

Audited Financial Statements

Great Lakes Academy

Pontiac, Michigan

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Great Lakes Academy

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 Great Lakes Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Great Lakes Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Great Lakes Academy, 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 Great Lakes 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 Great Lakes Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Great Lakes 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 Great Lakes 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 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 the Great Lakes Academy'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 26, 2023, on our consideration of Great Lakes 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 Great Lakes 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 Great Lakes Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 26, 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 Great Lakes Academy**

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 Great Lakes Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Great Lakes Academy's basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Great Lakes 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 Great Lakes Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Great Lakes 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 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 Great Lakes 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-001.

Great Lakes Academy's Response to Findings

Great Lakes Academy's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Great Lakes Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements; accordingly, we express no opinion on it.

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 26, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Great Lake Academy (Academy) 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.

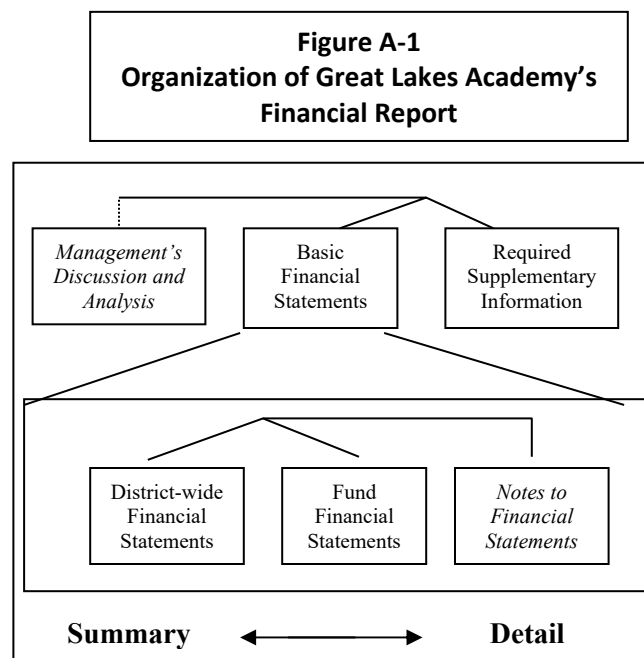
Financial Highlights

- The Academy expenditures exceeded revenue in the amount of \$115,780. The school has decreased its fund balance from \$1,061,168 to \$945,388. This reflects management’s and the Board of Directors managing the day-to-day operating expenses and eliminating the management company expenses. After this year’s financial performance, the Academy has a stable financial position.
- The academy currently has no threatening or pending litigation.
- The Academy has no outstanding long-term debt.

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

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

Academy-wide Statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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 and liabilities, are one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position are 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 and to show that it is properly using certain revenues (like school lunch).

The Academy has the one kind of funds:

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

Financial Analysis of the Academy as a Whole

Net position - the Academy's combined net position of \$2,574,583 decreased from the prior years by \$160,837 primarily due to controlling excess spending in the payroll area of the Academy and reducing accounts payable. See Table A – 3.

The total final budget excess expenses over revenue was (\$12,268) and actual results from operation showed the excess expenses over revenue was (\$115,780).

The Academy's stable financial position is a product of many factors, primarily due to the continued monitoring of costs by management and the Board of Directors.

Academy Governmental Activities

Table A-3
Great Lakes Academy's Net Position

	2023	2022
Current and other assets	\$ 1,203,754	\$ 1,359,089
Capital assets	1,645,557	1,698,189
Total assets and deferred outflows	2,849,311	3,057,278
Current liabilities	266,222	305,496
Long-term debt	8,506	16,362
Total liabilities and deferred inflows	274,728	321,858
Net position:		
Net invested in capital assets	1,629,195	1,674,252
Unrestricted	945,388	1,061,168
Total net position	\$ 2,574,583	\$ 2,735,420

Table A-4
Changes in Great Lakes Academy's Net Position

	2023	2022
Revenues:		
Program revenues:		
Federal and state operating grants	\$ 888,754	\$ 979,439
General revenues:		
State aid - unrestricted	1,725,322	1,885,950
Miscellaneous	208,229	25,135
Total revenues	2,822,305	2,890,524
Expenses:		
Instruction	1,089,842	962,097
Support services	1,737,479	1,543,616
Community services	577	302
Unallocated depreciation / amortization	154,494	167,493
Interest on long-term debt	750	346
Total expenses	2,983,142	2,673,854
Increase (decrease) in net position	\$ (160,837)	\$ 216,670

Financial Analysis of the Academy's Funds

The financial operations of the Academy are considered stable. The Academy used a full accrual accounting method that better details the Academy's financial position monthly, which gave the administration and the Board of Directors information to make timely amendments to the budget and spending pattern of the school.

The Academy financial operations are considered stable and the performance reflects administration and the Board more carefully matching grant funds to funding sources and having procedures in place that closely monitored those cost on a continued basis.

Capital Asset and Debt Administration

Capital Assets

By the end of the fiscal year, June 30, 2023, the Academy had \$1,645,557 invested in capital assets net of accumulated depreciation as summarized in Table A-5. Total depreciation expense for the year was \$154,494. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

Table A-5
Great Lakes Academy's Capital Assets

	Balance June 30, 2023	Balance June 30, 2022
Land	\$ 16,000	\$ 16,000
Building and construction	3,196,125	3,140,432
Right to use - assets	26,355	26,355
Equipment	940,980	899,471
Computer	357,927	353,267
Subtotal	4,537,387	4,435,525
Accumulated depreciation / amortization	2,891,830	2,737,336
Net book value of assets	<u>\$ 1,645,557</u>	<u>\$ 1,698,189</u>

Long-term Debt

The Academy had \$16,362 of long-term debt as of June 30, 2023 that consisted of direct borrowing on leased equipment. More detailed information about long-term debt can be found in Note 7 to the financial statements.

Factors Bearing on the Academy's Future

When these financial statements were prepared and audited, the Academy was aware of a significant increase in enrollment.

The 2023-24 foundation allowance (state aid funding) from the State of Michigan is considered stable and increased to approximately \$9,608. The State's financial situation appears to be improving with the influx of ESSER funds from the federal government. The Academy continues to be considered in a stable position with a fund balance level that can withstand the economic challenges that face the Academy.

Contacting the Academy's Financial Management

This financial report is designed to give our students, parents, and creditors a general overview of the Academy's finances and demonstrate its accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 46312 Woodward Ave. Pontiac, Michigan 48342, Phone (248) 334-6434.

GREAT LAKES ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 361,034
Due from other governmental units	<u>842,720</u>
Total current assets	1,203,754

Capital Assets - Net of Accumulated Depreciation / Amortization

1,645,557

Total assets	<u><u>\$ 2,849,311</u></u>
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LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$ 42,725
Other accrued expenses	215,641
Long-term debt - current portion	<u>7,856</u>
Total current liabilities	266,222

Long-Term Debt - Long-Term Portion

8,506

Net Position

Net investment in capital assets	1,629,195
Unrestricted	<u>945,388</u>
Total net position	<u>2,574,583</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 2,849,311</u></u>

See accompanying notes to financial statements

GREAT LAKES ACADEMY

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	\$ 978,200	\$ -	\$ 374,266	\$ (603,934)
Added needs	111,642	-	111,642	-
Support services				
Pupil support services	72,681	-	46,934	(25,747)
Instructional staff support services	571,341	-	273,258	(298,083)
General administration	220,373	-	5,768	(214,605)
School administration	277,611	-	-	(277,611)
Business support services	147	-	-	(147)
Operations and maintenance	435,486	-	22,293	(413,193)
Pupil transportation services	4,737	-	4,737	-
Central support services	155,103	-	49,280	(105,823)
Community services	577	-	576	(1)
Unallocated depreciation / amortization	154,494	-	-	(154,494)
Unallocated interest	750	-	-	(750)
Total primary government	<u>\$ 2,983,142</u>	<u>\$ -</u>	<u>\$ 888,754</u>	<u>(2,094,388)</u>
General Purpose Revenues				
State school aid - unrestricted				1,725,322
Miscellaneous revenues				<u>208,229</u>
Total general purpose revenues				<u>1,933,551</u>
Change in net position				(160,837)
Net position - July 1, 2022				<u>2,735,420</u>
Net position - June 30, 2023				<u>\$ 2,574,583</u>

See accompanying notes to financial statements

GREAT LAKES ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$ 361,034
Due from other governmental units	<u>842,720</u>
Total assets	<u><u>\$ 1,203,754</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 42,725
Other accrued expenses	<u>215,641</u>
Total liabilities	258,366

Fund Balance

Unassigned	<u>945,388</u>
Total liabilities and fund balance	<u><u>\$ 1,203,754</u></u>

See accompanying notes to financial statements

GREAT LAKES ACADEMY

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	\$ 945,388
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,537,387 and the accumulated depreciation / amortization is \$2,891,830.	1,645,557
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(16,362)</u>
Net Position of Governmental Activities	<u><u>\$ 2,574,583</u></u>

See accompanying notes to financial statements

GREAT LAKES ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

Revenues

Local sources	\$ 38,489
State sources	1,990,143
Federal sources	623,933
Interdistrict sources	<u>169,740</u>

Total governmental fund revenues 2,822,305

Expenditures

Instruction	
Basic programs	978,200
Added needs	111,642
Support services	
Pupil support services	72,681
Instructional staff support services	571,341
General administration	220,373
School administration	277,611
Business support services	147
Operations and maintenance	435,486
Pupil transportation services	4,737
Central support services	155,103
Community services	577
Capital outlay	101,862
Debt principal and interest	<u>8,325</u>

Total governmental fund expenditures 2,938,085

Excess (deficiency) of revenues over expenditures (115,780)

Fund balance - July 1, 2022 1,061,168

Fund balance - June 30, 2023 \$ 945,388

See accompanying notes to financial statements

GREAT LAKES ACADEMY

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	\$ (115,780)
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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	\$ 101,862	
Depreciation and amortization expense	<u>(154,494)</u>	(52,632)

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:

Repayment of loan principal	<u>7,575</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (160,837)</u></u>
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GREAT LAKES ACADEMY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Great Lakes Academy (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

Great Lakes Academy 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 April 16, 1997, and began operation in July 1997.

In July 2020, the Academy extended its contract with the Eastern Michigan University Board of Regents to charter a public school academy through June 30, 2024. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the state constitution. The University’s Board of Regents 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 the Eastern Michigan University Board of Regents three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2023 were approximately \$49,900.

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.

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.

GREAT LAKES ACADEMY

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 Service) - The special revenue fund, which the Academy does not currently maintain, 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.

Debt Service Fund - The debt service fund, which the Academy currently does not maintain, is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

Capital Projects Fund - The capital projects fund, which the Academy currently does not maintain, accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

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 inventorable 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.

GREAT LAKES ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 are 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

GREAT LAKES ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

GREAT LAKES ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 or regulations of other governments.

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.

GREAT LAKES ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

Leases and Subscription Based IT Arrangements (SBITA)

The Academy is a lessee for a noncancelable lease of office equipment. 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 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.

GREAT LAKES ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 general and revenue fund budgets. During the year ended June 30, 2023 the budget was amended in a legally permissible manner. A comparison of actual expenditures against amounts appropriated can be found on page 19 of these financial statements.

GREAT LAKES ACADEMY

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

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). As of June 30, 2023, 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.

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, \$133,187 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.

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.

GREAT LAKES ACADEMY

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

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

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.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$	361,771
Federal sources		480,949
Total	\$	<u>842,720</u>

GREAT LAKES ACADEMY

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

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Capital assets not subject to depreciation				
Land	\$ 16,000	\$ -	\$ -	\$ 16,000
Capital assets subject to depreciation / amortization				
Right to use - assets	26,355	-	-	26,355
Building	3,140,432	55,693	-	3,196,125
Equipment	899,471	41,509	-	940,980
Computer	353,267	4,660	-	357,927
Total asset cost basis	4,435,525	101,862	-	4,537,387
Accumulated depreciation / amortization				
Right to use - assets	6,438	-	-	6,438
Building	1,626,889	101,462	-	1,728,351
Equipment	803,739	28,041	-	831,780
Computer	300,270	24,991	-	325,261
Sub-total	2,737,336	154,494	-	2,891,830
Total net capital assets	<u>\$ 1,698,189</u>	<u>\$ (52,632)</u>	<u>\$ -</u>	<u>\$ 1,645,557</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.

GREAT LAKES ACADEMY

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

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses are summarized as follows:

Purchased services - payroll and benefits	\$	206,272
University oversight fee		<u>9,369</u>
Total other accrued expenses	\$	<u>215,641</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 - equipment	3.65%	June 2025	Copier Lease
Direct borrowing - equipment	3.65%	October 2025	Postage meter lease

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 - equipment	\$ 21,554	\$ -	\$ 6,925	\$ 14,629	\$ 7,182
Direct borrowing - equipment	<u>2,383</u>	<u>-</u>	<u>650</u>	<u>1,733</u>	<u>674</u>
Total	<u>\$ 23,937</u>	<u>\$ -</u>	<u>\$ 7,575</u>	<u>\$ 16,362</u>	<u>\$ 7,856</u>

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

	<u>Principal</u>	<u>Interest</u>
2024	\$ 7,856	\$ 469
2025	8,147	177
2026	359	5

GREAT LAKES ACADEMY

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

NOTE 8 - RETIREMENT PLAN

All leased employees of the Academy are eligible to participate in a retirement plan maintained by the employee leasing organization (employer), and which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The Academy will reimburse the employer for its match for 50% of the amount the employee contributes up to a maximum of 2% of compensation.

NOTE 9 - 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 in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

GREAT LAKES ACADEMY

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 163,649	\$ 185,083	\$ 38,489	\$ (146,594)
State sources	2,007,321	2,005,391	1,990,143	(15,248)
Federal sources	622,942	573,765	623,933	50,168
Interdistrict sources	-	-	169,740	169,740
Total general fund revenues	2,793,912	2,764,239	2,822,305	58,066
Expenditures				
Instruction				
Basic programs	702,521	963,814	978,200	14,386
Added needs	157,177	153,170	111,642	(41,528)
Support services				
Pupil support services	98,621	113,866	72,681	(41,185)
Instructional staff support services	634,305	496,454	571,341	74,887
General administration	208,350	203,944	220,373	16,429
School administration	297,565	140,927	277,611	136,684
Business support services	2,300	23,149	147	(23,002)
Operations and maintenance	442,032	549,800	435,486	(114,314)
Pupil transportation services	500	5,000	4,737	(263)
Central support services	125,897	122,662	155,103	32,441
Other student activities	16,670	-	-	-
Community services	3,000	3,721	577	(3,144)
Capital outlay	-	-	101,862	101,862
Debt principal and interest	-	-	8,325	8,325
Total general fund expenditures	2,688,938	2,776,507	2,938,085	161,578
Excess (deficiency) of revenues over expenditures	104,974	(12,268)	(115,780)	(103,512)
Fund balance - July 1, 2022	1,061,168	1,061,168	1,061,168	-
Fund balance - June 30, 2023	<u>\$ 1,166,142</u>	<u>\$ 1,048,900</u>	<u>\$ 945,388</u>	<u>\$ (103,512)</u>

GREAT LAKES ACADEMY

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

Local Sources

Student activities	\$ 4,000
Other local revenues	<u>34,489</u>
Total local sources	38,489

State Sources

At risk	176,778
Special education	88,043
State aid	<u>1,725,322</u>
Total state sources	1,990,143

Federal Sources

IDEA	44,899
Title I	151,925
Title II	6,631
Title IV	11,024
Other program revenue	<u>409,454</u>
Total federal sources	623,933

Interdistrict Sources

	<u>169,740</u>
Total general fund revenues	<u><u>\$ 2,822,305</u></u>

GREAT LAKES ACADEMY

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

Basic Programs

Purchased services	\$ 917,250
Supplies and materials	57,365
Other expenditures	<u>3,585</u>
Total basic programs	978,200

Added Needs

Purchased services	111,642
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Pupil Support Services

Guidance services	1,600
Psychological services	8,145
Speech pathology and audiology	14,218
Social work services	<u>48,718</u>
Total pupil support services	72,681

Instructional Staff Support Services

Purchased services	562,090
Supplies and materials	<u>9,251</u>
Total instructional staff support services	571,341

General Administration

Purchased services	85,682
Management fees	39,265
University oversight	49,885
Other expenditures	<u>45,541</u>
Total general administration	220,373

GREAT LAKES ACADEMY

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

School Administration

Purchased services	235,758
Supplies and materials	21,721
Non-depreciable capital assets	3,264
Other expenditures	<u>16,868</u>

Total school administration 277,611

Business Support Services

Other expenditures	147
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Operations and Maintenance

Purchased services	310,918
Repairs and maintenance	98,388
Rentals	8,400
Supplies and materials	<u>17,780</u>

Total operations and maintenance 435,486

Pupil Transportation Services

Purchased services	4,737
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Central Support Services

Purchased services	155,103
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Community Services

Purchased services	188
Supplies and materials	<u>389</u>

Total community services 577

Capital Outlay

101,862

Debt Principal and Interest

8,325

Total general fund expenditures \$ 2,938,085

GREAT LAKES ACADEMY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

Reference Number

Finding

2023-001

Finding Type – Noncompliance

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 \$161,578.

Cause / Effect – The budget while amended during the year, did not accurately reflect actual final expenditures.

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.

Auditee Response – The Academy agrees with this finding. 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 to ensure that expenditures are in line with board appropriations.

**Great Lakes Academy
Corrective Action Plan**

<i>Findings and Recommendations</i>	<i>Corrective Action Plan</i>	<i>Responsible Department</i>	<i>Responsible Person</i>	<i>Planned Completion Date (TBD or Date)</i>
2023 – 001: Finding Type: Noncompliance with Laws and Regulations. Condition: Actual expenditures exceeded budgeted amounts by \$161,578 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.	The Academy is aware of the finding and is implementing procedures in order to prevent further noncompliance in the future. The Academy will be reviewing its budgeting procedures to ensure that all expenditures are in line with board approved appropriations.	Business department.	Charles Moore (Director of Finance) and Dana Hale (Business Manager)	Review and implementation of plan to be completed no later than December 31, 2023.