

**Audited Financial Statements**

# **Voyageur Academy**

Detroit, Michigan

**June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Voyageur Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Voyageur Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Voyageur 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 entity'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, each major fund, and the aggregate remaining fund information of Voyageur Academy, as of June 30, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as 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, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Voyageur Academy's basic financial statements. The combining and individual nonmajor fund financial statements, and schedules of revenues and expenditures, and schedule of expenditures of federal awards as required for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and the schedule of expenditures of federal awards, are 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. Such 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 combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021, on our consideration of Voyageur Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Voyageur Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Voyageur Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan  
October 26, 2021

# VOYAGEUR ACADEMY

## STATEMENT OF NET POSITION JUNE 30, 2021

### ASSETS AND DEFERRED OUTFLOWS

#### Current Assets

Cash and cash equivalents	\$ 1,340,744
Investments - restricted for debt service and capital projects	2,426,045
Due from other governmental units	3,146,686
Prepaid expenses	<u>45,238</u>
Total current assets	6,958,713

#### Capital Assets - Net of Accumulated Depreciation

11,229,048

Total assets and deferred outflows

\$ 18,187,761

### LIABILITIES, DEFERRED INFLOWS AND NET POSITION

#### Current Liabilities

Accounts payable	\$ 685,625
Due to other governmental units	500,000
Unearned revenue	8,349
Other accrued expenses	1,344,304
Long-term debt - current portion	<u>135,000</u>
Total current liabilities	2,673,278

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

16,630,000

#### Net Position

Net investment in capital assets	(5,535,952)
Restricted for debt services, capital projects and food service	2,037,537
Unrestricted	<u>2,382,898</u>
Total net position	<u>(1,115,517)</u>
Total liabilities, deferred inflows and net position	<u>\$ 18,187,761</u>

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (Expense) Revenues and Changes in Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
<b>Functions</b>				
Instruction				
Basic programs	\$ 4,430,400	\$ -	\$ 885,197	\$ (3,545,203)
Added needs	1,114,427	-	1,029,904	(84,523)
Support services				
Pupil support services	303,056	-	24,112	(278,944)
Instructional staff support services	993,408	-	631,280	(362,128)
General administration	1,226,356	-	-	(1,226,356)
School administration	772,656	-	66,558	(706,098)
Business support services	14,329	-	-	(14,329)
Operations and maintenance	1,309,694	-	308,692	(1,001,002)
Central support services	234,188	-	96,063	(138,125)
Athletic activities	234,499	-	-	(234,499)
Food services	160,382	-	72,793	(87,589)
Community services	167,881	-	167,881	-
Unallocated depreciation	472,285	-	-	(472,285)
Unallocated interest	1,003,956	-	-	(1,003,956)
Total primary government	\$ 12,437,517	\$ -	\$ 3,282,480	(9,155,037)
<b>General Purpose Revenues</b>				
State school aid - unrestricted				9,325,413
Miscellaneous revenues				187,240
Total general purpose revenues				9,512,653
Change in net position				357,616
Net position - July 1, 2020				(1,473,133)
Net position - June 30, 2021				\$ (1,115,517)

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2021

#### ASSETS

	General	Debt Service	Non-Major	Total
Cash and cash equivalents	\$ 1,340,744	\$ -	\$ -	\$ 1,340,744
Investments	-	2,214,794	211,251	2,426,045
Due from other governmental units	3,146,686	-	-	3,146,686
Due from other funds	-	-	111,492	111,492
Prepaid expenses	45,238	-	-	45,238
	<u>\$ 4,532,668</u>	<u>\$ 2,214,794</u>	<u>\$ 322,743</u>	<u>\$ 7,070,205</u>

#### LIABILITIES AND FUND BALANCE

##### Liabilities

Accounts payable	\$ 685,625	\$ -	\$ -	\$ 685,625
Due to other governmental units	-	500,000	-	500,000
Due to other funds	111,492	-	-	111,492
Unearned revenue	8,349	-	-	8,349
Other accrued expenses	842,326	-	-	842,326
	<u>1,647,792</u>	<u>500,000</u>	<u>-</u>	<u>2,147,792</u>

##### Fund Balance

Nonspendable	45,238	-	-	45,238
Restricted	-	1,714,794	322,743	2,037,537
Unassigned	2,839,638	-	-	2,839,638
	<u>2,884,876</u>	<u>1,714,794</u>	<u>322,743</u>	<u>4,922,413</u>
Total fund balance	<u>2,884,876</u>	<u>1,714,794</u>	<u>322,743</u>	<u>4,922,413</u>
Total liabilities and fund balance	<u>\$ 4,532,668</u>	<u>\$ 2,214,794</u>	<u>\$ 322,743</u>	<u>\$ 7,070,205</u>

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2021

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

<b>Total Governmental Fund Balances</b>	\$ 4,922,413
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$16,879,845 and the accumulated depreciation is \$5,650,797.	11,229,048
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(501,978)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(16,765,000)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ (1,115,517)</u>

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	General	Debt Service	Non-Major	Total
<b>Revenues</b>				
Local sources	\$ 187,081	\$ 140	\$ 19	\$ 187,240
State sources	10,483,370	-	12,219	10,495,589
Federal sources	2,020,067	-	59,074	2,079,141
Interdistrict sources	33,163	-	-	33,163
Total governmental fund revenues	12,723,681	140	71,312	12,795,133
<b>Expenditures</b>				
Instruction				
Basic programs	4,430,400	-	-	4,430,400
Added needs	1,114,427	-	-	1,114,427
Support services				
Pupil support services	303,056	-	-	303,056
Instructional staff support services	993,408	-	-	993,408
General administration	1,226,356	-	-	1,226,356
School administration	772,656	-	-	772,656
Business support services	706	13,623	-	14,329
Operations and maintenance	1,309,694	-	-	1,309,694
Central support services	234,188	-	-	234,188
Athletic activities	234,499	-	-	234,499
Food services	-	-	160,382	160,382
Community services	167,881	-	-	167,881
Capital outlay	34,788	-	3,633	38,421
Debt principal and interest	-	1,127,680	-	1,127,680
Total governmental fund expenditures	10,822,059	1,141,303	164,015	12,127,377
Excess (deficiency) of revenues over expenditures	1,901,622	(1,141,163)	(92,703)	667,756
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	1,152,578	27,500	1,180,078
Operating transfers out	(1,180,078)	-	-	(1,180,078)
Total other financing sources (uses)	(1,180,078)	1,152,578	27,500	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	721,544	11,415	(65,203)	667,756
Fund balance - July 1, 2020	2,163,332	1,703,379	387,946	4,254,657
Fund balance - June 30, 2021	\$ 2,884,876	\$ 1,714,794	\$ 322,743	\$ 4,922,413

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	667,756
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period

Capital outlay	\$ 38,421	
Depreciation and amortization expense	<u>(472,285)</u>	(433,864)

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

Repayment of loan principal	\$ 120,000	
Interest expense	<u>3,724</u>	<u>123,724</u>

<b>Change in Net Position of Governmental Activities</b>	\$	<u><u>357,616</u></u>
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# VOYAGEUR ACADEMY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

#### **Reporting Entity**

Voyageur Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, and began operation in July 1998.

In February 2019, the Academy extended a contract with Ferris State University's Board of Trustees to charter a public school academy through June 30, 2022. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Ferris State University's Board of Trustees three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2021 were approximately \$275,300.

In May 2019, the Academy extended an agreement with The Romine Group, Inc. expiring in June 2022. Under the terms of this agreement, The Romine Group, Inc. provides a variety of services including financial management, educational programs and consulting, as well as teacher training. The Academy is obligated to pay The Romine Group, Inc. nine and one-half percent of its state school aid revenue. The total paid for these services amounted to approximately \$887,200 for the year ended June 30, 2021 and there was a payable to The Romine group at June 30, 2021 of approximately \$448,000.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

#### **Fund Financial Statements**

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

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

#### **Governmental Funds**

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

**General Fund** - The general fund is used to record the general operations of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

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

**Debt Service Fund** - The debt service fund is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

**Capital Projects Fund** - The capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

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

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

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

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

#### Government-Wide Financial Statements

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

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

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

## **VOYAGEUR ACADEMY**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

#### **Receivables**

Receivables at June 30, 2021 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2021 and are considered current for the purposes of these financial statements.

#### **Prepaid Assets**

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

#### **Capital Assets and Depreciation**

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

# VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

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

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

### Accrued Liabilities and Long-Term Obligations

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

### Net Position

Net position represents the difference between assets, deferred outflows and liabilities, and deferred inflows. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

### Fund Equity

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

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

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

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

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

- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

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

#### Estimates

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

#### Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases* which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based upon the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2022.

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2021 the budget was amended in a legally permissible manner. A comparison of actual expenditures against amounts appropriated can be found on page 20 of these financial statements.

### NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2021, the Academy had the following investments:

<u>Type</u>	<u>S&amp;P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 1,340,744
Investments:			
U.S. Treasury and agency obligations	AAA	Various	<u>2,426,045</u>
Total deposits and investments			<u>\$ 3,766,789</u>

The above amounts are reported in the financial statements as follows:

Deposits:			
Cash - General fund			\$ 1,340,744
Investments:			
Investments - Debt service fund			2,214,794
Investments - Capital projects fund			<u>211,251</u>
Total investments			<u>2,426,045</u>
Total deposits and investments			<u>\$ 3,766,789</u>

## **VOYAGEUR ACADEMY**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

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

#### **Interest Rate Risk**

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

#### **Credit Risk**

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the Academy's investments were rated AAAM by Standards & Poor's and Aaa-mf by Moody's Investors Service.

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

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2021, \$1,017,198 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2021.

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

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

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

#### **Foreign Currency Risk**

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

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

#### Fair Value

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

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

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

### NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,923,930
Federal sources	<u>1,222,756</u>
Total	<u><u>\$ 3,146,686</u></u>

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets not subject to depreciation				
Land	\$ 1,635,763	\$ -	\$ -	\$ 1,635,763
Capital assets subject to depreciation				
Building	12,025,360	-	-	12,025,360
Educational media and textbooks	48,400	22,632	-	71,032
Furniture and equipment	2,191,356	15,789	-	2,207,145
Improvements	940,545	-	-	940,545
Sub-total	16,841,424	38,421	-	16,879,845
Accumulated depreciation				
Building	2,650,735	340,815	-	2,991,550
Educational media and textbooks	48,400	-	-	48,400
Furniture and equipment	1,996,753	67,661	-	2,064,414
Improvements	482,624	63,809	-	546,433
Sub-total	5,178,512	472,285	-	5,650,797
Total net capital assets	<u>\$ 11,662,912</u>	<u>\$ (433,864)</u>	<u>\$ -</u>	<u>\$ 11,229,048</u>

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

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses can be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 455,291	\$ 455,291
Management fee	199,522	199,522
University oversight fee	50,082	50,082
Other accrued expenses	137,431	137,431
Interest	501,978	-
	<u>\$ 1,344,304</u>	<u>\$ 842,326</u>

### NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2021:

#### Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
2017 Revenue bond	Average rate of 5.72%	Various through July, 2046	Twice yearly payments of principal and interest. Secured by facilities, funds held in trust, and a pledge for 20% of future State School Aid payments.

#### Loan Activity

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
2017 Revenue bond	<u>\$ 16,885,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 16,765,000</u>	<u>\$ 135,000</u>

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE - Continued

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

	<u>Principal</u>	<u>Interest</u>
2022	\$ 135,000	\$ 999,788
2023	160,000	990,715
2024	185,000	980,168
2025	210,000	968,145
2026	240,000	954,500
2027 - 2031	1,655,000	4,507,753
2032 - 2036	2,665,000	3,861,980
2037 - 2041	4,065,000	2,856,013
2042 - 2046	5,970,000	1,370,073
2047	1,480,000	43,660

### NOTE 8 – OPERATING LEASES

#### Lease Information

	<u>Maturity Date</u>	<u>Approximate Payment</u>	<u>Other</u>
Building lease	June, 2022	\$278,000 yearly	Payable in monthly equal installments of \$23,333
Building lease	June, 2022	\$16,560 yearly	Payable in monthly equal installments of \$1,380

The approximate amount of lease obligations coming due during the next year is as follows:

2022	\$294,560
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Total lease expense included in the statement of activities for the year ended June 30, 2021 amounted to \$287,768.

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 9 - INTERFUND TRANSFERS

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

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
Transfer In	\$ -	\$ 27,500	\$ 1,152,578
Transfer Out	1,180,078	-	-

As stipulated by the Academy's revenue bond agreement as described in Note 7, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy.

### NOTE 10 - RISK MANAGEMENT

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

### NOTE 11 – CONTINGENCIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully anticipate the long term effects the impact it will have on the economy and the Academy's operations. As of the date of these financial statements, the Academy continues to evaluate and implement risk mitigation tactics including all aspects of the Academy's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the Academy.

## SUPPLEMENTARY INFORMATION

## VOYAGEUR ACADEMY

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Local sources	\$ 81,460	\$ 179,200	\$ 187,081	\$ 7,881
State sources	9,716,004	10,483,395	10,483,370	(25)
Federal sources	1,639,233	2,280,331	2,020,067	(260,264)
Interdistrict sources	-	-	33,163	33,163
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund revenues	11,436,697	12,942,926	12,723,681	(219,245)
<b>Expenditures</b>				
Instruction				
Basic programs	4,159,250	4,683,692	4,430,400	(253,292)
Added needs	1,291,293	1,199,990	1,114,427	(85,563)
Support services				
Pupil support services	265,939	325,471	303,056	(22,415)
Instructional staff support services	654,470	997,090	993,408	(3,682)
General administration	1,137,572	1,304,508	1,226,356	(78,152)
School administration	708,205	802,536	772,656	(29,880)
Business support services	5,000	1,000	706	(294)
Operations and maintenance	1,583,624	1,422,665	1,309,694	(112,971)
Pupil transportation services	225,000	-	-	-
Central support services	154,500	282,311	234,188	(48,123)
Athletic activities	216,671	267,671	234,499	(33,172)
Community services	165,509	188,684	167,881	(20,803)
Capital outlay	-	100,000	34,788	(65,212)
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund expenditures	10,567,033	11,575,618	10,822,059	(753,559)
Excess (deficiency) of revenues over expenditures	869,664	1,367,308	1,901,622	534,314
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(1,176,892)	(1,175,892)	(1,180,078)	(4,186)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(307,228)	191,416	721,544	530,128
Fund balance - July 1, 2020	2,163,332	2,163,332	2,163,332	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2021	\$ 1,856,104	\$ 2,354,748	\$ 2,884,876	\$ 530,128
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# VOYAGEUR ACADEMY

## SUPPLEMENTARY INFORMATION COMBINING BALANCE SHEET – NON-MAJOR FUNDS JUNE 30, 2021

### ASSETS

	<u>Special Revenue - Food Services</u>	<u>Capital Projects</u>	<u>Total</u>
Investments	\$ -	\$ 211,251	\$ 211,251
Due from other funds	<u>111,492</u>	<u>-</u>	<u>111,492</u>
Total assets	<u>\$ 111,492</u>	<u>\$ 211,251</u>	<u>\$ 322,743</u>

### LIABILITIES AND FUND BALANCE

<b>Fund Balance</b>			
Restricted	<u>\$ 111,492</u>	<u>\$ 211,251</u>	<u>\$ 322,743</u>

## VOYAGEUR ACADEMY

SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – NON-MAJOR FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue - Food Services	Capital Projects	Total
<b>Revenues</b>			
Local sources	\$ -	\$ 19	\$ 19
State sources	12,219	-	12,219
Federal sources	59,074	-	59,074
	71,293	19	71,312
Total governmental fund revenues			
<b>Expenditures</b>			
Support services			
Food services	160,382	-	160,382
Capital outlay	3,633	-	3,633
	164,015	-	164,015
Total governmental fund expenditures			
Excess (deficiency) of revenues over expenditures	(92,722)	19	(92,703)
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	-	27,500	27,500
	-	27,500	27,500
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(92,722)	27,519	(65,203)
Fund balance - July 1, 2020	204,214	183,732	387,946
	204,214	183,732	387,946
Fund balance - June 30, 2021	\$ 111,492	\$ 211,251	\$ 322,743

## VOYAGEUR ACADEMY

### SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

#### Local Sources

Student activities	\$ 21,257
Other local revenues	<u>165,824</u>
Total local sources	187,081

#### State Sources

At risk	980,778
Special education	177,179
State aid	<u>9,325,413</u>
Total state sources	10,483,370

#### Federal Sources

IDEA	181,546
Title I	613,702
Title II A	72,891
Title III	18,441
Title IV	46,698
Other program revenue	<u>1,086,789</u>
Total federal sources	2,020,067

#### Interdistrict Sources

	<u>33,163</u>
Total general fund revenues	<u>\$ 12,723,681</u>

## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

#### Basic Programs

Purchased services	\$ 3,880,739
Supplies and materials	480,651
Other expenditures	<u>69,010</u>
Total basic programs	4,430,400

#### Added Needs

Purchased services	1,114,123
Supplies and materials	<u>304</u>
Total added needs	1,114,427

#### Pupil Support Services

Guidance services	15,000
Health services	6,148
Psychological services	13,170
Speech pathology and audiology	87,444
Social work services	172,182
Other pupil services	<u>9,112</u>
Total pupil support services	303,056

#### Instructional Staff Support Services

Purchased services	650,802
Repairs and maintenance	50,068
Supplies and materials	<u>292,538</u>
Total instructional staff support services	993,408

#### General Administration

Purchased services	56,337
Management fees	887,244
University oversight	275,325
Repairs and maintenance	286
Other expenditures	<u>7,164</u>
Total general administration	1,226,356

## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

#### **School Administration**

Purchased services	750,316
Supplies and materials	10,594
Other expenditures	<u>11,746</u>
Total school administration	772,656

#### **Business Support Services**

Other expenditures	706
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#### **Operations and Maintenance**

Purchased services	666,595
Repairs and maintenance	201,466
Rentals	287,768
Supplies and materials	<u>153,865</u>
Total operations and maintenance	1,309,694

#### **Central Support Services**

Purchased services	53,450
Repairs and maintenance	135,819
Rentals	20,840
Supplies and materials	23,423
Other expenditures	<u>656</u>
Total central support services	234,188

#### **Athletic Activities**

Purchased services	135,963
Other purchased services	11,515
Supplies and materials	57,508
Other expenditures	<u>29,513</u>
Total athletic activities	234,499

**VOYAGEUR ACADEMY**

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

**Community Services**

Purchased services	166,399
Other purchased services	1,143
Supplies and materials	<u>339</u>

Total community services 167,881

**Capital Outlay**

34,788

Total general fund expenditures \$ 10,822,059