Advanced Technology Academy

Financial Report
with Supplementary Information
June 30, 2025

Advanced Technology Academy

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Independent Auditor's Report

To the Board of Directors
Advanced Technology Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Advanced Technology Academy (the "Academy") as of and for the year ended June 30, 2025 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 accompanying 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 the Academy as of June 30, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for 12 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.

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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 the 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 the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

To the Board of Directors
Advanced Technology Academy

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2025 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, 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.

Plante & Moran, PLLC

October 17, 2025

This section of Advanced Technology Academy's (the "Academy") annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2025. 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 financial statements. These statements are organized so the reader can understand Advanced Technology Academy financially as a whole. The government-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 and what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the government-wide financial statements by providing information about the Academy's most significant funds, the General Fund and the Debt Service Fund, with the two other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Other Supplementary Information

Reporting the Academy as a Whole - Government-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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources, 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, support services, community services, athletics, and food 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 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 and by debt covenants (the Debt Service Fund is an example). However, the Academy establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using grants and other money.

Governmental Funds

All of the Academy's services are reported in governmental funds. 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. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The Academy as a Whole

Recall that the statement of net position provides the perspective of the Academy as a whole. The following table provides a summary of the Academy's net position as of June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in thousands)	
Assets		
Current and other assets	$ 7,388.7	$ 8,506.0
Capital and lease assets	15,326.5	13,484.8
Total assets	22,715.2	21,990.8
Deferred Outflows of Resources	80.2	90.9
Liabilities		
Current liabilities	2,070.8	2,701.1
Noncurrent liabilities	9,935.7	10,282.6
Total liabilities	12,006.5	12,983.7
Deferred Inflows of Resources	18.8	25.5
Net Position		
Net investment in capital assets	5,460.1	2,854.4
Restricted:		
Debt service	1,365.6	1,276.4
Food service	212.8	343.1
Unrestricted	3,731.6	4,598.6
Total net position	**$ 10,770.1**	**$ 9,072.5**

The above analysis focuses on net position. The change in net position of the Academy's governmental activities is discussed below. The Academy's net position was approximately $10.8 million at June 30, 2025. Net investment in capital assets, totaling approximately $5.5 million, compares the original cost, less depreciation and amortization of the Academy's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from the General Fund's revenue and the Debt Service Fund's cash and investments as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Academy's ability to use that net position for day-to-day operations. The remaining amount of net position (approximately $3.7 million) was unrestricted.

The approximately $3.7 million 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 condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in thousands)	
Revenue		
Program revenue:		
Charges for services	$ 10.6	$ 26.0
Operating grants	7,251.0	8,242.0
General revenue:		
State aid not restricted to specific purposes	11,991.2	11,655.7
Other	432.8	314.5
Total revenue	19,685.6	20,238.2
Expenses		
Instruction	6,538.1	6,711.7
Support services	8,674.3	7,696.9
Athletics	238.3	217.0
Food services	956.2	794.5
Community services	49.1	93.0
Debt service	456.5	461.2
Depreciation and amortization expense (unallocated)	1,075.5	949.2
Total expenses	17,988.0	16,923.5
Change in Net Position	1,697.6	3,314.7
Net Position - Beginning of year	9,072.5	5,757.8
Net Position - End of year	**$ 10,770.1**	**$ 9,072.5**

As reported in the statement of activities, the cost of all of our governmental activities this year was approximately $18.0 million. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions (approximately $7.3 million). We paid for the remaining public benefit portion of our governmental activities with approximately $12.5 million in state foundation allowance and other revenue (i.e., general entitlements).

The Academy experienced an increase in net position of approximately $2 million. The increase can be attributed to both conservative budgeting in the General Fund and investment in capital assets with grant funds (primarily COVID-19 mitigation funds), such as a new cafeteria and technology devices.

The Academy's Funds

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 provided to it and may provide more insight into the Academy's overall financial health.

As the Academy completed this year, the governmental funds reported a combined fund balance of approximately $5.4 million, which is a decrease of approximately $486,000 from last year.

In the General Fund, our principal operating fund, fund balance decreased by approximately $722,000 to approximately $3.5 million, due to a planned transfer of fund balance to the newly established Capital Projects Fund.

The Debt Service Fund fund balance increased by approximately $88,000 to approximately $1.4 million.

The Food Service Fund fund balance decreased by approximately $130,000 to approximately $213,000, which was related to a planned fund balance spend down to cover the cost of various capital equipment.

The newly established Capital Projects Fund had a fund balance of $279,000.

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 adopted in June 2025. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

There were significant revisions made to the 2024-2025 General Fund original budget. Budgeted revenue was increased by approximately $766,000 primarily due to anticipated federal revenue based on expenditures. Budgeted expenditures were also increased by approximately $773,000 to account for anticipated federal expenditures.

There were no significant variances between the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the Academy had approximately $15.3 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, equipment, and lease assets. This amount represents a net increase (including additions, disposals, and depreciation and amortization) of approximately $1,842,000, or 13.7 percent, from last year.

	2025	2024
Land	$ 1,000,000	$ 1,000,000
Construction in progress	451,706	2,285,595
Buildings and improvements	18,189,704	14,340,044
Technology equipment	3,338,423	3,489,482
Buses and other vehicles	370,978	370,978
Furniture and fixtures	416,000	235,925
Lease assets - Copiers	215,227	215,227
Total capital assets	23,982,038	21,937,251
Less accumulated depreciation and amortization	8,655,527	8,452,406
Total capital assets - Net of accumulated depreciation and amortization	**$ 15,326,511**	**$ 13,484,845**

This year's additions of approximately $2,900,000 included the construction of the Academy's new cafeteria and serveries and technology purchases with federal COVID-19 mitigation funds. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the Academy had $10.0 million in bonds and other debt outstanding versus $10.3 million in the previous year, a change of 3.4 percent. This debt consisted of the following:

	2025	2024
Bonds and other debt - Net of current portion	$ 9,577,155	$ 9,935,670
Current portion of bonds and other debt	358,515	346,901
Total	**$ 9,935,670**	**$ 10,282,571**

We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our board and administration consider many factors when setting the Academy's 2025-2026 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 2025-2026 budget was adopted in June 2025 based on an estimate of students who would enroll in September 2025. Approximately 68 percent of total General Fund revenue is from the foundation allowance and state categorical payments. As a result, the Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2025 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2025-2026 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.

Budgeted expenditures are constantly being reviewed in preparation for potential revenue adjustments related to changes in the student count and state economic conditions.

Advanced Technology Academy

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 2,909,092
Receivables - Due from other governmental units	2,945,840
Prepaid expenses	137,415
Restricted assets (Note 4)	1,396,298
Capital assets - Net (Note 6)	15,326,511
Total assets	22,715,156
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 7)	69,209
Deferred pension costs	5,624
Deferred OPEB costs	5,362
Total deferred outflows of resources	80,195
Liabilities	
Accounts payable	351,916
Accrued liabilities and other	925,680
State aid anticipation note (Note 12)	37,297
Unearned revenue (Note 5)	755,981
Noncurrent liabilities:	
Due within one year (Note 7)	358,515
Due in more than one year (Note 7)	9,577,155
Total liabilities	12,006,544
Deferred Inflows of Resources	
Deferred pension cost reductions	13,174
Deferred OPEB cost reductions	5,604
Total deferred inflows of resources	18,778
Net Position	
Net investment in capital assets	5,460,050
Restricted:	
Debt service	1,365,569
Food service	212,788
Unrestricted	3,731,622
Total net position	**$ 10,770,029**

See notes to financial statements.

Advanced Technology Academy

Statement of Activities

Year Ended June 30, 2025

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 6,538,102	$ 2,101	$ 3,087,487	$ (3,448,514)
Support services	8,674,260	-	3,213,506	(5,460,754)
Athletics	238,290	8,464	-	(229,826)
Food services	956,154	-	949,967	(6,187)
Community services	49,058	-	-	(49,058)
Interest	454,330	-	-	(454,330)
Other debt costs	2,149	-	-	(2,149)
Depreciation expense (unallocated) (Note 6)	1,075,516	-	-	(1,075,516)
Total primary government	**$ 17,987,859**	**$ 10,565**	**$ 7,250,960**	(10,726,334)
General revenue:				
State aid not restricted to specific purposes				11,991,194
Interest and investment earnings				175,537
Other				257,154
Total general revenue				12,423,885
Change in Net Position				1,697,551
Net Position - Beginning of year				9,072,478
Net Position - End of year				**$ 10,770,029**

See notes to financial statements.

Advanced Technology Academy

Governmental Funds
Balance Sheet

June 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	$ 2,823,283	$ -	$ 85,809	$ 2,909,092
Receivables:				
Other receivables	23,808	-	-	23,808
Due from other governments	2,783,429	-	138,603	2,922,032
Due from other funds (Note 10)	11,559	17,921	384,330	413,810
Prepaid expenses	137,415	-	-	137,415
Restricted assets (Note 4)	-	1,396,298	-	1,396,298
Total assets	**$ 5,779,494**	**$ 1,414,219**	**$ 608,742**	**$ 7,802,455**
Liabilities				
Accounts payable	$ 246,634	$ -	$ 105,282	$ 351,916
Due to other funds (Note 10)	402,251	-	11,559	413,810
Accrued liabilities and other	876,965	-	65	877,030
State aid anticipation note (Note 12)	37,297	-	-	37,297
Unearned revenue (Note 5)	755,981	-	-	755,981
Total liabilities	2,319,128	-	116,906	2,436,034
Deferred Inflows of Resources - Unavailable revenue (Note 5)	1,491	-	-	1,491
Total liabilities and deferred inflows of resources	2,320,619	-	116,906	2,437,525
Fund Balances				
Nonspendable - Prepaid costs	137,415	-	-	137,415
Restricted:				
Debt service	-	1,414,219	-	1,414,219
Food service	-	-	212,788	212,788
Assigned for capital projects	-	-	279,048	279,048
Unassigned	3,321,460	-	-	3,321,460
Total fund balances	3,458,875	1,414,219	491,836	5,364,930
Total liabilities, deferred inflows of resources, and fund balances	**$ 5,779,494**	**$ 1,414,219**	**$ 608,742**	**$ 7,802,455**

See notes to financial statements.

Advanced Technology Academy

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	$	5,364,930
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and lease assets are not financial resources and are not reported in the funds:		
Cost of assets		23,982,038
Accumulated depreciation		(8,655,527)
Net capital assets and lease assets used in governmental activities		15,326,511
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		1,491
Deferred outflows related to bond refundings are not reported in the funds		69,209
Bonds payable, lease liabilities, and notes payable, including discounts, are not due and payable in the current period and are not reported in the funds		(9,935,670)
Accrued interest is not due and payable in the current period and is not reported in the funds		(48,650)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:		
Net pension liability and related deferred inflows and outflows		(7,550)
Net OPEB asset and related deferred inflows and outflows		(242)
Net Position of Governmental Activities	**$**	**10,770,029**

Advanced Technology Academy

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Local sources	$ 388,039	$ 55,217	$ -	$ 443,256
State sources	15,107,677	-	32,438	15,140,115
Federal sources	2,706,732	-	917,529	3,624,261
Interdistrict sources	480,448	-	-	480,448
Total revenue	18,682,896	55,217	949,967	19,688,080
Expenditures				
Current:				
Instruction	6,534,502	-	-	6,534,502
Support services	8,550,199	-	-	8,550,199
Athletics	238,179	-	-	238,179
Food services	-	-	950,478	950,478
Community services	49,057	-	-	49,057
Debt service:				
Principal (Note 7)	39,733	290,000	-	329,733
Interest	10,499	458,850	-	469,349
Other debt costs	-	2,149	-	2,149
Capital outlay	2,427,828	-	622,391	3,050,219
Total expenditures	17,849,997	750,999	1,572,869	20,173,865
Excess of Revenue Over (Under) Expenditures	832,899	(695,782)	(622,902)	(485,785)
Other Financing Sources (Uses)				
Transfers in (Note 10)	-	783,516	771,633	1,555,149
Transfers out (Note 10)	(1,555,149)	-	-	(1,555,149)
Total other financing (uses) sources	(1,555,149)	783,516	771,633	-
Net Change in Fund Balances	(722,250)	87,734	148,731	(485,785)
Fund Balances - Beginning of year	4,181,125	1,326,485	343,105	5,850,715
Fund Balances - End of year	**$ 3,458,875**	**$ 1,414,219**	**$ 491,836**	**$ 5,364,930**

See notes to financial statements.

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	$	(485,785)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		2,917,182
Depreciation and amortization expense		(1,075,516)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		(2,670)
Repayment of bond, lease liabilities, and note principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds		343,352
Interest expense is recognized in the government-wide statements as it accrues		1,400
Some employee costs (pension and OPEB) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		(412)
Change in Net Position of Governmental Activities	**$**	**1,697,551**

Note 1 - Nature of Business

Advanced Technology Academy (the "Academy") is an academy in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Academy follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. 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 April 30, 1999, the Academy entered into a five-year contract with the Lake Superior State Board of Control to charter a public school academy. In 2022, this contract was extended through June 30, 2029. 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 Lake Superior State Board of Control is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays the Lake Superior State Board of Control 3 percent of state aid foundation funds as administrative fees. The total administrative fees for the year ended June 30, 2025 to the Lake Superior State Board of Control were approximately $427,000.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-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 and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements. 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 or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Unrestricted intergovernmental receipts and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Academy has spent its resources.

Note 2 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Academy considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fund Accounting

The Academy accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Academy to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund type:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, and capital project funds. The Academy reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Debt Service Fund is used to record cash held for payment of interest and principal, transfers from the General Fund, and interest revenue and payments of interest, principal, and other expenditures on long-term debt.

Additionally, the Academy reports the following nonmajor governmental fund type:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Academy's special revenue fund is the Food Service Fund. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital projects funds are used to record other revenue and the disbursement of invoices specifically designated for acquiring equipment, technology upgrades, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

Interfund Activity

During the course of operations, the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Receivables

Accounts receivable are shown net of an allowance for uncollectible amounts. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements when applicable.

Restricted Assets

The unspent operating transfers from the General Fund and related interest of the Debt Service Fund require amounts to be set aside for future bond principal and interest payments. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and fixtures, vehicles, technology equipment, and leased assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

	Depreciable/ Amortizable Life - Years
Buildings and improvements	10-40
Furniture and fixtures	5-15
Vehicles	5-10
Technology equipment	3-10
Lease assets - Copiers	3

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and the Debt Service Fund are generally used to liquidate governmental long-term debt.

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The Academy reports deferred outflows of resources related to deferred charges on refundings and deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Academy reports deferred inflows of resources related to unavailable revenue. Additionally, the Academy reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date, deferred pension, and OPEB plan cost reductions.

Net Position

Net position of the Academy is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Fund Balance Flow Assumptions

The Academy will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the Academy that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Note 2 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Academy has, by resolution, authorized the chief financial officer to assign fund balance. The board of directors may also assign fund balance. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Grants and Contributions

The Academy receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Leases

The Academy is a lessee for noncancelable leases of copiers. The Academy recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental or business-type activities column in the government-wide financial statements. The Academy recognizes lease assets and liabilities with an initial value of $1,000 or more.

At the commencement of a lease, the Academy initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Academy determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Adoption of New Accounting Pronouncement

During the current year, the Academy adopted GASB Statement No. 101, *Compensated Absences.* The new accounting standard impacted the measurement of the compensated absences liability that is included in the statement of net position. The standard was required to be adopted retroactively. There was no impact to the Academy from the adoption of this statement.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2026.

Note 3 - 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 and the Food Service Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function, with the exception that capital outlay is budgeted in other expenditure categories. 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 academies to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The Academy adjusted budgeted amounts during the year in response to actual and projected activity.

Encumbrance accounting is employed in governmental funds. 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 are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year ended June 30, 2025, the Academy had no significant expenditure budget variances in the General Fund.

Note 4 - 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 no 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.

Note 4 - Deposits and Investments (Continued)

The Academy's deposits and investments consist solely of checking and/or savings accounts at a local bank, money market funds invested in U.S. Treasury obligations, and commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase. The board has adopted an official investment policy governing these investments. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost. The Academy's cash and investments are subject to several types of risk, which are 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's deposit policy requires that financial institutions be evaluated, and only those with an acceptable risk level for custodial credit risk be used for the Academy's deposits. At June 30, 2025, the Academy had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk 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's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Academy will do business using the criteria established in the investment policy. At June 30, 2025, the Academy does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Academy's investment policy restricts investment maturities to five years in the future, other than commercial paper, which can only be purchased with a 270-day maturity. The Academy's policy minimizes interest rate risk 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. At June 30, 2025, the Academy does not have investments with interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. At June 30, 2025, the Academy had investments of $3,155,496 in the Dreyfus Treasury Securities Cash Management Fund and $1,396,298 in the First American Government Obligation Fund Class D. These investments have a credit quality rating of Aaa according to the rating organization Moody's.

Concentration of Credit Risk

The Academy places no limit on the amount the Academy may invest in any one issuer. The Academy's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The Academy does not have any investments subject to concentration of credit risk.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2025, the Academy had $1,491 of unavailable revenue, primarily related to amounts due from other governmental units not received timely, and $755,981 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2024	Reclassifications	Additions	Disposals	Balance June 30, 2025
Capital assets not being depreciated or amortized:					
Land	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
Construction in progress	2,285,595	(2,285,595)	451,706	-	451,706
Subtotal	3,285,595	(2,285,595)	451,706	-	1,451,706
Capital assets being depreciated and amortized:					
Buildings and improvements	14,340,044	2,285,595	1,697,810	(133,745)	18,189,704
Technology equipment	3,489,482	-	581,063	(732,122)	3,338,423
Buses and other vehicles	370,978	-	-	-	370,978
Furniture and fixtures	235,925	-	186,603	(6,528)	416,000
Lease assets - Copier	215,227	-	-	-	215,227
Subtotal	18,651,656	2,285,595	2,465,476	(872,395)	22,530,332
Accumulated depreciation and amortization:					
Buildings and improvements	5,584,073	-	631,471	(133,745)	6,081,799
Technology equipment	2,523,748	-	339,807	(732,122)	2,131,433
Buses and other vehicles	172,365	-	24,409	-	196,774
Furniture and fixtures	154,284	-	36,784	(6,528)	184,540
Lease assets - Copier	17,936	-	43,045	-	60,981
Subtotal	8,452,406	-	1,075,516	(872,395)	8,655,527
Net governmental activities capital assets	$ 13,484,845	$ -	$ 1,841,666	$ -	$ 15,326,511

Depreciation and amortization expense was not charged to activities, as the Academy's assets benefit multiple activities, and allocation is impractical.

Note 6 - Capital Assets (Continued)

Construction Commitments

The Academy has active construction projects at year end related to various school improvements. The remaining costs of the projects will be financed with the Capital Projects Fund. At year end, the Academy has remaining commitments with contracts of $49,843.

Note 7 - Long-term Debt

The Academy issues revenue bonds, notes payable, and other contractual commitments to provide for the payment of certain equipment, leasehold improvements, and transportation equipment and to provide for the acquisition and construction of major capital facilities. Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
Revenue bonds	$ 9,730,000	$ -	$ (290,000)	$ 9,440,000	$ 300,000
Unamortized bond premiums	351,946	-	(17,168)	334,778	17,168
Total bonds payable - Other debt	10,081,946	-	(307,168)	9,774,778	317,168
Other long-term liabilities	884	-	(884)	-	-
Leases (Note 8)	199,741	-	(38,849)	160,892	41,347
Total governmental activities long-term debt	$ 10,282,571	$ -	$ (346,901)	$ 9,935,670	$ 358,515

The Academy had deferred outflows of $69,209 related to deferred charges on bond refundings at June 30, 2025.

Revenue Bonds

Revenue bonds are full faith and credit obligations of the Academy payable solely from the Academy's state aid school payments. The Academy has pledged no more than 20 percent of state foundation revenue received in each fiscal year to repay the revenue bonds.

Revenue bonds consist of the following at June 30, 2025:

Purpose	Remaining Annual Installments	Interest Rate	Maturing November 1	Outstanding
$10,755,000 Revenue Bonds (2019)	$300,000 - $720,000	3.875% - 5.000%	2044	$ 9,440,000

Other Long-term Liabilities

Other long-term liabilities relate to financed equipment purchases. For financial statement purposes, the present values of the net minimum lease payments have been capitalized and are being amortized over the useful lives of the assets.

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities Other Debt - Revenue Bonds Principal	Interest	Total
2026	$ 300,000	$ 453,775	$ 753,775
2027	310,000	442,150	752,150
2028	325,000	430,138	755,138
2029	335,000	417,544	752,544
2030	350,000	404,563	754,563
2031-2035	2,000,000	1,765,000	3,765,000
2036-2040	2,555,000	1,211,500	3,766,500
2041-2045	3,265,000	506,000	3,771,000
Total	$ 9,440,000	$ 5,630,670	$ 15,070,670

Assets Pledged as Collateral

The Academy's outstanding revenue bonds are secured with collateral of the Academy's school facility.

Significant Terms

The outstanding revenue bonds secured by collateral contain certain covenants, including days cash on hand requirements and a debt service coverage ratio.

Note 8 - Leases

The Academy leases copiers from a third party. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability required, as they are based on usage of the asset.

Lease asset activity of the Academy is included in Note 6.

Future principal and interest payment requirements related to the Academy's lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	$ 41,347	$ 8,885	$ 50,232
2027	44,007	6,225	50,232
2028	46,837	3,395	50,232
2029	28,701	601	29,302
Total	$ 160,892	$ 19,106	$ 179,998

Note 9 - Management Company

The Academy has entered into a management agreement effective through June 30, 2029. The management company is responsible for all of the management, operation, administration, and education at the Academy. The Academy subcontracts all employees from the management company and reimburses the management company for operating costs. The management agreement requires the Academy to pay a management fee not to exceed 12 percent of the gross receipts of the Academy, less the Food Service Fund's revenue. Management fees, as charged by the management company for the year ended June 30, 2025, were calculated at 12 percent of the General Fund's local, state, and federal revenue, less certain academy administrative costs, including management company-contracted personnel, benefits, and other expenditures incurred by the Academy. Additionally, for the year ended June 30, 2025, the management company waived the fee on total COVID-19-related federal funding received of $1,637,579.

The Academy incurred gross management fees totaling approximately $2,040,000, less administrative expenditures of approximately $1,720,000, for a net management fee of approximately $320,000 for the year ended June 30, 2025. At June 30, 2025, accrued expenditures and accounts payable included approximately $31,000 for reimbursement of subcontracted employees and other operating costs.

Note 10 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From		
Fund Due To	General Fund	Food Service Fund	Total
General Fund	$ -	$ 11,559	$ 11,559
Debt Service Fund	17,921	-	17,921
Capital Projects Fund	384,330	-	384,330
Total	$ 402,251	$ 11,559	$ 413,810

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

The General Fund transferred $783,516 to the Debt Service Fund to meet debt service requirements in the Debt Service Fund. The General Fund transferred $771,633 to the Capital Projects Fund to finance the remaining costs of the capital projects.

Note 11 - Risk Management

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2025, and claims have not exceeded coverage, less retained risk deductible amounts, since inception.

Note 12 - Short-term Debt

State Aid Anticipation Notes

The Academy has direct borrowings from the Michigan Finance Authority (the “Lender”) to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund.

Note 12 - Short-term Debt (Continued)

During the year, the Academy borrowed $200,000 in a state aid anticipation note and paid $162,703 of this note, resulting in an outstanding balance of $37,297 at June 30, 2025. The note bears interest at 5.90 percent, is payable in monthly installments of $18,788 beginning in October 2024, and matures in August 2025. At June 30, 2025, the Academy had no accrued interest on the note.

In the event of default, the note is fully collateralized by the Academy's future state aid funding, and the Lender has the authority to intercept state aid payments at its discretion. In the event that all or a portion of the required payments at maturity are not made, a penalty interest rate will go into effect that is equal to 3.00 percent above the interest rate stated above, and interest becomes due on demand. If the Lender has reason to believe that the Academy will be unable to fulfill the required repayments, the Lender has the sole discretion to accelerate the principal and interest repayments.

Required Supplementary Information

Advanced Technology Academy

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 379,345	$ 382,100	$ 388,039	$ 5,939
State sources	14,857,518	15,184,694	15,107,677	(77,017)
Federal sources	2,396,937	2,805,383	2,706,732	(98,651)
Interdistrict sources	442,500	470,002	480,448	10,446
Total revenue	18,076,300	18,842,179	18,682,896	(159,283)
Expenditures				
Current:				
Instruction:				
Basic programs	5,111,421	4,619,144	4,573,463	(45,681)
Added needs	2,594,114	2,099,907	2,038,162	(61,745)
Support services:				
Pupil	1,266,760	1,407,706	1,379,648	(28,058)
Instructional staff	1,405,344	1,519,359	1,480,899	(38,460)
General administration	2,502,084	2,582,517	2,564,626	(17,891)
School administration	699,577	697,979	680,332	(17,647)
Business	119,060	133,761	131,930	(1,831)
Operations and maintenance	1,637,953	2,085,361	2,084,663	(698)
Pupil transportation services	100,365	102,304	99,964	(2,340)
Central	566,493	784,988	763,069	(21,919)
Other	54,370	40,150	36,381	(3,769)
Athletics	218,098	245,013	240,577	(4,436)
Community services	107,358	51,607	49,057	(2,550)
Facilities acquisition, construction, and improvements	850,933	1,637,119	1,676,994	39,875
Debt service	50,232	50,232	50,232	-
Total expenditures	17,284,162	18,057,147	17,849,997	(207,150)
Excess of Revenue Over Expenditures	792,138	785,032	832,899	47,867
Other Financing Uses - Transfers out	(783,290)	(1,554,987)	(1,555,149)	(162)
Net Change in Fund Balance	8,848	(769,955)	(722,250)	47,705
Fund Balance - Beginning of year	4,181,125	4,181,125	4,181,125	-
Fund Balance - End of year	**$ 4,189,973**	**$ 3,411,170**	**$ 3,458,875**	**$ 47,705**

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

	Food Service	Capital Projects	Total Nonmajor Funds
Assets			
Cash and investments	$ 85,809	$ -	$ 85,809
Due from other governments	138,603	-	138,603
Due from other funds	-	384,330	384,330
Total assets	**$ 224,412**	**$ 384,330**	**$ 608,742**
Liabilities			
Accounts payable	$ -	$ 105,282	$ 105,282
Due to other funds	11,559	-	11,559
Accrued liabilities and other	65	-	65
Total liabilities	11,624	105,282	116,906
Fund Balances			
Restricted:			
Food service	212,788	-	212,788
Assigned for capital projects	-	279,048	279,048
Total fund balances	212,788	279,048	491,836
Total liabilities and fund balances	**$ 224,412**	**$ 384,330**	**$ 608,742**

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2025

	Food Service	Capital Projects	Total Nonmajor Funds
Revenue			
State sources	$ 32,438	$ -	$ 32,438
Federal sources	917,529	-	917,529
Total revenue	949,967	-	949,967
Expenditures			
Operations and maintenance	950,478	-	950,478
Capital outlay	129,806	492,585	622,391
Total expenditures	1,080,284	492,585	1,572,869
Excess of Expenditures Over Revenue	(130,317)	(492,585)	(622,902)
Other Financing Sources - Transfers in	-	771,633	771,633
Net Change in Fund Balances	(130,317)	279,048	148,731
Fund Balances - Beginning of year	343,105	-	343,105
Fund Balances - End of year	**$ 212,788**	**$ 279,048**	**$ 491,836**

Other Supplementary Information
Schedule of Bonded Indebtedness - 2019 Revenue Bonds

June 30, 2025

Years Ending June 30	Term Bond Due 2030 Principal	Term Bond Due 2035 Principal	Term Bond Due 2045 Principal	Total
2026	$ 300,000	$ -	$ -	$ 300,000
2027	310,000	-	-	310,000
2028	325,000	-	-	325,000
2029	335,000	-	-	335,000
2030	350,000	-	-	350,000
2031	-	360,000	-	360,000
2032	-	380,000	-	380,000
2033	-	400,000	-	400,000
2034	-	420,000	-	420,000
2035	-	440,000	-	440,000
2036	-	-	465,000	465,000
2037	-	-	485,000	485,000
2038	-	-	510,000	510,000
2039	-	-	535,000	535,000
2040	-	-	560,000	560,000
2041	-	-	590,000	590,000
2042	-	-	620,000	620,000
2043	-	-	650,000	650,000
2044	-	-	685,000	685,000
2045	-	-	720,000	720,000
Total remaining payments	**$ 1,620,000**	**$ 2,000,000**	**$ 5,820,000**	**$ 9,440,000**
Interest rate	3.875%	5.000%	5.000%	
Original issue	**$ 1,620,000**	**$ 2,000,000**	**$ 5,820,000**	**$ 10,755,000**

Principal payments for the bond issues are due on November 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.