues and expenditures, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Old Mission Peninsula Academy and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Croskey Lanni, PC

Audited Financial Statements

Old Mission Peninsula School

Traverse City, Michigan

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Old Mission Peninsula School

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 Old Mission Peninsula School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Old Mission Peninsula School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Old Mission Peninsula School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Old Mission Peninsula School 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 Old Mission Peninsula School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Old Mission Peninsula School'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 Old Mission Peninsula School'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 as detailed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Old Mission Peninsula School's basic financial statements. The accompanying additional supplementary information, as identified in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, are 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 25, 2023, on our consideration of Old Mission Peninsula School'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 Old Mission Peninsula School'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 Old Mission Peninsula School's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 25, 2023



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Old Mission Peninsula School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Old Mission Peninsula School's basic financial statements, and have issued our report thereon dated October 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Old Mission Peninsula School'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 Old Mission Peninsula School's internal control. Accordingly, we do not express an opinion on the effectiveness of Old Mission Peninsula School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Old Mission Peninsula School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Croskey Lanni, PC

Rochester, Michigan
October 25, 2023

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

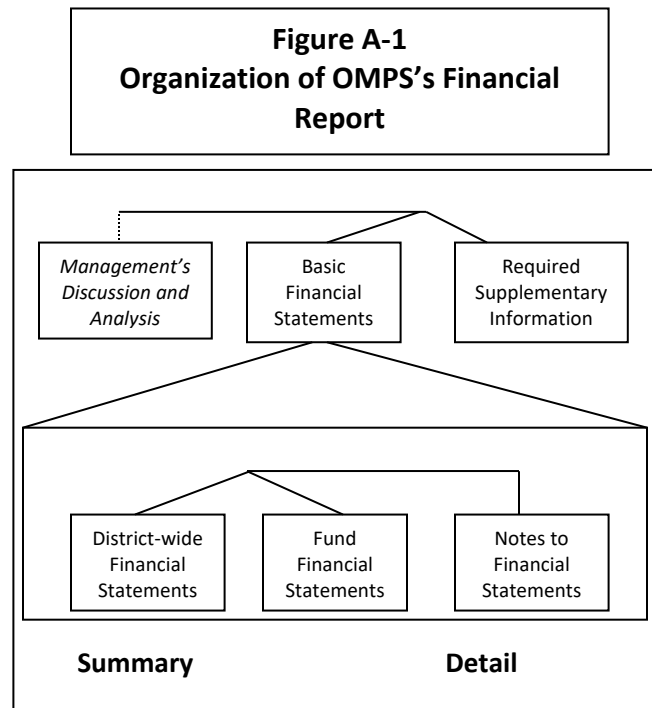
Financial Highlights

- The Academy had an increase in the general fund balance ending with \$707,250 for the fiscal year ended June 30, 2023.
- This was the Academy’s fifth 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.
- The Academy has worked hard to ensure there is not a drop off of services to student, even with many of the pandemic funding sources being exhausted as of June 30, 2023.

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 \$987,779.

The total governmental fund revenues of the Academy were \$2,022,544. State aid foundation allowance included in revenue from state sources accounts for approximately 73% of the Academy's revenue. Blended enrollment of 163.21 was the paid state aid membership during the fiscal year.

The total cost of instruction in the current year of operations was \$1,041,453. Support services were provided in the amount of \$732,458. Other costs accounted for in the general fund included capital outlays in the amount of \$21,339 and an operating transfer out to the school service fund in the amount of \$34,431.

Financial Analysis of The Academy's Funds

The financial operation of the Academy is considered stable. The general fund balance at June 30, 2023 is \$707,250, 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 reflect a \$110,821 increase to fund balance.

Actual revenues were \$15,302 more than budget.

Actual expenditures were \$42,541 less than budget primarily due to the lower than expected spending for some positions and supplies as well as timing of purchases related to the ESSER funds.

Academy Governmental Activities

Table A-3		
Old Mission Peninsula School's Net Position		
	2023	2022
Current and other assets	\$ 950,734	\$ 738,390
Capital assets, net	360,209	513,066
Total assets	<u>1,310,943</u>	<u>1,251,456</u>
Current liabilities and deferred inflows	282,529	254,952
Long-term liabilities	40,635	79,680
Total liabilities and deferred inflows	323,164	334,632
Net position:		
Investment in capital assets	280,529	395,870
Unrestricted	707,250	520,954
Total net position	<u>\$ 987,779</u>	<u>\$ 916,824</u>

Table A-4		
Changes in Old Mission Peninsula School's Net Position		
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ 158,764
Federal and state operating grants	245,427	402,211
General revenues:		
State aid - unrestricted	1,567,093	1,496,305
Other	210,024	28,547
Total revenues	<u>2,022,544</u>	<u>2,085,827</u>
Expenses:		
Instruction	1,041,453	996,504
Support services	732,458	642,702
Unallocated interest	3,482	5,559
Unallocated depreciation / amortization	174,196	159,994
Total expenses	<u>1,951,589</u>	<u>1,804,759</u>
Change in net position	<u>\$ 70,955</u>	<u>\$ 281,068</u>

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023 the Academy had invested \$360,209 in capital assets net of accumulated depreciation/amortization as summarized in Table A-5. This amount represents a net decrease of \$152,857 from the beginning of the year. Total depreciation/amortization expense for the year was \$174,196. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

	2023	2022
Improvements	\$ 194,297	\$ 192,056
Furniture and equipment	142,443	141,008
Computers	331,589	324,593
Right to use assets	151,436	140,769
Subtotal	819,765	798,426
Less accumulated depreciation / amortization	459,556	285,360
Net book value of assets	<u>\$ 360,209</u>	<u>\$ 513,066</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. 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 expires June 30, 2025.
- Per pupil amounts were increased for another year from \$9,150 to \$9,608. This provides much needed resources to reinvest in the school program and to keep up with rising personnel and supply costs.

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, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 615,694
Due from other governmental units	320,096
Prepaid expenses	<u>14,944</u>
Total current assets	950,734

Capital Assets - Net of Accumulated Depreciation / Amortization

360,209

Total assets \$ 1,310,943

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 27,594
Unearned revenue	74,388
Other accrued expenses	141,502
Long-term debt - current portion	<u>39,045</u>
Total current liabilities	282,529

Long-Term Debt - Long-Term Portion

40,635

Net Position

Net investment in capital assets	280,529
Unrestricted	<u>707,250</u>
Total net position	<u>987,779</u>
Total liabilities and net position	<u>\$ 1,310,943</u>

See accompanying notes to financial statements

OLD MISSION PENINSULA SCHOOL

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 942,586	\$ -	\$ 186,714	\$ (755,872)
Added needs	98,867	-	58,713	(40,154)
Support services				
Pupil support services	27,589	-	-	(27,589)
General administration	68,815	-	-	(68,815)
School administration	225,444	-	-	(225,444)
Business support services	39,288	-	-	(39,288)
Operations and maintenance	205,951	-	-	(205,951)
Central support services	80,423	-	-	(80,423)
Food services	84,948	-	-	(84,948)
Unallocated depreciation / amortization	174,196	-	-	(174,196)
Unallocated interest	3,482	-	-	(3,482)
Total primary government	\$ 1,951,589	\$ -	\$ 245,427	(1,706,162)
General Purpose Revenues				
State school aid - unrestricted				1,567,093
Miscellaneous revenues				210,024
Total general purpose revenues				1,777,117
Change in net position				70,955
Net position - July 1, 2022				916,824
Net position - June 30, 2023				\$ 987,779

See accompanying notes to financial statements

OLD MISSION PENINSULA SCHOOL

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$	615,694
Due from other governmental units		320,096
Prepaid expenses		<u>14,944</u>
Total assets	\$	<u><u>950,734</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$	27,594
Unearned revenue		74,388
Other accrued expenses		<u>141,502</u>
Total liabilities		243,484

Fund Balance

Nonspendable		14,944
Unassigned		<u>692,306</u>
Total fund balance		<u>707,250</u>
Total liabilities and fund balance	\$	<u><u>950,734</u></u>

OLD MISSION PENINSULA SCHOOL

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2023

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

Total Governmental Fund Balances	\$ 707,250
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$819,765 and the accumulated depreciation / amortization is \$459,556.	360,209
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(79,680)</u>
Net Position of Governmental Activities	<u><u>\$ 987,779</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, 2023

	General	Non-Major Special Revenue - Food Services	Total
Revenues			
Local sources	\$ 159,508	\$ 50,517	\$ 210,025
State sources	1,625,806	-	1,625,806
Federal sources	186,714	-	186,714
	1,972,028	50,517	2,022,545
Expenditures			
Instruction			
Basic programs	942,586	-	942,586
Added needs	98,867	-	98,867
Support services			
Pupil support services	27,589	-	27,589
General administration	68,815	-	68,815
School administration	225,444	-	225,444
Business support services	39,288	-	39,288
Operations and maintenance	205,951	-	205,951
Central support services	80,423	-	80,423
Food services	-	84,948	84,948
Capital outlay	21,339	-	21,339
Debt principal and interest	51,666	-	51,666
	1,761,968	84,948	1,846,916
Excess (deficiency) of revenues over expenditures	210,060	(34,431)	175,629
Other Financing Sources (Uses)			
Proceeds from leases and long-term debt	10,667	-	10,667
Operating transfers in	-	34,431	34,431
Operating transfers out	(34,431)	-	(34,431)
	(23,764)	34,431	10,667
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	186,296	-	186,296
Fund balance - July 1, 2022	520,954	-	520,954
Fund balance - June 30, 2023	\$ 707,250	\$ -	\$ 707,250

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, 2023

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

Net Change in Fund Balances - Total Governmental Funds	\$	186,296
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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	\$	21,339	
Depreciation and amortization expense		<u>(174,196)</u>	(152,857)

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	\$	(10,667)	
Repayment of loan principal		<u>48,183</u>	<u>37,516</u>

Change in Net Position of Governmental Activities	\$	<u>70,955</u>
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See accompanying notes to financial statements

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 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, 2023 were approximately \$44,700.

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 this 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, 2023

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. The special revenue fund does not maintain its own assets and liabilities; accordingly, no balance sheet is presented for this fund.

Governmental and agency 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 brief 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities 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, 2023. 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

Receivables at June 30, 2023 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2023 and are considered current for the purposes of these financial statements.

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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, 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 is 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 capital 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 represents the difference between assets, deferred outflows and liabilities and deferred inflows. Net position is reported as restricted when there are limitations imposed on their 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.

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

The Academy has 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 constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- 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 are available for any purpose; these amounts are reported only in the general fund.

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.

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Key estimates and judgements 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.

Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023 the budget was amended in a legally permissible manner. A comparison of budget to actual can be found on page 18 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.

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). The Academy did not hold any investments during the year ended June 30, 2023.

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.

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, 2023, \$365,094 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2023.

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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.

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.

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.

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$	288,653
Federal sources		31,443
		<hr/>
Total	\$	<u>320,096</u>

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets subject to depreciation / amortization				
Right to use - building lease	\$ 140,769	\$ -	\$ -	\$ 140,769
Right to use - subscription-based IT	-	10,667	-	10,667
Improvements	192,056	2,241	-	194,297
Equipment	141,008	1,435	-	142,443
Computers	324,593	6,996	-	331,589
				<hr/>
Sub-total	798,426	21,339	-	819,765
Accumulated depreciation / amortization				
Right to use - building lease	35,192	35,005	-	70,197
Right to use - subscription-based IT	-	3,556	-	3,556
Improvements	22,573	13,870	-	36,443
Equipment	40,487	18,269	-	58,756
Computers	187,108	103,496	-	290,604
				<hr/>
Sub-total	285,360	174,196	-	459,556
				<hr/>
Total net capital assets	<u>\$ 513,066</u>	<u>\$ (152,857)</u>	<u>\$ -</u>	<u>\$ 360,209</u>

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

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

Purchased services - payroll and benefits	\$	131,607
Oversight fee		8,136
Other		1,759
		<hr/>
Total other accrued expenses	\$	<u>141,502</u>

NOTE 7 – LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations as of June 30, 2023 can be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Direct borrowing - building	4%	June 2025	Monthly payment of \$3,621 including interest

Loan Activity

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Direct borrowing - building	\$ 117,196	\$ -	\$ 37,516	\$ 79,680	\$ 39,045
Direct borrowing - SBITA	-	10,667	10,667	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 117,196</u>	<u>\$ 10,667</u>	<u>\$ 48,183</u>	<u>\$ 79,680</u>	<u>\$ 39,045</u>

Following are maturities of long-term obligations for principal and interest for the next two years and in total:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 39,045	\$ 2,755
2025	40,635	1,165

OLD MISSION PENINSULA SCHOOL

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

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.

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	\$ -	\$ 34,431
Transfer Out	34,431	-

The above transfers consisted of the general fund subsidizing the Special Revenue Fund's food service activities during the year ended June 30, 2023.

SUPPLEMENTARY INFORMATION

OLD MISSION PENINSULA SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 105,221	\$ 146,792	\$ 159,508	\$ 12,716
State sources	1,612,029	1,636,135	1,625,806	(10,329)
Federal sources	138,696	173,799	186,714	12,915
Total general fund revenues	1,855,946	1,956,726	1,972,028	15,302
Expenditures				
Instruction				
Basic programs	960,924	994,622	942,586	(52,036)
Added needs	91,546	100,148	98,867	(1,281)
Support services				
Pupil support services	46,777	27,534	27,589	55
General administration	109,553	71,701	68,815	(2,886)
School administration	194,733	218,210	225,444	7,234
Business support services	38,019	40,123	39,288	(835)
Operations and maintenance	285,493	221,865	205,951	(15,914)
Central support services	76,361	89,307	80,423	(8,884)
Capital outlay	-	-	21,339	21,339
Debt principal and interest	-	40,999	51,666	10,667
Total general fund expenditures	1,803,406	1,804,509	1,761,968	(42,541)
Excess (deficiency) of revenues over expenditures	52,540	152,217	210,060	57,843
Other Financing Sources (Uses)				
Proceeds from long-term debt	-	-	10,667	10,667
Operating transfers out	(39,255)	(41,396)	(34,431)	6,965
Total other financing sources (uses)	(39,255)	(41,396)	(23,764)	17,632
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	13,285	110,821	186,296	75,475
Fund balance - July 1, 2022	520,954	520,954	520,954	-
Fund balance - June 30, 2023	\$ 534,239	\$ 631,775	\$ 707,250	\$ 75,475

OLD MISSION PENINSULA SCHOOL

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

Local Sources

Earnings on investments	\$	1
Student activities		2,519
Other local revenues		<u>156,988</u>
Total local sources		159,508

State Sources

At risk		37,881
Special education		20,832
State aid		<u>1,567,093</u>
Total state sources		1,625,806

Federal Sources

Title I		12,760
Title II A		2,683
Title IV		10,000
Other program revenue		<u>161,271</u>
Total federal sources		<u>186,714</u>
Total general fund revenues	\$	<u><u>1,972,028</u></u>

OLD MISSION PENINSULA SCHOOL

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

Basic Programs

Purchased services	\$ 910,616
Supplies and materials	26,770
Non-depreciable capital assets	4,063
Other expenditures	<u>1,137</u>
Total basic programs	942,586

Added Needs

Purchased services	98,768
Supplies and materials	<u>99</u>
Total added needs	98,867

Pupil Support Services

Social work services	27,249
Other pupil services	<u>340</u>
Total pupil support services	27,589

General Administration

Purchased services	9,700
University oversight	44,727
Other expenditures	<u>14,388</u>
Total general administration	68,815

School Administration

Purchased services	216,282
Supplies and materials	6,878
Other expenditures	<u>2,284</u>
Total school administration	225,444

Business Support Services

Purchased services	39,288
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OLD MISSION PENINSULA SCHOOL

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2023

Operations and Maintenance

Purchased services	117,037
Repairs and maintenance	24,551
Supplies and materials	<u>64,363</u>

Total operations and maintenance 205,951

Central Support Services

Purchased services	68,122
Supplies and materials	<u>12,301</u>

Total central support services 80,423

Capital Outlay

21,339

Debt Principal and Interest

51,666

Total general fund expenditures \$ 1,761,968



October 25, 2023

Old Mission Peninsula School
2699 Island View Road
Traverse City, MI 49686

To Whom It May Concern:

Please be advised that there was not a separate management comment letter that was provided in connection with the audit of the financial statements for the year ended June 30, 2023.

Very truly yours,

A handwritten signature in blue ink that reads "Croskey Lanni; PC".

Croskey Lanni, PC