

Arts and Technology Academy of Pontiac

Financial Statements

June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

Table of Contents

Section	Page
1 Members of the Board of Directors	1 - 1
2 Independent Auditors' Report	2 - 1
3 Management's Discussion and Analysis	3 - 1
4 Basic Financial Statements	
Academy-wide Financial Statements	
Statement of Net Position	4 - 1
Statement of Activities	4 - 2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4 - 3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 - 5
Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 8
Notes to the Financial Statements	4 - 9

Section		Page
5	Required Supplementary Information	
	Budgetary Comparison Schedule - General Fund	5 - 1
6	Other Supplementary Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 - 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2

**Arts and Technology Academy of Pontiac
Members of the Board of Directors
June 30, 2024**

Members of the Board of Directors

Mrs. Iola Miller	President
Ms. Cheralyn Sanford	Vice President and Treasurer
Mrs. Stacy Gay-Weaver	Secretary
Mr. Rachard Morris	Director

Independent Auditors' Report

To the Board of Directors
Arts and Technology Academy of Pontiac
Pontiac, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Arts and Technology Academy of Pontiac, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Arts and Technology Academy of Pontiac'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 Arts and Technology Academy of Pontiac as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arts and Technology Academy of Pontiac'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 Arts and Technology Academy of Pontiac's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Arts and Technology Academy of Pontiac's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, other than the prior year 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of Arts and Technology Academy of Pontiac'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 Arts and Technology Academy of Pontiac'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 Arts and Technology Academy of Pontiac's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, MI

October 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

Arts & Technology Academy of Pontiac is a Pre-Kindergarten through 12th grade Public School Academy located in Pontiac, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Arts & Technology Academy of Pontiac administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	\$9,608	\$9,150
Enrollment	798	805
General Fund Balance Increase/(Decrease)	(\$122,292)	\$174,918
General Fund Balance as percent of Unrestricted State Aid Revenue	11.5%	12%

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS:

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

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

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

The academy has one kind of fund:

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

ACADEMY WIDE FINANCIAL STATEMENTS:

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

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

Figure A-1 Organization of Arts & Technology Academy of Pontiac Annual Financial Report

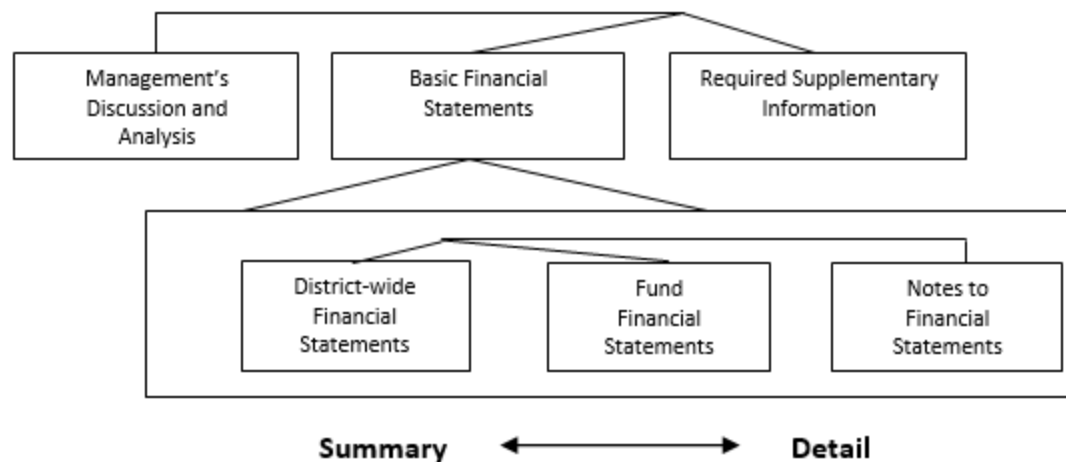


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

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

	Academy-wide statements	Fund Financial Statements
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

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	\$878,327	\$1,000,619
Total General Fund Revenue	\$12,057,560	\$11,140,828
State Aid Foundation Allowance as percent of Academy Revenues	76%	79%
Total Cost of Instructional Programs	\$5,708,748	\$6,008,371
Instructional Expenditures as percent of Total Expenditures	50%	59%
Total Cost of Support/Operational Services	\$4,905,396	\$4,171,721
Support/Operational Services as percent of Total Expenditures	43%	41%
Total Expenditures transferred to Debt Service	\$834,196	\$785,818
Transfer to Debt Service as percent of Total Expenditures	7%	7%

ACADEMY GOVERNMENTAL ACTIVITIES

Summary of Net Position:

The following summarizes the net position at fiscal year ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets	\$ 3,856,324	\$ 4,106,007
Capital Assets	13,128,124	12,325,059
Less: Accumulated Depreciation	<u>4,419,310</u>	<u>3,981,989</u>
Capital Assets, Net Book Value	<u>8,708,814</u>	<u>8,743,070</u>
Total Assets	<u>\$ 12,565,138</u>	<u>\$ 12,849,077</u>
Liabilities		
Current Liabilities	\$ 2,144,972	\$ 2,253,370
Long-term Liabilities	<u>9,589,740</u>	<u>9,785,541</u>
Total Liabilities and Deferred Inflows	<u>\$ 11,734,712</u>	<u>\$ 12,038,911</u>
Net Position		
Invested in Capital Assets, Net of Related Debt (Deficit)	\$ (976,351)	\$ (683,118)
Restricted for Food Service	1,189	26,213
Restricted for Debt Service	927,261	863,232
Unrestricted	<u>878,327</u>	<u>603,839</u>
Total Net Position	<u>\$ 830,426</u>	<u>\$ 810,166</u>

Results of Operations:

For the fiscal year ended June 30, 2024 and 2023, the Academy wide results of operations were:

State of Michigan Aid - All Sources	\$ 7,599,100	60.12%	\$ 7,312,369	62.31%
Other	76,698	0.61%	107,524	0.92%
Total General Revenue	<u>7,675,798</u>	<u>60.73%</u>	<u>7,419,893</u>	<u>63.22%</u>
Program Revenue:				
Charges for Services	105,381	0.83%	36,123	0.31%
Operating Grants - Federal and State	<u>4,858,030</u>	<u>38.44%</u>	<u>4,280,181</u>	<u>36.47%</u>
Total Program Revenue	<u>4,963,411</u>	<u>39.27%</u>	<u>4,316,304</u>	<u>36.78%</u>
Total Revenue	<u>12,639,209</u>	<u>100.00%</u>	<u>11,736,197</u>	<u>100.00%</u>
Expenses:				
Instruction and Instructional Services	5,918,476	46.90%	5,541,333	47.61%
Support Services	5,219,745	41.36%	4,460,914	38.33%
Food Service	581,817	4.61%	489,237	4.20%
Capital Outlay		0.00%		0.00%
Athletics		0.00%	106,256	0.91%
Community Services	289,420	2.29%	369,165	0.05%
Interest on Long-term Debt	609,492	4.83%	671,785	5.77%
Total Expenses	<u>12,618,949</u>	<u>100.00%</u>	<u>11,638,690</u>	<u>96.88%</u>
Change in Net Position	<u>\$ 20,260</u>		<u>\$ 97,507</u>	

During the fiscal year ended June 30, 2024, the Academy's net position increased by \$20,260 as compared to a net increase of \$97,507 in the prior fiscal year.

State of Michigan Aid and Other Factors affecting Revenue

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

- Per Student, Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. The Arts & Technology Academy of Pontiac foundation allowance was \$9,608.
- Student Enrollment: The Academy's student enrollment for the final blended count of 2023-24 was 797 students. To calculate total state aid to be provided by the foundation allowance, a system (Section 25) where the funding follows the student was used. This means adjustments were made to the current year fall count when students enrolled or unenrolled until the current year winter count to calculate the adjusted fall count. A blend of 90% of the adjusted current year fall count and 10% of the prior year spring count is multiplied by the Academy's foundation allowance.
- Total Section 25 adjustment was 2.41 FTE or \$22,052.
- Additional federal funding was available during the 2023-24 fiscal year to supplement programs.

Subsequent to year end June 30, 2024, preliminary student enrollments for 2024-25 indicate that the 2024 fall student enrollment will be slightly higher than the 2023-24 levels.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

The Academy’s expenditures from General Fund operations exceeded revenues by \$122,292 for the fiscal year ended June 30, 2024.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The Academy’s net investment in capital assets decreased by \$293,233 during the fiscal year. This can be summarized as follows:

	Beginning Balance 6/30/23	Additions	Disposals	Ending Balance 6/30/24
Depreciable Capital Assets	\$ -	\$ -	\$ -	\$ -
Non-Depreciable Capital Assets (Land)	400,000	-	-	400,000
Depreciable Capital Assets	12,325,059	468,810	(65,745)	12,728,124
Less: Accumulated Depreciation	<u>(3,981,989)</u>	<u>(503,066)</u>	<u>65,745</u>	<u>(4,419,310)</u>
Net Investment in Capital Assets	<u>\$ 8,743,070</u>	<u>\$ (34,256)</u>	<u>\$ -</u>	<u>\$ 8,708,814</u>

Depreciation Expense

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

For fiscal year ended June 30, 2024, the net increase in accumulated depreciation was \$503,006.

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

Debt, Principal Payments

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

	Balance 6/30/2023	New Financings	Principal Payments	Balance 6/30/2024
Certificates of Participation	\$ 10,005,200	\$ -	\$ 222,700	\$ 9,782,500
Lease Liability	34,056	96,530	44,614	85,972
Total Long-term Obligations	<u>\$ 10,039,256</u>	<u>\$ 96,530</u>	<u>\$ 267,314</u>	<u>\$ 9,868,472</u>

ECONOMIC FACTORS BEARING ON THE ACADEMY’S FUTURE

The Preliminary Budget for the 2024-25 Fiscal Year was adopted by the Board of Directors in June 2024. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management’s best estimates based on perceived interest from the community. Some key factors and estimates used in the 2024-25 budget preparation process include:

- State Aid Foundation is estimated with a \$200 per pupil increase. Conservative enrollment projections of 820 students in grades K-12. Subsequent to year end the Foundation Allowance was not increased, but the academy is receiving a one-time \$375 per pupil separate categorical – Section 22.
- Continued improvement of academic achievement through changes in academic programs.

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

CONTACTING THE ACADEMY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy’s finances and to demonstrate the Academy’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy’s office at 888 Enterprise Drive, Pontiac, Michigan.

BASIC FINANCIAL STATEMENTS

Arts and Technology Academy of Pontiac
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash	\$ 444,915
Due from other governmental units	1,988,922
Investments	1,360,916
Prepaid items	61,571
Capital assets not being depreciated	400,000
Capital assets - net of accumulated depreciation	8,308,814
Total assets	12,565,138
Liabilities	
Accounts payable	161,754
State aid anticipation note payable	327,278
Accrued expenditures	988,128
Unearned revenue	389,080
Long-term liabilities	
Due within one year	278,732
Due in more than one year	9,589,740
Total liabilities	11,734,712
Net Position	
Net investment in capital assets	(976,351)
Restricted for:	
Food service	1,189
Debt service	927,261
Unrestricted	878,327
Total net position	\$ 830,426

See Accompanying Notes to the Financial Statements

Arts and Technology Academy of Pontiac
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs				
Governmental activities				
Instruction	\$ 5,918,476	\$ -	\$ 3,357,922	\$ (2,560,554)
Supporting services	5,219,745	89,829	1,029,288	(4,100,628)
Food services	581,817	15,552	470,820	(95,445)
Community services	289,420	-	-	(289,420)
Interest and fiscal charges on long-term debt	609,492	-	-	(609,492)
Total governmental activities	\$ 12,618,949	\$ 105,381	\$ 4,858,030	(7,655,538)
General revenues				
				7,599,100
				68,002
				8,696
				7,675,798
				20,260
				810,166
				\$ 830,426

See Accompanying Notes to the Financial Statements

Arts and Technology Academy of Pontiac
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 440,035	\$ -	\$ 4,880	\$ 444,915
Due from other funds	4,843	-	2,104	6,947
Due from other governmental units	1,988,922	-	-	1,988,922
Investments	-	1,178,561	182,355	1,360,916
Prepaid items	61,571	-	-	61,571
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,495,371</u>	<u>\$ 1,178,561</u>	<u>\$ 189,339</u>	<u>\$ 3,863,271</u>
Liabilities				
Accounts payable	\$ 161,754	\$ -	\$ -	\$ 161,754
State aid anticipation note payable	327,278	-	-	327,278
Due to other funds	2,104	-	4,843	6,947
Accrued expenditures	736,828	-	-	736,828
Unearned revenue	389,080	-	-	389,080
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,617,044</u>	<u>-</u>	<u>4,843</u>	<u>1,621,887</u>

See Accompanying Notes to the Financial Statements

Arts and Technology Academy of Pontiac
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Non-spendable				
Prepaid items	\$ 61,571	\$ -	\$ -	\$ 61,571
Restricted for				
Food service	-	-	1,189	1,189
Debt service	-	1,178,561	-	1,178,561
Assigned for				
Capital projects	-	-	183,307	183,307
Unassigned	<u>816,756</u>	<u>-</u>	<u>-</u>	<u>816,756</u>
 Total fund balances	 <u>878,327</u>	 <u>1,178,561</u>	 <u>184,496</u>	 <u>2,241,384</u>
 Total liabilities and fund balances	 <u>\$ 2,495,371</u>	 <u>\$ 1,178,561</u>	 <u>\$ 189,339</u>	 <u>\$ 3,863,271</u>

See Accompanying Notes to the Financial Statements

Arts and Technology Academy of Pontiac
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 44,315	\$ 64,407	\$ 73,357	\$ 182,079
State sources	9,929,776	-	-	9,929,776
Federal sources	1,975,558	-	470,820	2,446,378
Interdistrict sources	107,911	-	-	107,911
	<u>12,057,560</u>	<u>64,407</u>	<u>544,177</u>	<u>12,666,144</u>
Expenditures				
Current				
Education				
Instruction	5,708,748	-	-	5,708,748
Supporting services	4,905,396	-	133,983	5,039,379
Food services	-	-	560,844	560,844
Community services	281,031	-	-	281,031
Capital outlay	382,706	-	2,493	385,199
Debt service				
Principal	44,614	230,000	-	274,614
Interest and other expenditures	4,728	611,264	-	615,992
	<u>11,327,223</u>	<u>841,264</u>	<u>697,320</u>	<u>12,865,807</u>
Total expenditures	<u>11,327,223</u>	<u>841,264</u>	<u>697,320</u>	<u>12,865,807</u>
Excess (deficiency) of revenues over expenditures	<u>730,337</u>	<u>(776,857)</u>	<u>(153,143)</u>	<u>(199,663)</u>

See Accompanying Notes to the Financial Statements

Arts and Technology Academy of Pontiac
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from issuance of leases	\$ 96,530	\$ -	\$ -	\$ 96,530
Transfers in	-	834,196	122,073	956,269
Transfers out	<u>(949,159)</u>	<u>(7,110)</u>	<u>-</u>	<u>(956,269)</u>
Total other financing sources (uses)	<u>(852,629)</u>	<u>827,086</u>	<u>122,073</u>	<u>96,530</u>
Net change in fund balances	(122,292)	50,229	(31,070)	(103,133)
Fund balances - beginning	<u>1,000,619</u>	<u>1,128,332</u>	<u>215,566</u>	<u>2,344,517</u>
Fund balances - ending	<u>\$ 878,327</u>	<u>\$ 1,178,561</u>	<u>\$ 184,496</u>	<u>\$ 2,241,384</u>

See Accompanying Notes to the Financial Statements

Arts and Technology Academy of Pontiac
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances for governmental funds	\$ 2,241,384
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	400,000
Capital assets - net of accumulated depreciation	8,308,814
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(251,300)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Bonds payable	(9,782,500)
Other loans payable and liabilities	<u>(85,972)</u>
Net position of governmental activities	<u>\$ 830,426</u>

See Accompanying Notes to the Financial Statements

Arts and Technology Academy of Pontiac
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - Total governmental funds \$ (103,133)

Total change in net position reported for governmental activities in the statement of activities is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Operating grants (26,935)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation and amortization expense (503,066)

Capital outlay 468,810

Expenses are recorded when incurred in the statement of activities.

Interest 13,800

Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Debt issued (96,530)

Repayments of long-term debt 274,614

Amortization of bond discount (7,300)

Change in net position of governmental activities **\$ 20,260**

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

On December 20, 2000, the Academy entered into a five-year contract with Bay Mills Community College to charter a public school academy. Subsequently, the contract was extended through June 30, 2027. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state aid funds pursuant to the state constitution. The Bay Mills Community College 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 the Bay Mills Community College Board of Trustees three percent of state aid foundation as administrative fees. The total administrative fee paid for the year ended June 30, 2024 was \$274,537.

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

Academy-Wide Financial Statements

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

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

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

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

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

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

Fund Financial Statements

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

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

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

The Academy reports the following major governmental funds:

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

Debt Service Fund - Debt Service Fund is used to record other financing sources and the payment of interest principal and other expenditures on long-term debt.

Additionally, the Academy reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are

restricted to expenditures for specified purposes. The Academy's Special Revenue Funds include the Food Service Fund and Student Activity Fund.

Capital Projects Fund - This fund is used primarily for the purpose of tracking costs associated with acquiring equipment and buildings improvements. The fund was originally established with bond proceeds. The Academy also contributes General Fund dollars to the fund through transfers.

Assets, Liabilities and Net Position or Equity

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

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

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Academy follows the consumption method, and they therefore are capitalized as prepaid items in both academy-wide and fund financial statements.

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

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

are depreciated using the straight-line method over the following useful lives:

Buildings and additions	10 - 50 years
Equipment and furniture	5 - 20 years

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

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

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

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

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

Committed - amounts that have been formally set aside by the Board of Directors for specific purposes. A fund balance

commitment may be established, modified, or rescinded by a resolution of the Board of Directors.

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

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

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

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

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

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

Upcoming Accounting and Reporting Changes

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization’s vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization’s accountability while also addressing certain application issues. This statement includes changes to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Budgeted amounts are as originally adopted or as amended by the Board of Directors throughout the year.

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
School administration	\$ 579,500	\$ 585,386	\$ 5,886
Capital outlay	55,000	382,706	327,706
Transfers out	922,536	949,159	26,623

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

Note 3 - Deposits and Investments

The Academy's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	\$ 444,915
Investments	1,360,916
	\$ 1,805,831

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 444,915
Investments in securities, mutual funds, and similar vehicles	1,360,916
Total	\$ 1,805,831

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
First American Government Obligation	\$ 1,360,916	<30 days	AAAmf	Fitch

Interest rate risk - In accordance with its investment policy, the Academy manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 24 months.

Credit risk - State statutes authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Academy is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk - The Academy's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the Academy's total investments.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy does not have a deposit policy for custodial credit risk. As of year end, \$141,015 of the Academy's bank balance of \$477,110 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the Academy's investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

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

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

The Academy has the following recurring fair value measurements as of June 30, 2024:

Amounts invested in First American Government Obligations Fund consists primarily of short-term U.S. government securities and repurchase agreements secured by U.S. Government securities. The amount of \$1,360,916 is valued using quoted market prices (Level 1 inputs).

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Capital assets being depreciated				
Buildings and additions	10,551,896	-	-	10,551,896
Site improvements	457,585	-	-	457,585
Equipment and furniture	1,141,717	87,132	-	1,228,849
Right to use asset - equipment and furniture	173,861	-	65,745	108,116
Right to use asset - buses and other vehicles	-	96,530	-	96,530
Right to use asset - subscription arrangements	-	285,148	-	285,148
Total capital assets being depreciated	<u>12,325,059</u>	<u>468,810</u>	<u>65,745</u>	<u>12,728,124</u>
Less accumulated depreciation for				
Buildings and additions	2,522,078	336,226	-	2,858,304
Site improvements	261,505	34,494	-	295,999
Equipment and furniture	1,034,362	30,273	-	1,064,635
Right to use asset - equipment and furniture	164,044	5,300	65,745	103,599
Right to use asset - buses and other vehicles	-	22,054	-	22,054
Right to use asset - subscription arrangements	-	74,719	-	74,719
Total accumulated depreciation	<u>3,981,989</u>	<u>503,066</u>	<u>65,745</u>	<u>4,419,310</u>
Net capital assets being depreciated	<u>8,343,070</u>	<u>(34,256)</u>	<u>-</u>	<u>8,308,814</u>
Net capital assets	<u>\$ 8,743,070</u>	<u>\$ (34,256)</u>	<u>\$ -</u>	<u>\$ 8,708,814</u>

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the Academy as follows:

Governmental activities	
Instruction	\$ 251,533
Supporting services	216,318
Food services	25,153
Community services	<u>10,061</u>
Total governmental activities	<u>\$ 503,066</u>

Note 6 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
Nonmajor Governmental Fund	General Fund	\$ 4,843
General Fund	Nonmajor Governmental Fund	<u>2,104</u>
		<u>\$ 6,947</u>

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

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

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Debt Service Fund	Total
<u>Transfers in</u>			
Nonmajor Governmental Fund	\$ 114,963	\$ 7,110	\$ 122,073
Debt Service Fund	834,196	-	834,196
	<u>\$ 949,159</u>	<u>\$ 7,110</u>	<u>\$ 956,269</u>

Interfund transfers were made during the year between the General Fund and the Debt Service Fund were to fund a reserve for future debt requirements. Interfund transfers between the General Fund and the Food Service Fund and Student Activity Fund were made to cover the cost of the academies programs that were in excess of revenues generated from those activities. Interfund transfers from the Debt Service Fund and Capital Projects Fund were to cover future building needs.

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 389,080</u>
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Note 8 - Leases and Subscription Based Information Technology

Lease Liability

During the 2020 fiscal year, the Academy entered into a 5 year lease agreement as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$108,116 during the 2022 fiscal year. As of June 30, 2024, the value of the lease liability was \$10,341. The Academy is required to make annual principal and interest payments of \$25,219. The lease has an interest rate of 6.45%. The value of the right-to-use asset as of the end of the current fiscal year was \$108,116 and had accumulated amortization of \$103,599.

During the 2024 fiscal year, the Academy entered into a 4 year lease agreement as lessee for the use of a bus. An initial lease liability was recorded in the amount of \$96,530 during the 2024 fiscal year. As of June 30, 2024, the value of the lease liability was \$75,631. The Academy is required to make annual principal and interest payments of \$26,316. The lease has an interest rate of 4.5%. The value of the right-to-use asset as of the end of the current fiscal year was \$96,530 and had accumulated amortization of \$22,054.

Annual requirements to amortize lease liabilities and related interest are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 33,732	\$ 3,092
2026	24,466	1,850
2027	25,589	727
2028	<u>2,185</u>	<u>8</u>
Total	<u>\$ 85,972</u>	<u>\$ 5,677</u>

Subscription Arrangements

During the 2024 fiscal year, the Academy entered into a 3 year subscription arrangement for the use of curriculum software. The entire subscription of \$285,148 was paid for in full at the start of the

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

arrangement. The value of the right-to-use subscription arrangement as of the end of the current fiscal year was \$285,148 and had accumulated amortization of \$74,719.

Note 9 - State Aid Anticipation Note

The Academy issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the Academy receives state aid from October through the following August for its fiscal year ending June 30th. The Academy is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 366,669	\$ 1,800,000	\$ 1,839,391	\$ 327,278

Note 10 - Long-Term Debt

The Academy issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. The State can withhold state aid if it has to make a bond payment on behalf of the Academy related to qualified bonds. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
Limited Obligation Revenue Bond	\$ 10,325,000	\$ -	\$ 230,000	\$ 10,095,000	\$ 245,000
Discount on bonds	(319,800)	-	(7,300)	(312,500)	-
Total bonds payable	10,005,200	-	222,700	9,782,500	245,000
Other liabilities					
Leases	34,056	96,530	44,614	85,972	33,732
Total	\$ 10,039,256	\$ 96,530	\$ 267,314	\$ 9,868,472	\$ 278,732

Limited obligation revenue bonds payable at year end, consist of the following:

\$5,710,000 serial bond due in annual installments of \$145,000 to \$405,000 through May 2043, interest at 6.00%	\$ 4,800,000
\$5,865,000 serial bond due in annual installments of \$100,000 \$445,000 through November 2046, interest at 5.50% to 6.00%	<u>5,295,000</u>
Total general obligation bonded debt	<u>\$ 10,095,000</u>

Arts and Technology Academy of Pontiac
Notes to the Financial Statements
June 30, 2024

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

<u>Year Ending June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 245,000	\$ 596,550
2026	255,000	582,350
2027	270,000	567,575
2028	290,000	551,925
2029	305,000	535,125
2030-2034	1,800,000	2,390,175
2035-2039	2,515,000	1,799,300
2040-2044	3,155,000	918,000
2045-2047	<u>1,260,000</u>	<u>154,200</u>
Total	<u>\$ 10,095,000</u>	<u>\$ 8,095,200</u>

The Limited obligation revenue bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$1,178,561 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the General Fund and Debt Service Fund were \$4,728 and \$611,264, respectively.

Debt Covenants

As of the fiscal year ending June 30, 2024 the Academy was in compliance with the Days Cash on Hand and Debt Service Coverage Ratio Covenants under the Academy's 2016 Bonds.

Note 11 - Risk Management

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

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

Note 13 - Education Service Agreement

The Academy operates under an Education Services Agreement with CS Partners, LLC (CSP) and CSP Management Inc. doing business as Partner Solutions (PS). Under the terms of this agreement, CSP provides a variety of services including management of operational areas, academic program support and compliance. The Academy is obligated to pay CSP nine percent of applicable revenues. Additionally, PS provides staffing for teachers, administrators and other individuals who provide educational programs at the Academy. The Academy is responsible for reimbursing PS for all costs incurred for providing staffing. The total fee for these management services amounted to approximately \$711,000 for the year ended June 30, 2024. As of June 30, 2024 there was no amount owed to CSP. The Academy also has \$878,000 accrued as of June 30, 2024 for July and August contracted employees which are paid as invoices are rendered.

REQUIRED SUPPLEMENTARY INFORMATION

Arts and Technology Academy of Pontiac
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Local sources	\$ 105,500	\$ 73,000	\$ 44,315	\$ (28,685)
State sources	8,982,130	10,311,377	9,929,776	(381,601)
Federal sources	1,772,509	2,856,972	1,975,558	(881,414)
Interdistrict sources	200,000	107,911	107,911	-
	<u>11,060,139</u>	<u>13,349,260</u>	<u>12,057,560</u>	<u>(1,291,700)</u>
Expenditures				
Instruction				
Basic programs	4,524,132	4,476,389	4,158,143	(318,246)
Added needs	1,305,744	1,572,019	1,550,605	(21,414)
Supporting services				
Pupil	387,742	671,116	540,947	(130,169)
Instructional staff	102,976	660,819	263,616	(397,203)
General administration	1,157,349	1,289,750	1,266,388	(23,362)
School administration	487,370	579,500	585,386	5,886
Business	29,681	73,276	73,186	(90)
Operations and maintenance	1,176,195	1,525,250	1,439,622	(85,628)
Pupil transportation services	316,900	425,799	362,749	(63,050)
Central	281,904	238,321	209,412	(28,909)
Athletic activities	68,500	195,575	164,090	(31,485)
Community services	317,292	294,054	281,031	(13,023)
Capital outlay	25,000	55,000	382,706	327,706
Debt service				
Principal	121,000	329,148	44,614	(284,534)
Interest and fiscal charges	-	-	4,728	4,728
	<u>10,301,785</u>	<u>12,386,016</u>	<u>11,327,223</u>	<u>(1,058,793)</u>
Excess of revenues over expenditures	<u>758,354</u>	<u>963,244</u>	<u>730,337</u>	<u>(232,907)</u>

Arts and Technology Academy of Pontiac
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources (Uses)				
Proceeds from issuance of leases	\$ -	\$ -	\$ 96,530	\$ 96,530
Transfers out	(932,536)	(922,536)	(949,159)	(26,623)
Total other financing sources (uses)	(932,536)	(922,536)	(852,629)	69,907
Net change in fund balances	(174,182)	40,708	(122,292)	(163,000)
Fund balance - beginning	1,000,619	1,000,619	1,000,619	-
Fund balance - ending	<u>\$ 826,437</u>	<u>\$ 1,041,327</u>	<u>\$ 878,327</u>	<u>\$ (163,000)</u>

OTHER SUPPLEMENTARY INFORMATION

Arts and Technology Academy of Pontiac
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>Capital Projects Fund</u>	
Assets				
Cash	\$ 37	\$ 4,843	\$ -	\$ 4,880
Due from other funds	1,152	-	952	2,104
Investments	<u>-</u>	<u>-</u>	<u>182,355</u>	<u>182,355</u>
Total assets	<u>\$ 1,189</u>	<u>\$ 4,843</u>	<u>\$ 183,307</u>	<u>\$ 189,339</u>
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ 4,843</u>	<u>\$ -</u>	<u>\$ 4,843</u>
Fund Balances				
Restricted for				
Food service	1,189	-	-	1,189
Capital projects	<u>-</u>	<u>-</u>	<u>183,307</u>	<u>183,307</u>
Total fund balances	<u>1,189</u>	<u>-</u>	<u>183,307</u>	<u>184,496</u>
Total liabilities and fund balances	<u>\$ 1,189</u>	<u>\$ 4,843</u>	<u>\$ 183,307</u>	<u>\$ 189,339</u>

Arts and Technology Academy of Pontiac
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>Capital Projects Fund</u>	
Revenues				
Local sources	\$ -	\$ 71,379	\$ 1,978	\$ 73,357
Federal sources	<u>470,820</u>	<u>-</u>	<u>-</u>	<u>470,820</u>
Total revenues	<u>470,820</u>	<u>71,379</u>	<u>1,978</u>	<u>544,177</u>
Expenditures				
Current				
Education				
Supporting services	-	133,983	-	133,983
Food services	560,844	-	-	560,844
Capital outlay	<u>-</u>	<u>-</u>	<u>2,493</u>	<u>2,493</u>
Total expenditures	<u>560,844</u>	<u>133,983</u>	<u>2,493</u>	<u>697,320</u>
Deficiency of revenues over expenditures	<u>(90,024)</u>	<u>(62,604)</u>	<u>(515)</u>	<u>(153,143)</u>
Other Financing Sources				
Transfers in	<u>65,000</u>	<u>49,963</u>	<u>7,110</u>	<u>122,073</u>
Net change in fund balances	(25,024)	(12,641)	6,595	(31,070)
Fund balances - beginning	<u>26,213</u>	<u>12,641</u>	<u>176,712</u>	<u>215,566</u>
Fund balances - ending	<u>\$ 1,189</u>	<u>\$ -</u>	<u>\$ 183,307</u>	<u>\$ 184,496</u>