

BAY CITY ACADEMY
BAY CITY, MICHIGAN

FINANCIAL STATEMENTS
JUNE 30, 2024



WEINLANDER FITZHUGH
Certified Public Accountants & Advisors

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INDEPENDENT AUDITOR'S REPORT

October 23, 2024

Board of Directors
Bay City Academy
Bay City, 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 Bay City Academy (Academy), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Bay City Academy as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; 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 the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Bay City Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay City Academy's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

U.S. generally accepted accounting principles requires that the management's discussion and analysis and budgetary comparison information, as noted in the table on 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements 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 23, 2024, on our consideration of the 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 the 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 the Academy's internal control over financial reporting and compliance.

Weinlander Fitzhugh

BAY CITY ACADEMY
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Our discussion and analysis of Bay City Academy's (Academy) financial performance provides an overview of the Academy's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

The Academy's net position increased by \$1,137,789. Program revenues were \$2,224,101 or 30% of total revenues, and general revenues were \$5,224,360 or 70%.

The General Fund reported a positive fund balance of \$2,410,375.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 most significant funds - the General Fund with all other funds presented. The following summarizes the presentation included in this annual financial report.

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

Budgetary Information for the General Fund (Required Supplemental Information)

Other Supplemental Information

Reporting the Academy as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the Academy's finances is: "Is the Academy better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Academy as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Academy's net position as a way to measure the Academy's financial position. The change in net position provides the reader a tool to assist in determining whether the Academy's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as student enrollment growth and facility conditions in arriving at their conclusion regarding the overall health of the Academy.

BAY CITY ACADEMY
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Reporting the Academy's Most Significant Funds

Fund Financial Statements

The Academy's fund financial statements provide detailed information about the most significant funds - not the Academy as a whole. Some funds are required to be established by State law. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using grants and other sources of revenue. The Academy's governmental funds accounting approach is further described in the notes to the financial statements.

Governmental Funds

Most of the Academy's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Academy's programs.

Academy-wide Financial Analysis

The statement of net position provides the perspective of the Academy as a whole. Exhibit A provides a summary of the Academy's net position as of June 30, 2024 and 2023:

Exhibit A	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 3,451,617	\$ 2,587,903
Capital assets - net of accumulated depreciation/amortization	2,244,842	2,022,520
Total assets	5,696,459	4,610,423
Liabilities		
Current liabilities	1,005,014	949,757
Long-term liabilities	1,007,691	1,114,701
Total liabilities	2,012,705	2,064,458
Net Position		
Net investment in capital assets	1,130,141	809,274
Restricted	93,513	105,055
Unrestricted	2,460,100	1,631,636
Total net position	\$ 3,683,754	\$ 2,545,965

BAY CITY ACADEMY
Management's Discussion and Analysis
For the Year Ended June 30, 2024

The analysis above focuses on net position (see Exhibit A). The Academy's net position of governmental activities was \$3,683,754 at June 30, 2024. Restricted net position is reported separately to show legal constraints from legislation that limit the Academy's ability to use that net position for day-to-day operations.

The \$2,460,100 in unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. 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. Exhibit B provides a summary of the changes in net position for the years ended June 30, 2024 and 2023.

Exhibit B

	Governmental Activities	
	2024	2023
Revenues		
Program revenue:		
Charges for services	\$ 107,066	\$ 99,597
Grants and categoricals	2,117,035	2,210,098
General revenue:		
State aid	5,195,910	4,665,367
Other	28,450	40,413
Total revenues	7,448,461	7,015,475
Function/Program Expenses		
Instruction	2,793,567	2,736,132
Support services	2,719,831	2,412,255
Community services	15,219	0
Food service	480,460	437,836
Athletics	11,222	0
Student/school activities	101,366	90,176
Interest	93,227	99,419
Depreciation/amortization (Unallocated)	95,780	77,404
Total expenses	6,310,672	5,853,222
Change in Net Position	\$ 1,137,789	\$ 1,162,253

As reported in the statement of activities, the cost of all of our governmental activities this year was \$6,310,672. Certain activities were partially funded from those who benefited from the programs, \$107,066, or by the other governments and organizations that subsidized certain programs with grants and categoricals of \$2,117,035. We paid for the remaining "public benefit" portion of our governmental activities with \$5,195,910 in State aid and with our other revenues, such as interest and entitlements.

The Academy's governmental activities had an increase in net position of \$1,137,789.