

# **Youth Advancement Academy**

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**Financial Report  
with Supplemental Information  
June 30, 2015**

# Youth Advancement Academy

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## Independent Auditor's Report

To the Board of Directors  
Youth Advancement Academy

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of Youth Advancement Academy (the "Academy") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Youth Advancement Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Youth Advancement Academy as of June 30, 2015 and the respective changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Youth Advancement Academy

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund budgetary comparison schedule, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 on our consideration of Youth Advancement Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Youth Advancement Academy's internal control over financial reporting and compliance.

*Plante & Morse, PLLC*

October 19, 2015

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*

Independent Auditor's Report

To Management and the Board of Directors  
Youth Advancement Academy

We have audited, 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, the financial statements of the governmental activities and the major fund of Youth Advancement Academy (the "Academy") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Youth Advancement Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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

To Management and the Board of Directors  
Youth Advancement Academy

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Youth Advancement Academy's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Plante & Moran, PLLC*

October 19, 2015

# Youth Advancement Academy

## Management's Discussion and Analysis

This section of Youth Advancement Academy's (the "Academy") annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2015. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Youth Advancement Academy financially as a whole. The Academy-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the Academy-wide financial statements by providing information about the Academy's only fund - the General Fund.

Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)

### Basic Financial Statements

Academy-wide Financial Statements      Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)  
Budgetary Information for Major Fund

# Youth Advancement Academy

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## Management's Discussion and Analysis (Continued)

### *Reporting the Academy as a Whole - Academy-wide Financial Statements*

One of the most important questions asked about the Academy is “As a whole, what is the Academy’s financial condition as a result of the year’s activities?” The statement of net position and the statement of activities, which appear first in the Academy’s financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the Academy’s net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the Academy’s financial health or financial position. Over time, increases or decreases in the Academy’s net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the Academy’s operating results. However, the Academy’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Academy. The statement of net position and the statement of activities report the governmental activities for the Academy, which encompass all of the Academy’s services, including instruction and support services. Unrestricted state aid (foundation allowance revenue) and state and federal grants finance most of these activities.

### *Reporting the Academy’s Fund Financial Statements*

The governmental fund of the Academy uses the following accounting approach:

**Governmental Fund** - All of the Academy’s services are reported in a governmental fund. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Academy and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy’s programs.

# Youth Advancement Academy

## Management's Discussion and Analysis (Continued)

### The Academy as a Whole

Recall that the statement of net position provides the perspective of the Academy as a whole. Table I provides a summary of the Academy's net position as of June 30, 2015 and 2014:

Table I	Governmental Activities	
	June 30	
	2015	2014
<b>Assets</b> - Current and other assets	\$ 80,589	\$ 96,290
<b>Liabilities</b> - Current liabilities	31,546	21,157
<b>Net Position</b> - Unrestricted	<u>\$ 49,043</u>	<u>\$ 75,133</u>

The above analysis focuses on the net position (see Table I). The change in net position (see Table 2) of the Academy's governmental activities is discussed below. The Academy's net position was \$49,043 at June 30, 2015.

The \$49,043 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Academy to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the Academy as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal years 2015 and 2014.

# Youth Advancement Academy

## Management's Discussion and Analysis (Continued)

Table 2

	Governmental Activities	
	Year Ended June 30	
	2015	2014
<b>Revenue</b>		
Program revenue - Operating grants and contributions	\$ 99,744	\$ 93,142
General revenue:		
State foundation allowance	329,671	321,373
Other	16,307	15,823
Total revenue	445,722	430,338
<b>Functions/Program Expenses</b>		
Instruction	378,065	364,051
Support services	93,747	103,128
Total functions/program expenses	471,812	467,179
<b>Decrease in Net Position</b>	(26,090)	(36,841)
<b>Net Position - Beginning of year</b>	75,133	111,974
<b>Net Position - End of year</b>	<b>\$ 49,043</b>	<b>\$ 75,133</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$471,812. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions (\$99,744). We paid for the remaining "public benefit" portion of our governmental activities with \$378,065 in state foundation allowance and with our other revenue (i.e., interest and general entitlements).

The Academy experienced a decrease in net position of \$26,090. The key reason for the change in net position was as follows:

- This was the sixth year for the Academy working with the Ombudsman Educational Services, Ltd. (Ombudsman) program. The Academy received funding from the State on a per-pupil calculation while an increased rate was contracted with Ombudsman for additional slots beyond the original 44 slots in the original contract price.

As discussed above, the net cost shows the financial burden that was placed on the State and the other revenue sources by each of these functions. Since unrestricted state aid constitutes the vast majority of academy operating revenue sources, the Board of Education and administration must annually evaluate the needs of the Academy and balance those needs with state-prescribed available unrestricted resources.

# **Youth Advancement Academy**

## **Management's Discussion and Analysis (Continued)**

### **The Academy's Fund**

As we noted earlier, the Academy uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Academy is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Academy's overall financial health.

The General Fund fund balance is available to fund costs related to allowable school operating purposes.

### **General Fund Budgetary Highlights**

Over the course of the year, the Academy revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were no significant revisions made to the 2014-2015 General Fund original budget. Budgeted revenue was increased \$60,472, primarily due to carryover of Title I funding and Title II funding.

Budgeted expenditures were increased \$23,020 to account for the new contract terms with Ombudsman based on student count data and Title I spending and At-Risk spending.

### **Economic Factors and Next Year's Budgets and Rates**

Our board officials and administration consider many factors when setting the Academy's 2015-2016 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2016 fiscal year will be 90 percent and 10 percent of the October 2015 and February 2015 student counts, respectively. The 2016 budget was adopted in June 2015 based on an estimate of students that will be enrolled in October 2015. Approximately 75 percent of total General Fund revenue is from the foundation allowance. As a result, the Academy's funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2015-2016 school year, we anticipate that the fall student count will be lower than the estimates used in creating the 2015-2016 budget. Once the final student count and related per-pupil funding are validated, state law requires the Academy to amend the budget if actual academy resources are not sufficient to fund original appropriations.

# **Youth Advancement Academy**

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## **Management's Discussion and Analysis (Continued)**

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 revenue to fund its appropriation to academies. The State periodically holds a revenue-estimating conference to estimate revenue. If the State estimates funds are not sufficient to fund the appropriation, the legislature must revise the appropriation or proration of state aid will occur.

# Youth Advancement Academy

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## Statement of Net Position June 30, 2015

	Governmental Activities
<b>Assets -</b> Receivables - Due from other governmental units (Note 4)	\$ 80,589
<b>Liabilities</b>	
Accounts payable	12,738
Checks issued in excess of bank balance (Note 3)	9,808
Unearned revenue (Note 4)	<u>9,000</u>
Total liabilities	<u>31,546</u>
<b>Total Net Position - Unrestricted</b>	<b><u>\$ 49,043</u></b>

# Youth Advancement Academy

## Statement of Activities Year Ended June 30, 2015

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Position
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
Instruction	\$ 378,065	\$ -	\$ 99,744	\$ (278,321)
Support services	93,747	-	-	(93,747)
Total primary government	<u>\$ 471,812</u>	<u>\$ -</u>	<u>\$ 99,744</u>	(372,068)
General revenue:				
State aid not restricted to specific purposes				329,671
Interest and investment earnings				27
Other				16,280
Total general revenue				<u>345,978</u>
<b>Change in Net Position</b>				(26,090)
<b>Net Position - Beginning of year</b>				<u>75,133</u>
<b>Net Position - End of year</b>				<u><b>\$ 49,043</b></u>

# Youth Advancement Academy

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## Governmental Fund Balance Sheet June 30, 2015

	<u>General Fund</u>
<b>Assets</b>	
Receivables - Due from other governmental units (Note 4)	<u>\$ 80,589</u>
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 12,738
Checks issued in excess of bank balance (Note 3)	9,808
Unearned revenue (Note 4)	<u>9,000</u>
Total liabilities	31,546
<b>Fund Balances - Unassigned</b>	<u>49,043</u>
Total liabilities and fund balances	<u>\$ 80,589</u>

# Youth Advancement Academy

## Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2015

	<u>General Fund</u>
<b>Revenue</b>	
Local sources	\$ 16,307
State sources	349,248
Federal sources	68,830
Interdistrict	<u>11,337</u>
Total revenue	445,722
<b>Expenditures - Current</b>	
Instruction	378,065
Support services	<u>93,747</u>
Total expenditures	<u>471,812</u>
<b>Net Change in Fund Balance</b>	(26,090)
<b>Fund Balance - Beginning of year</b>	<u>75,133</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 49,043</u></u>

# Youth Advancement Academy

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## Notes to Financial Statements June 30, 2015

### Note I - Summary of Significant Accounting Policies

The accounting policies of Youth Advancement Academy (the "Academy") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Academy:

#### **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 August 4, 2008, the Academy entered into a three-year contract with the Kalamazoo Regional Educational Service Agency Board of Education to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the state constitution. The Kalamazoo Regional Educational Service Agency Board of Education is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws, along with performing accounting and administrative tasks. The Academy pays the Kalamazoo Regional Educational Service Agency Board of Education 3 percent of unrestricted state aid as administrative fees. Total administrative fees for the year ended June 30, 2015 were approximately \$9,900.

On May 11, 2011, the Academy amended its contract with the Kalamazoo Regional Education Service Agency Board of Education to extend the contract for an additional three years, terminating on August 3, 2014.

On August 4, 2014, the Academy entered into a new contract with the Kalamazoo Regional Education Service Agency Board of Education to extend contracted services for an additional eight years, terminating on August 3, 2022.

**Educational Services** - On June 4, 2013, the Academy entered into a three-year agreement for education services with Ombudsman Educational Services, Ltd, which automatically renews every year through the 2015-2016 school year. Under the terms of the agreement, Ombudsman Educational Services, Ltd. provides all the required labor, materials, and supervision necessary for the provision of educational services to the students. Fees under this contract for the year ended June 30, 2015 were approximately \$403,000.

# Youth Advancement Academy

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## Notes to Financial Statements June 30, 2015

### Note I - Summary of Significant Accounting Policies (Continued)

#### Academy-wide and Fund Financial Statements

The Academy-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments and other items not properly included among program revenue are reported instead as general revenue.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**Academy-wide Financial Statements** - The Academy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the Academy's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the Academy's policy to spend funds in this order: committed fund balance, assigned balance, and then unassigned fund balance.

Amounts reported as program revenue include operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes unrestricted state aid.

**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. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the Academy considers revenue to be available if it is 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.

# Youth Advancement Academy

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## Notes to Financial Statements June 30, 2015

### Note I - Summary of Significant Accounting Policies (Continued)

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 Academy.

The Academy reports the following major governmental fund:

**General Fund** - The General Fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy.

#### **Assets, Liabilities, and Net Position or Equity**

**Receivables** - The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Fund Balance** - Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are comprised of the following - nonspendable, restricted, committed, assigned, and unassigned.

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the board of directors for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of directors.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education or the representative of the fiscal agent, who is authorized by resolution approved by the board of directors to make assignments
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

**Comparative Data** - Comparative data is not included in the Academy's financial statements.

# Youth Advancement Academy

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## Notes to Financial Statements June 30, 2015

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

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Academy did not have significant expenditure budget variances.

### Note 3 - Deposits and Investments

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

The Academy has designated one bank for the deposit of its funds.

The Academy's bank deposits are subject to custodial risk, which is examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk 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. At year end, the Academy's deposit balance of \$83,451 had no bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

At June 30, 2015, the Academy had issued checks in excess of its bank balance totaling \$9,808.

# Youth Advancement Academy

## Notes to Financial Statements June 30, 2015

### Note 4 - Receivables and Unearned Revenue

Receivables as of year end for the Academy, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Due from other governmental units	<u>\$ 80,589</u>
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Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenue are as follows:

	<u>Governmental Funds</u>
	<u>Liability - Unearned</u>
Grant and categorical aid payment received prior to meeting all eligibility requirements	<u>\$ 9,000</u>

### Note 5 - Risk Management

The Academy is exposed to various risks of loss related to property loss, torts, and errors and omissions. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage during the fiscal year.

### Note 6 - Operating Leases

The Academy uses facilities owned by a public school district for which no rent is charged. The fair market value of this rent-free facility use is not known.

## **Required Supplemental Information**

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# Youth Advancement Academy

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 10,325	\$ 16,277	\$ 16,307	\$ 30
State sources	348,674	356,134	349,248	(6,886)
Federal sources	50,959	86,682	68,830	(17,852)
Interdistrict	-	11,337	11,337	-
Total revenue	<u>409,958</u>	<u>470,430</u>	<u>445,722</u>	<u>(24,708)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic program	317,601	306,675	306,212	(463)
Added needs	<u>73,623</u>	<u>93,923</u>	<u>71,853</u>	<u>(22,070)</u>
Total instruction	391,224	400,598	378,065	(22,533)
Support services:				
Pupil	41,136	53,796	53,337	(459)
Instructional staff	8,309	11,659	7,740	(3,919)
General administration	18,650	15,600	14,995	(605)
School administration	800	850	850	-
Business	15,924	15,917	15,592	(325)
Operations and maintenance	-	-	(2,065)	(2,065)
Central	<u>5,000</u>	<u>5,643</u>	<u>3,298</u>	<u>(2,345)</u>
Total support services	<u>89,819</u>	<u>103,465</u>	<u>93,747</u>	<u>(9,718)</u>
Total expenditures	<u>481,043</u>	<u>504,063</u>	<u>471,812</u>	<u>(32,251)</u>
<b>Excess of Revenue Over Expenditures</b>	<u>(71,085)</u>	<u>(33,633)</u>	<u>(26,090)</u>	<u>7,543</u>
<b>Net Change in Fund Balance</b>	<u>(71,085)</u>	<u>(33,633)</u>	<u>(26,090)</u>	<u>7,543</u>
<b>Fund Balance - Beginning of year</b>	<u>75,133</u>	<u>75,133</u>	<u>75,133</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 4,048</u></u>	<u><u>\$ 41,500</u></u>	<u><u>\$ 49,043</u></u>	<u><u>\$ 7,543</u></u>