

**Audited Financial Statements**

# **Chandler Park Academy**

Harper Woods, Michigan

**June 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Chandler Park Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chandler Park Academy, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Chandler Park 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 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 Chandler Park Academy as of June 30, 2017, and the respective changes in financial position, thereof for the year 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 the Chandler Park Academy's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedules of revenues and expenditures, and the schedules of expenditures of federal awards are the responsibility of management and were derived from and related 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 non-major 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the Chandler Park 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 to describe the scope of our testing of internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chandler Park Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

October 31, 2017  
Rochester, Michigan

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Chandler Park Academy’s annual financial report presents our discussion and analysis of the public school Academy’s financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

### Financial Highlights

- The Academy’s financial status remains positive.
- General Fund revenues were \$20,992,290 and expenditures plus other financing uses were \$20,947,939.
- Blended enrollment for state aid purpose was 2,351 compared to 2,361 last year.
- The Academy has a positive fund balance of \$5,661,915.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another. Figure A-2 summarized the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-1  
Organization of CPA Academy’s  
Financial Report**

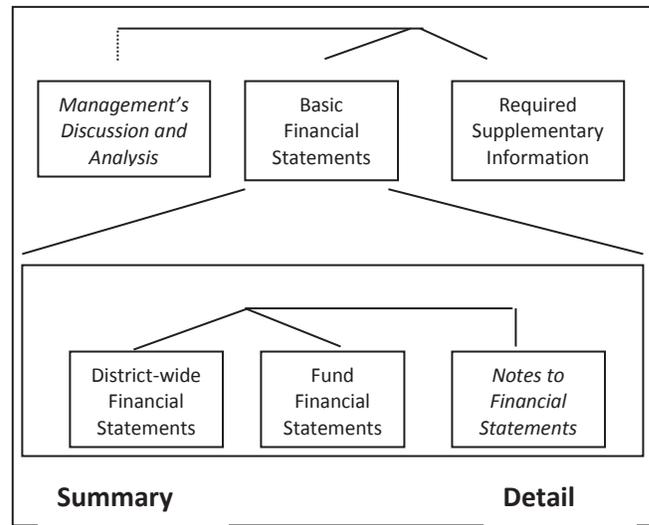


Figure A-2 Major Features of the Academy-Wide and Fund Financial Statements

	Academy-wide statements	Governmental funds	Fiduciary funds
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary	Instances in which the academy administers resources on behalf of someone else, such as student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet  * Statement of revenues, expenditures and changes in fund balances	Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, the academy's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**Academy-wide statements**

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy's net assets and how they have changed. Net assets – the difference between the Academy's assets and liabilities, are one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental activities – The Academy's basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

### **Fund financial statements**

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds – not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or show that it is properly using certain revenues (like school lunch).

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

### **Financial analysis of the Academy as a whole**

The comparison of current year to prior year financial information is on the following page, see Figures A-3 and A-4.

**Academy governmental activities**

**Figure A-3  
Chandler Park Academy's Net Position**

	<b>2017</b>	<b>2016</b>
Current assets	\$ 10,374,821	\$ 10,710,660
Capital assets, net	20,835,049	21,108,875
Total assets and deferred outflows	<u>31,209,870</u>	<u>31,819,535</u>
Current liabilities	3,944,294	4,309,438
Long term liabilities	14,391,966	15,459,414
Total liabilities	<u>18,336,260</u>	<u>19,768,852</u>
Net Position:		
Net investment in capital assets	5,375,635	4,626,281
Restricted	1,876,957	1,865,210
Unrestricted	5,621,018	5,559,192
Total net position	<u>\$ 12,873,610</u>	<u>\$ 12,050,683</u>

**Figure A-4**  
**Changes in Chandler Park Academy's Net Position**

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Federal and state categorical grants	\$ 4,479,189	\$ 4,260,763
Charges for service	243	27,414
Total program revenues	<u>4,479,432</u>	<u>4,288,177</u>
General revenues:		
State aid - unrestricted	17,794,137	17,596,848
Other	182,360	137,311
Total general revenues	<u>17,976,497</u>	<u>17,734,159</u>
Total revenues	<u>22,455,929</u>	<u>22,022,336</u>
Expenses:		
Instruction	8,891,063	8,706,208
Support services	11,073,367	10,552,961
Unallocated depreciation	807,383	709,025
Unallocated interest	861,189	896,971
Total expenses	<u>21,633,002</u>	<u>20,865,165</u>
Change in net position	<u>\$ 822,927</u>	<u>\$ 1,157,171</u>

### Financial analysis of the Academy's funds

The financial operation of the Academy is considered stable. The general fund balance at June 30, 2017 is \$5,661,915.

### General fund budgetary highlights

Over the course of the year, the Academy reviewed the annual operating budget, changes were made to account for changes in enrollment and assumptions since the original budget was adopted.

### Capital asset and debt administration

#### Capital assets

As of June 30, 2017, the Academy had invested \$20,835,049 in capital assets net of accumulated depreciation as summarized in Figure A-5. This amount represents a net decrease of \$273,826 from the beginning of the year. Total depreciation expense for the year was \$807,383. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

	<b>Balance June 30, 2017</b>	<b>Balance June 30, 2016</b>
Land	\$ 1,020,000	\$ 1,020,000
Building and improvements	24,674,707	24,141,150
Computers, furniture and equipment	1,347,168	1,347,168
Total cost	27,041,875	26,508,318
Less accumulated depreciation	6,206,826	5,399,443
Net book value	<u>\$ 20,835,049</u>	<u>\$ 21,108,875</u>

### Long-Term Debt

The Academy issued Revenue Bonds of \$15,885,000 for the purchase of 20100 Kelly and 20200 Kelly sites. The Academy entered into a loan structured as a Installment Purchase Agreement with Comerica Bank for \$5,000,000 for the purchase and renovation of 20254 Kelly, the obligation with Comerica Bank was refinanced in July, 2015. The balances owing as of June 30, 2017 was \$15,459,414.

### **Factors bearing on the Academy's future**

- The Continuation of stable enrollment trends
- State Aid Foundation Grant Stability

### **Contacting the Academy's financial management**

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

Chandler Park Academy, 20100 Kelly Rd., Harper Woods, Michigan 48225

# CHANDLER PARK ACADEMY

## STATEMENT OF NET POSITION JUNE 30, 2017

### ASSETS AND DEFERRED OUTFLOWS

#### Current Assets

Cash and cash equivalents	\$	4,192,190
Investments - restricted for debt service and capital projects		1,876,957
Due from other governmental units		4,072,661
Prepaid expenses		233,013
		<hr/>
Total current assets		10,374,821

#### Capital Assets - Net of Accumulated Depreciation

20,835,049

Total assets and deferred outflows \$ 31,209,870

### LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

#### Current Liabilities

Accounts payable	\$	255,874
Due to other governmental units		500,000
Unearned revenue		419,456
Other accrued expenses		1,701,516
Long-term debt - current portion		1,067,448
		<hr/>
Total current liabilities		3,944,294

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

14,391,966

#### Net Position

Net investment in capital assets		5,375,635
Restricted for debt services and capital projects		1,876,957
Unrestricted		5,621,018
		<hr/>
Total net position		12,873,610
		<hr/>
Total liabilities, deferred inflows, and net position	\$	<u>31,209,870</u>

See accompanying notes to financial statements

## CHANDLER PARK ACADEMY

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
<b>Functions</b>				
Instruction				
Basic programs	\$ 7,643,732	\$ -	\$ 524,037	\$ (7,119,695)
Added needs	1,247,331	-	955,549	(291,782)
Support services				
Pupil support services	1,108,016	-	844,688	(263,328)
Instructional staff support services	809,014	-	485,757	(323,257)
General administration	2,335,884	-	-	(2,335,884)
School administration	2,159,145	-	-	(2,159,145)
Business support services	242,723	-	107,022	(135,701)
Operations and maintenance	2,189,091	-	-	(2,189,091)
Pupil transportation services	70,274	-	18,063	(52,211)
Central support services	291,031	-	-	(291,031)
Athletic activities	330,394	-	-	(330,394)
Food services	1,454,267	243	1,463,396	9,372
Community services	83,528	-	80,677	(2,851)
Unallocated depreciation	807,383	-	-	(807,383)
Unallocated interest	861,189	-	-	(861,189)
Total primary government	\$ 21,633,002	\$ 243	\$ 4,479,189	(17,153,570)
<b>General Purpose Revenues</b>				
State school aid - unrestricted				17,794,137
Miscellaneous revenues				182,360
Total general purpose revenues				17,976,497
Change in net position				822,927
Net position - July 1, 2016				12,050,683
Net position - June 30, 2017				\$ 12,873,610

See accompanying notes to financial statements

## CHANDLER PARK ACADEMY

### COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS

JUNE 30, 2017

#### ASSETS

	General	Debt Service	Non-Major Special Revenue	Total
Cash and cash equivalents	\$ 3,456,636	\$ -	\$ 735,554	\$ 4,192,190
Investments	500,177	1,376,780	-	1,876,957
Due from other governmental units	4,057,266	-	15,395	4,072,661
Prepaid expenses	233,013	-	-	233,013
	<b>\$ 8,247,092</b>	<b>\$ 1,376,780</b>	<b>\$ 750,949</b>	<b>\$ 10,374,821</b>

#### LIABILITIES AND FUND BALANCE

##### Liabilities

Accounts payable	\$ 113,617	\$ -	\$ 142,257	\$ 255,874
Due to other governmental units	500,000	-	-	500,000
Unearned revenue	419,456	-	-	419,456
Other accrued expenses	1,552,104	-	15,151	1,567,255
	2,585,177	-	157,408	2,742,585

##### Fund Balance

Nonspendable	233,013	-	-	233,013
Restricted	-	1,376,780	593,541	1,970,321
Unassigned	5,428,902	-	-	5,428,902
	5,661,915	1,376,780	593,541	7,632,236

Total liabilities and fund balance	\$ 8,247,092	\$ 1,376,780	\$ 750,949	\$ 10,374,821
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See accompanying notes to financial statements

## CHANDLER PARK ACADEMY

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2017

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

<b>Total Governmental Fund Balances</b>	\$ 7,632,236
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$27,041,875 and the accumulated depreciation is \$6,206,826.	20,835,049
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(134,261)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(15,459,414)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 12,873,610</u></u>

See accompanying notes to financial statements

## CHANDLER PARK ACADEMY

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	General	Debt Service	Non-Major Special Revenue	Total
<b>Revenues</b>				
Local sources	\$ 182,360	\$ -	\$ 243	\$ 182,603
State sources	19,185,099	-	21,510	19,206,609
Federal sources	1,624,831	-	1,441,886	3,066,717
Total governmental fund revenues	20,992,290	-	1,463,639	22,455,929
<b>Expenditures</b>				
Instruction				
Basic programs	7,643,732	-	-	7,643,732
Added needs	1,247,331	-	-	1,247,331
Support services				
Pupil support services	1,108,016	-	-	1,108,016
Instructional staff support services	809,014	-	-	809,014
General administration	2,335,884	-	-	2,335,884
School administration	2,159,145	-	-	2,159,145
Business support services	242,723	-	-	242,723
Operations and maintenance	2,189,091	-	-	2,189,091
Pupil transportation services	70,274	-	-	70,274
Central support services	291,031	-	-	291,031
Athletic activities	330,394	-	-	330,394
Food services	-	-	1,454,267	1,454,267
Community services	83,528	-	-	83,528
Capital outlay	533,557	-	-	533,557
Debt principal and interest	-	1,892,647	-	1,892,647
Total governmental fund expenditures	19,043,720	1,892,647	1,454,267	22,390,634
Excess (deficiency) of revenues over expenditures	1,948,570	(1,892,647)	9,372	65,295
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	1,904,219	-	1,904,219
Operating transfers out	(1,904,219)	-	-	(1,904,219)
Total other financing sources (uses)	(1,904,219)	1,904,219	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	44,351	11,572	9,372	65,295
Fund balance - July 1, 2016	5,617,564	1,365,208	584,169	7,566,941
Fund balance - June 30, 2017	\$ 5,661,915	\$ 1,376,780	\$ 593,541	\$ 7,632,236

See accompanying notes to financial statements

## CHANDLER PARK 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, 2017

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	65,295
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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	\$	533,557	
Depreciation and amortization expense		<u>(807,383)</u>	(273,826)

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	\$	1,023,180	
Interest expense		<u>8,278</u>	<u>1,031,458</u>

<b>Change in Net Position of Governmental Activities</b>	\$	<u><u>822,927</u></u>
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See accompanying notes to financial statements

**CHANDLER PARK ACADEMY**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2017

**ASSETS**

Cash and cash equivalents	<u>\$ 22,365</u>
Total assets	<u><u>\$ 22,365</u></u>

**LIABILITIES**

Due to student groups	<u>\$ 22,365</u>
Total liabilities	<u><u>\$ 22,365</u></u>

## CHANDLER PARK ACADEMY

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

The accounting policies of Chandler Park 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**

Chandler Park 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, on May 30, 1997, and began operation in July 1997.

In July 2014, the Academy entered into a two year contract with the Saginaw Valley State University Board of Control to charter a public school academy. The contract was subsequently renewed through June 30, 2020. 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 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 Saginaw Valley State University Board of Control three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2017 were approximately \$522,700.

In July of 2015, the Academy entered into an agreement with Scholastic Solutions, L.L.C., “Scholastic” through June 30, 2018. Under the terms of this agreement, Scholastic provides a variety of services including management, curriculum, educational programs and teacher training. The Academy is obligated to pay Scholastic ten percent of its state aid however in no case shall the fee exceed \$2,482,046 or be less than \$1,241,023 in any complete school year. The total paid for these services amounted to approximately \$1,712,500 for the year ended June 30, 2017.

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.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED JUNE 30, 2017

### 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** - 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, which the Academy does not currently maintain, accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

**Fiduciary Fund** - The fiduciary fund is used to account for assets held by the Academy in a trustee capacity or as an agent. The agency fund is custodial in nature and does not involve the measurement of results of operations.

**Activity (Agency) Fund** - The Academy presently maintains an activity fund to record the transactions of a student group for school and school-related purposes. The fund is segregated and held in trust for the students.

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

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

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

- 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.
- 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.

## **CHANDLER PARK ACADEMY**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

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

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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government - wide financial statements.

#### **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, 2017 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 2017 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, 2017, 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.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

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

#### 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.

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, 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.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

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

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.
- 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.

### 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.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

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 general and special revenue fund budgets. During the year ended June 30, 2017 the budget was amended in a legally permissible manner.

### NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2017, 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			\$ 4,214,555
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>1,876,957</u>
Total deposits and investments			<u>\$ 6,091,512</u>

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

Deposits:			
Cash - General Fund			\$ 3,456,636
Cash - Fiduciary Fund			22,365
Cash - Special Revenue Fund			<u>735,554</u>
Total deposits			4,214,555
Investments:			
Investments - General			500,177
Investments - Debt Service			<u>1,376,780</u>
Total investments			<u>1,876,957</u>
Total deposits and investments			<u>\$ 6,091,512</u>

## **CHANDLER PARK ACADEMY**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

### **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, 2017, the Academy's investments were rated AAAM by Standards & Poor's and Aaa 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. More than 5% of the Academy's investments are in pooled investment accounts which represents 100% of the Academy's total investments.

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

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2017, \$2,478,304 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2017.

#### **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.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

### 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 Company 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 Company's own data.)

The Academy does not have any investments that are subject to the fair value measurement.

### NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

Local sources	\$ 6,248
State sources	3,485,143
Federal sources	<u>581,270</u>
Total	<u>\$ 4,072,661</u>

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets not subject to depreciation				
Land	\$ 1,020,000	\$ -	\$ -	\$ 1,020,000
Capital assets subject to depreciation				
Building	19,321,264	-	-	19,321,264
Equipment	437,390	-	-	437,390
Furniture	123,643	-	-	123,643
Computer	786,135	-	-	786,135
Improvements	4,819,886	533,557	-	5,353,443
Sub-total	26,508,318	533,557	-	27,041,875
Accumulated depreciation				
Building	3,834,962	483,032	-	4,317,994
Equipment	262,377	40,431	-	302,808
Furniture	90,402	9,900	-	100,302
Computer	638,716	38,085	-	676,801
Improvements	572,986	235,935	-	808,921
Sub-total	5,399,443	807,383	-	6,206,826
Total net capital assets	<u>\$ 21,108,875</u>	<u>\$ (273,826)</u>	<u>\$ -</u>	<u>\$ 20,835,049</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.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 6 – ACCRUED EXPENSES

Accrued expenses may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 1,166,557	\$ 1,166,557
Management fee	304,746	304,746
University oversight fee	95,952	95,952
Interest	134,261	-
	<u>\$ 1,701,516</u>	<u>\$ 1,567,255</u>
Total accrued expenses		

### NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2017:

#### Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Revenue bond 1	Average of 5.25%	June, 2036	Issued to provide funding for facilities and related renovations. Payment of principal and interest due twice yearly. Secured by facilities and pledge for 20% of State School Aid.
Revenue bond 2	Average of 6.25%	June, 2036	Issued to provide funding for facilities and related renovations. Payment of principal and interest due twice yearly. Secured by facilities and pledge for 20% of State School Aid.
Facilities loan	3.55%	August, 2020	Issued to provide funding for facilities and related renovations. Payment of principal and interest due monthly. Secured by facilities and pledge for 20% of State School Aid.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

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

#### Loan Activity

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u> <u>and Payments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Revenue bond 1	\$ 6,170,000	\$ -	\$ 170,000	\$ 6,000,000	\$ 180,000
Revenue bond 2	7,385,000	-	190,000	7,195,000	200,000
Facilities loan	2,927,594	-	663,180	2,264,414	687,448
	<u>\$ 16,482,594</u>	<u>\$ -</u>	<u>\$ 1,023,180</u>	<u>\$ 15,459,414</u>	<u>\$ 1,067,448</u>

Amounts due for principal and interest for the next five years and in total are as follows:

	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,067,448	\$ 825,529
2019	1,117,603	779,503
2020	1,163,643	730,551
2021	570,720	687,163
2022	475,000	660,258
2023 - 2027	2,805,000	2,846,836
2028 - 2032	3,735,000	1,900,403
2033 - 2036	4,525,000	602,431

### NOTE 8 - RETIREMENT PLAN

All employees leased by the Academy are eligible to participate in a retirement plan established by Scholastic which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The employer under this plan will contribute 4% of salaries regardless of the amount of the employee contribution. The employer will additionally match up to 4% of employee contributed funds. Eligible employees may contribute up to 15% of their salaries under the terms of this plan.

## CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 9 - INTERFUND TRANSFERS

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

	<u>General</u>	<u>Debt Service</u>
Transfer In	\$ -	\$ 1,904,219
Transfer Out	1,904,219	-

As stipulated by the Academy's revenue bond agreements 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. The general fund also subsidizes the Special Revenue Funds' lunch activities. These above transactions account for the major activity in the Academy's interfund transfer accounts.

### 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.

## SUPPLEMENTARY INFORMATION

## CHANDLER PARK ACADEMY

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Local sources	\$ 202,355	\$ 186,013	\$ 182,360	\$ (3,653)
State sources	19,507,811	19,300,049	19,185,099	(114,950)
Federal sources	1,937,026	2,128,200	1,624,831	(503,369)
<b>Total governmental fund revenues</b>	<b>21,647,192</b>	<b>21,614,262</b>	<b>20,992,290</b>	<b>(621,972)</b>
<b>Expenditures</b>				
Instruction				
Basic programs	7,911,169	7,874,954	7,643,732	(231,222)
Added needs	1,243,230	1,426,463	1,247,331	(179,132)
Support services				
Pupil support services	1,231,600	1,186,160	1,108,016	(78,144)
Instructional staff support services	819,090	854,542	809,014	(45,528)
General administration	2,381,992	2,365,887	2,335,884	(30,003)
School administration	2,241,998	2,233,547	2,159,145	(74,402)
Business support services	260,190	258,590	242,723	(15,867)
Operations and maintenance	2,267,545	2,266,501	2,189,091	(77,410)
Pupil transportation services	67,180	94,260	70,274	(23,986)
Central support services	302,570	317,250	291,031	(26,219)
Athletic activities	317,242	335,562	330,394	(5,168)
Community services	98,345	106,566	83,528	(23,038)
Capital outlay	586,555	557,700	533,557	(24,143)
<b>Total governmental fund expenditures</b>	<b>19,728,706</b>	<b>19,877,982</b>	<b>19,043,720</b>	<b>(834,262)</b>
Excess (deficiency) of revenues over expenditures	1,918,486	1,736,280	1,948,570	212,290
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(1,918,486)	(1,909,928)	(1,904,219)	5,709
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(173,648)	44,351	217,999
Fund balance - July 1, 2016	5,617,564	5,617,564	5,617,564	-
Fund balance - June 30, 2017	\$ 5,617,564	\$ 5,443,916	\$ 5,661,915	\$ 217,999

## CHANDLER PARK ACADEMY

### SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

#### Local Sources

Earnings on investments	\$ 1,900
Other local revenues	<u>180,460</u>
Total local sources	182,360

#### State Sources

At risk	1,390,962
State aid	<u>17,794,137</u>
Total state sources	19,185,099

#### Federal Sources

IDEA	170,474
Title I	1,419,717
Title II A	<u>34,640</u>
Total federal sources	<u>1,624,831</u>
Total general fund revenues	<u>\$ 20,992,290</u>

## CHANDLER PARK ACADEMY

### SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

#### Basic Programs

Purchased services	\$ 6,602,720
Repairs and maintenance	3,963
Rentals	92,485
Supplies and materials	758,868
Non-depreciable capital assets	<u>185,696</u>
Total basic programs	7,643,732

#### Added Needs

Purchased services	1,171,995
Other purchased services	<u>75,336</u>
Total added needs	1,247,331

#### Pupil Support Services

Guidance services	645,491
Health services	66,325
Psychological services	25,175
Speech pathology and audiology	67,295
Social work services	190,320
Other pupil services	<u>113,410</u>
Total pupil support services	1,108,016

#### Instructional Staff Support Services

Purchased services	795,911
Other expenditures	<u>13,103</u>
Total instructional staff support services	809,014

#### General Administration

Purchased services	2,615
Management fees	1,712,526
University oversight	522,682
Other expenditures	22,080
Other purchased services	42,190
Other expenditures	<u>33,791</u>
Total general administration	2,335,884

## CHANDLER PARK ACADEMY

### SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2017

#### **School Administration**

Purchased services	1,961,426
Rentals	12,078
Supplies and materials	145,307
Other expenditures	40,334

Total school administration 2,159,145

#### **Business Support Services**

Purchased services	126,656
Other expenditures	116,067

Total business support services 242,723

#### **Operations and Maintenance**

Purchased services	726,051
Repairs and maintenance	505,702
Other purchased services	601,021
Other expenditures	356,317

Total operations and maintenance 2,189,091

#### **Pupil Transportation Services**

Purchased services	70,274
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#### **Central Support Services**

Purchased services	291,031
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#### **Athletic Activities**

Purchased services	330,394
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#### **Community Services**

Purchased services	83,528
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#### **Capital Outlay**

533,557

Total general fund expenditures \$ 19,043,720

# APPENDIX

## Federal Awards Report

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### To the Board of Directors of Chandler Park Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chandler Park Academy, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Chandler Park Academy's basic financial statements, and have issued our report thereon dated October 31, 2017.

#### **Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Chandler Park Academy’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



Croskey Lanni, PC

October 31, 2017  
Rochester, Michigan

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Directors  
of Chandler Park Academy**

### **Report on Compliance for Each Major Federal Program**

We have audited the Chandler Park Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Chandler Park Academy's major federal programs for the year ended June 30, 2017. Chandler Park Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Chandler Park Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Chandler Park Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Chandler Park Academy's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Chandler Park Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June, 30, 2017.

### **Report on Internal Control over Compliance**

Management of Chandler Park Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Chandler Park Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chandler Park Academy's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Croskey Lanni, PC

October 31, 2017  
Rochester, Michigan

## CHANDLER PARK ACADEMY

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred To Subrecipient
<b>Clusters:</b>										
<b>Child Nutrition Cluster - U.S. Department of Agriculture - Passed through Michigan Department of Education:</b>										
<b>Noncash Assitance (Commodities) -</b>										
National Lunch Program Bonus										
Commodities 2016-17	N/A	10.555	\$ 11,374	\$ -	\$ -	\$ -	\$ 111,374	\$ 111,374	\$ -	\$ -
<b>Cash Assistance:</b>										
National School Lunch Program 2015-16	161960	10.555	1,014,052	1,027,918	54,514	-	54,514	-	-	-
National School Lunch Program 2016-17	171970	10.555	<u>1,094,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040,406</u>	<u>1,040,406</u>	<u>-</u>	<u>-</u>
National School Lunch Program (including commodities) Subtotal		10.555	2,120,346	1,027,918	54,514	-	1,206,294	1,151,780	-	-
National School Breakfast Program 2015-16	161970	10.553	212,252	212,179	11,482	-	11,482	-	-	-
National School Breakfast Program 2016-17	171970	10.553	<u>207,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,507</u>	<u>207,507</u>	<u>-</u>	<u>-</u>
National School Breakfast Program Subtotal		10.553	<u>419,759</u>	<u>212,179</u>	<u>11,482</u>	<u>-</u>	<u>218,989</u>	<u>207,507</u>	<u>-</u>	<u>-</u>
<b>Total Child Nutrition Cluster</b>			2,540,105	1,240,097	65,996	-	1,425,283	1,359,287	-	-
<b>Special Education Cluster - U.S. Department of Ed. - Passed through the Wayne County RESA</b>										
<b>IDEA Flowthrough:</b>										
IDEA Flowthrough 1516	151450	84.027A	188,703	188,703	188,703	-	188,703	-	-	-
IDEA Flowthrough 1617	161450	84.027A	<u>170,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,474</u>	<u>170,474</u>	<u>-</u>
<b>Total Special Education Cluster</b>		84.027A	359,177	188,703	188,703	-	188,703	170,474	170,474	-

See accompanying notes to schedule of expenditures of federal awards

## CHANDLER PARK ACADEMY

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2017

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred To Subrecipient
<b>Other federal awards:</b>										
<b>Passed through the Michigan Department of Education:</b>										
<b>Fresh Fruit and Vegetable Program:</b>										
Fresh Fruit and Vegetable Program 1617	170950	10.582	82,599	-	-	-	71,115	82,599	11,484	-
<b>Title I Part A:</b>										
Title I Part A 1516	161530	84.010	1,708,847	1,109,507	359,507	-	517,767	158,260	-	-
Title I Part A 1617	171530	84.010	1,856,616	-	-	-	880,000	1,261,457	381,457	-
<b>Total Title I Part A</b>			3,565,463	1,109,507	359,507	-	1,397,767	1,419,717	381,457	-
<b>Title II Part A - Improving Teacher Quality</b>										
Title II Part A 1516	160520	84.367	75,386	44,339	44,339	-	61,124	34,640	17,855	-
<b>Total noncluster programs passed through the Michigan Department of Education</b>			3,723,448	1,153,846	403,846	-	1,530,006	1,536,956	410,796	-
<b>Total Federal Awards</b>			<u>\$6,622,730</u>	<u>\$ 2,582,646</u>	<u>\$ 658,545</u>	<u>\$ -</u>	<u>\$3,143,992</u>	<u>\$3,066,717</u>	<u>\$ 581,270</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

**CHANDLER PARK ACADEMY**

RECONCILIATION OF BASIC FINANCIAL STATEMENTS  
FEDERAL REVENUE WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

**Revenue to Expenditures**

Revenue from federal sources - As reported on modified accrual financial statements  
(includes all funds):

General Fund	\$ 1,624,831
Special Revenue Fund	<u>1,441,886</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 3,066,717</u>

## CHANDLER PARK ACADEMY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

#### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Chandler Park Academy under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chandler Park Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Chandler Park Academy.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### NOTE 3 – INDIRECT COST RATE

Chandler Park Academy has elected to not use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

#### NOTE 4 - NONCASH ASSISTANCE

The value of the noncash assistance received was determined in accordance with the provisions of Uniform Guidance.

#### NOTE 5 - GRANT AUDITOR'S REPORT

Management has utilized the Grant Auditor's report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

**CHANDLER PARK ACADEMY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION I - SUMMARY OF THE AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  yes  no

Identification of major programs:

CFDA Number(s)  
# 84.010

Name of Federal Program or Cluster  
Title I Part A

Dollar threshold used to distinguish between Type A and Type B programs as described in 2 CFR section 200.518(b): \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**CHANDLER PARK ACADEMY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**None**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None**