

Chandler Park Academy

Harper Woods, Michigan

Audited Financial Statements

June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise 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 an opinion 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 the appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of Chandler Park Academy, as of June 30, 2015, and the respective changes in financial position cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iv - x and 20 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 provided 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 Chandler Park Academy's basic financial statements. The introductory section, combining and individual non-major fund financial statements, statistical section, and schedules of revenues and expenditures, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the schedule of expenditures of federal awards, and schedules of revenues and expenditures are the responsibility of management and were derived from and relate 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, the schedule of expenditures of federal awards, and schedules of revenues and expenditures 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 27, 2015 on our consideration of 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 and compliance and the results of that testing, and not to provide an opinion on 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 Chandler Park Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

October 27, 2015
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, 2015. 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 \$20,195,917 and expenses plus other financing uses were \$20,032,003.
- Blended enrollment for state aid purpose was 2,355 compared to 2,388 last year.
- The Academy has a positive fund balance of \$7,111,678.

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.

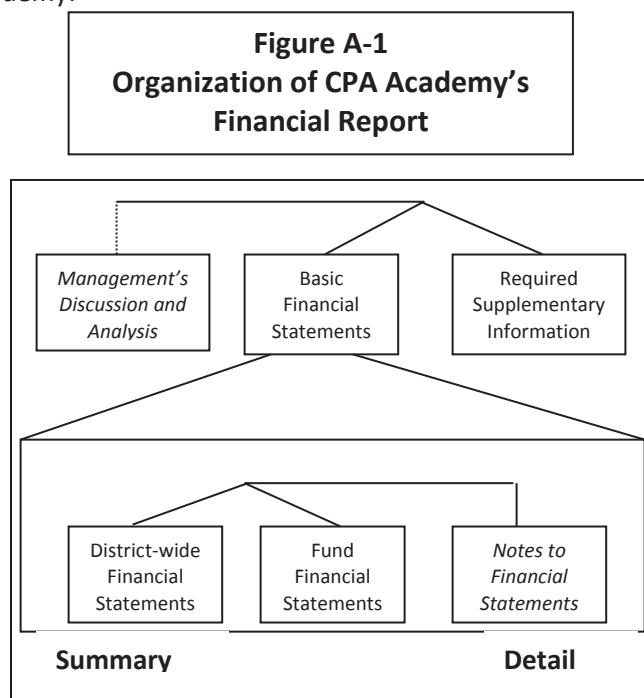


Figure A-2 summarized the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-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 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 position and how they have changed. Net position – 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 position 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**

	2015	2014
Current assets	\$ 11,247,889	\$ 11,079,982
Capital assets, net	19,919,911	19,915,202
Total assets and deferred outflows	<u>31,167,800</u>	<u>30,995,184</u>
Current liabilities	2,588,381	2,810,488
Long term liabilities	<u>17,685,907</u>	<u>18,286,824</u>
Net Position:		
Net investment in capital assets	2,234,004	1,628,378
Restricted	1,829,842	1,816,413
Unrestricted	<u>6,829,666</u>	<u>6,453,081</u>
Total net position	<u>\$ 10,893,512</u>	<u>\$ 9,897,872</u>

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

	2015	2014
Revenues:		
Program revenues:		
Federal and state categorical grants	\$ 3,878,933	\$ 3,681,207
Charges for service	71,722	1,563
Total program revenues	<u>3,950,655</u>	<u>3,682,770</u>
General revenues:		
State aid - unrestricted	17,405,235	17,329,211
Other	210,470	153,686
Total general revenues	<u>17,615,705</u>	<u>17,482,897</u>
Total revenues	<u>21,566,360</u>	<u>21,165,667</u>
Expenses:		
Instruction	8,708,423	8,897,892
Support services	10,178,833	9,717,426
Unallocated depreciation	678,554	641,172
Unallocated interest	<u>1,004,919</u>	<u>1,044,117</u>
Total expenses	<u>20,570,729</u>	<u>20,300,607</u>
Change in net position	<u>\$ 995,631</u>	<u>\$ 865,060</u>

Financial Analysis of the Academy's Funds

The financial operation of the Academy is considered stable. The general fund balance at June 30, 2015 is \$7,111,678.

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, 2015, the Academy had invested \$19,919,911 in capital assets net of accumulated depreciation as summarized in Figure A-5. This amount represents a net increase of \$4,710 from the beginning of the year. Total depreciation expense for the year was \$678,554. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

	Balance June 30, 2015	Balance June 30, 2014
Land	\$ 1,020,000	\$ 1,020,000
Building and improvements	22,243,161	21,231,042
Computers, furniture and equipment	1,347,168	1,676,024
 Total cost	 24,610,329	 23,927,066
Less accumulated depreciation	4,690,418	4,011,864
 Net book value	 <u>\$ 19,919,911</u>	 <u>\$ 19,915,202</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 an Installment Purchase Agreement with Comerica Bank for \$5,000,000 for the purchase and renovation of 20254 Kelly. The balance owing as of June 30, 2015 was \$17,685,917.

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 money it receives. If you have questions about this report or need additional information, contact the Academy's office at:

Chandler Park Academy, 20200 Kelly Rd., Harper Woods, Michigan 48225

CHANDLER PARK ACADEMY

STATEMENT OF NET POSITION
JUNE 30, 2015
See Independent Auditor's Report

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 5,254,480
Investments - restricted for debt service and capital projects	1,829,842
Due from other governmental units	3,937,211
Prepaid expenses	<u>226,356</u>
Total current assets	11,247,889

Capital Assets - Net of Accumulated Depreciation

19,919,911

Total assets and deferred outflows

\$ 31,167,800

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

Current Liabilities

Accounts payable	\$ 154,159
Due to other governmental units	500,000
Unearned revenue	200,473
Other accrued expenses	1,733,749
Long-term debt - current portion	<u>4,130,907</u>
Total current liabilities	6,719,288

Long-Term Debt - Long-Term Portion

13,555,000

Net Position

Net investment in capital assets	2,234,004
Restricted for debt services and capital projects	1,829,842
Unrestricted	<u>6,829,666</u>
Total net position	<u>10,893,512</u>

Total liabilities, deferred inflows, and net position

\$ 31,167,800

See accompanying notes to financial statements

CHANDLER PARK ACADEMY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
See Independent Auditor's Report

		Program Revenues		Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 7,513,086	\$ -	\$ 237,860	\$ (7,275,226)
Added needs	1,195,337	-	1,003,101	(192,236)
Support services				
Pupil support services	1,051,204	-	737,136	(314,068)
Instructional staff support services	557,898	-	450,695	(107,203)
General administration	2,289,897	-	-	(2,289,897)
School administration	2,124,644	-	-	(2,124,644)
Business support services	227,448	-	118,384	(109,064)
Operations and maintenance	2,243,504	-	-	(2,243,504)
Pupil transportation services	58,173	-	8,963	(49,210)
Central support services	171,512	-	9,617	(161,895)
Athletic activities	264,049	-	-	(264,049)
Food services	1,161,664	71,722	1,298,721	208,779
Community services	28,840	-	14,456	(14,384)
Unallocated depreciation	678,554	-	-	(678,554)
Unallocated interest	1,004,919	-	-	(1,004,919)
Total primary government	\$ 20,570,729	\$ 71,722	\$ 3,878,933	(16,620,074)
General Purpose Revenues				
State school aid - unrestricted				17,405,235
Miscellaneous revenues				210,470
Total general purpose revenues				17,615,705
Change in net position				995,631
Net position - July 1, 2014				9,897,881
Net position - June 30, 2015				\$ 10,893,512

See accompanying notes to financial statements

CHANDLER PARK ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS

JUNE 30, 2015

See Independent Auditor's Report

ASSETS

	General	Debt Service	Non-Major Special Revenue	Total
Cash and cash equivalents	\$ 4,936,318	\$ -	\$ 318,162	\$ 5,254,480
Investments	500,000	1,329,842	-	1,829,842
Due from other governmental units	3,856,477	-	80,734	3,937,211
Prepaid expenses	226,356	-	-	226,356
	<u>\$ 9,519,151</u>	<u>\$ 1,329,842</u>	<u>\$ 398,896</u>	<u>\$ 11,247,889</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 132,531	\$ -	\$ 21,628	\$ 154,159
Due to other governmental units	500,000	-	-	500,000
Unearned revenue	200,473	-	-	200,473
Other accrued expenses	1,574,469	-	9,903	1,584,372
	<u>2,407,473</u>	<u>-</u>	<u>31,531</u>	<u>2,439,004</u>

Fund Balance

Nonspendable	226,356	-	-	226,356
Restricted	-	1,329,842	367,365	1,697,207
Unassigned	6,885,322	-	-	6,885,322
	<u>7,111,678</u>	<u>1,329,842</u>	<u>367,365</u>	<u>8,808,885</u>
Total fund balance	<u>7,111,678</u>	<u>1,329,842</u>	<u>367,365</u>	<u>8,808,885</u>
	<u>\$ 9,519,151</u>	<u>\$ 1,329,842</u>	<u>\$ 398,896</u>	<u>\$ 11,247,889</u>

See accompanying notes to financial statements

CHANDLER PARK ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2015

See Independent Auditor's Report

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

Total Governmental Fund Balances	\$ 8,808,885
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$24,610,329 and the accumulated depreciation is \$4,690,418.	19,919,911
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(149,377)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(17,685,907)</u>
Net Position of Governmental Activities	<u>\$ 10,893,512</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, 2015
See Independent Auditor’s Report

	General	Debt Service	Non-Major Special Revenue	Total
Revenues				
Local sources	\$ 210,469	\$ -	\$ 71,722	\$ 282,191
State sources	18,526,581	-	9,027	18,535,608
Federal sources	1,458,867	-	1,289,694	2,748,561
Total governmental fund revenues	20,195,917	-	1,370,443	21,566,360
Expenditures				
Instruction				
Basic programs	7,513,086	-	-	7,513,086
Added needs	1,195,337	-	-	1,195,337
Support services				
Pupil support services	1,051,204	-	-	1,051,204
Instructional staff support services	557,898	-	-	557,898
General administration	2,289,897	-	-	2,289,897
School administration	2,124,644	-	-	2,124,644
Business support services	227,448	-	-	227,448
Operations and maintenance	2,243,504	-	-	2,243,504
Pupil transportation services	58,173	-	-	58,173
Central support services	171,512	-	-	171,512
Athletic activities	264,049	-	-	264,049
Food services	-	-	1,161,664	1,161,664
Community services	28,840	-	-	28,840
Capital outlay	683,264	-	-	683,264
Debt principal and interest	-	1,609,718	-	1,609,718
Total governmental fund expenditures	18,408,856	1,609,718	1,161,664	21,180,238
Excess (deficiency) of revenues over expenditures	1,787,061	(1,609,718)	208,779	386,122
Other Financing Sources (Uses)				
Operating transfers in	-	1,623,147	-	1,623,147
Operating transfers out	(1,623,147)	-	-	(1,623,147)
Total other financing sources (uses)	(1,623,147)	1,623,147	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	163,914	13,429	208,779	386,122
Fund balance - July 1, 2014	6,947,764	1,316,413	158,586	8,422,763
Fund balance - June 30, 2015	\$ 7,111,678	\$ 1,329,842	\$ 367,365	\$ 8,808,885

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, 2015
See Independent Auditor's Report

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

Net Change in Fund Balances - Total Governmental Funds	\$	386,122
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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	\$	683,264	
Depreciation and amortization expense		<u>(678,554)</u>	4,710

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	\$	600,907	
Interest expense		<u>3,892</u>	<u>604,799</u>

Change in Net Position of Governmental Activities	\$	<u><u>995,631</u></u>
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See accompanying notes to financial statements

CHANDLER PARK ACADEMY

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

JUNE 30, 2015

See Independent Auditor's Report

ASSETS

Cash and cash equivalents	<u>\$ 52,378</u>
Total assets	<u><u>\$ 52,378</u></u>

LIABILITIES

Due to student groups	<u>\$ 52,378</u>
Total liabilities	<u><u>\$ 52,378</u></u>

See accompanying notes to financial statements

CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
See Independent Auditor's Report

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 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, 2015 were approximately \$510,400.

In March of 2013, the Academy entered into an agreement with Scholastic Solutions, L.L.C., "Scholastic" through June 30, 2015. 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 \$1,690,000 for the year ended June 30, 2015.

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, 2015
See Independent Auditor's Report

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, 2015
See Independent Auditor's Report

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. 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, 2015
See Independent Auditor's Report

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, 2015 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 2015 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, 2015, 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, 2015
See Independent Auditor's Report

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, 2015
See Independent Auditor's Report

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.

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, 2015
See Independent Auditor's Report

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, 2015 the budget was amended in a legally permissible manner.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2015, the Academy had the following investments:

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 5,306,858
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>1,829,842</u>
Total deposits and investments			<u>\$ 7,136,700</u>
Deposits:			
Cash - General Fund			\$ 4,936,318
Cash - Agency Fund			52,378
Cash - Special Revenue Fund			<u>318,162</u>
Total deposits			5,306,858
Investments:			
Investments - General			500,000
Investments - Debt Service			<u>1,329,842</u>
Total investments			<u>1,829,842</u>
Total deposits and investments			<u>\$ 7,136,700</u>

CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2015
See Independent Auditor's Report

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, 2015, 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, 2015, \$4,942,373 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2015.

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, 2015
 See Independent Auditor's Report

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

Local sources	\$ 16,968
State sources	3,401,753
Federal sources	<u>518,490</u>
 Total	 <u><u>\$ 3,937,211</u></u>

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2015</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	704,186	81,949	-	786,135
Improvements	<u>2,320,582</u>	<u>601,315</u>	<u>-</u>	<u>2,921,897</u>
Sub-total	23,927,065	683,264	-	24,610,329
Accumulated depreciation				
Building	2,868,898	483,032	-	3,351,930
Equipment	178,769	41,804	-	220,573
Furniture	65,981	12,364	-	78,345
Computer	540,957	49,659	-	590,616
Improvements	<u>357,259</u>	<u>91,695</u>	<u>-</u>	<u>448,954</u>
Sub-total	<u>4,011,864</u>	<u>678,554</u>	<u>-</u>	<u>4,690,418</u>
Total net capital assets	<u><u>\$ 19,915,201</u></u>	<u><u>\$ 4,710</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,919,911</u></u>

CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2015
See Independent Auditor's Report

NOTE 5 - CAPITAL ASSETS - Continued

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

NOTE 6 – ACCRUED EXPENSES

Accrued expenses may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 1,164,886	\$ 1,164,886
Management fee	317,076	317,076
University oversight fee	92,507	92,507
Interest	149,377	-
Total accrued expenses	<u>\$ 1,723,846</u>	<u>\$ 1,574,469</u>

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2015:

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	5%	June, 2016	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. Loan was refinanced in July, 2015

CHANDLER PARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
 FOR THE YEAR ENDED JUNE 30, 2015
 See Independent Auditor's Report

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE – Continued

Loan Activity

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u> <u>and Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Revenue bond 1	\$ 6,490,000	\$ -	\$ 155,000	\$ 6,335,000	\$ 165,000
Revenue bond 2	7,735,000	-	170,000	7,565,000	180,000
Facilities loan	4,061,814	-	275,907	3,785,907	3,785,907
	<u>\$ 18,286,814</u>	<u>\$ -</u>	<u>\$ 600,907</u>	<u>\$ 17,685,907</u>	<u>\$ 4,130,907</u>

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

	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,130,907	\$ 825,127
2017	360,000	774,941
2018	380,000	755,271
2019	405,000	734,401
2020	425,000	711,488
2021 - 2025	2,505,000	3,153,065
2026 - 2030	3,335,000	2,313,642
2031 - 2035	4,425,000	1,180,278
2036	1,720,000	49,541

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, 2015
See Independent Auditor's Report

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	\$ -	\$ 1,623,147
Transfer Out	1,623,147	-

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.

SUPPLEMENTAL INFORMATION

CHANDLER PARK ACADEMY

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
See Independent Auditor’s Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 136,225	\$ 198,789	\$ 210,469	\$ 11,680
State sources	18,708,516	18,727,130	18,526,581	(200,549)
Federal sources	1,908,590	1,958,097	1,458,867	(499,230)
Total governmental fund revenues	20,753,331	20,884,016	20,195,917	(688,099)
 Expenditures				
Instruction				
Basic programs	7,762,785	7,713,365	7,513,086	(200,279)
Added needs	1,510,617	1,316,243	1,195,337	(120,906)
Support services				
Pupil support services	1,014,530	1,153,234	1,051,204	(102,030)
Instructional staff support services	447,464	622,102	557,898	(64,204)
General administration	2,358,475	2,351,716	2,289,897	(61,819)
School administration	2,250,148	2,194,835	2,124,644	(70,191)
Business support services	225,736	237,170	227,448	(9,722)
Operations and maintenance	2,330,370	2,357,940	2,243,504	(114,436)
Pupil transportation services	63,940	73,190	58,173	(15,017)
Central support services	174,963	188,785	171,512	(17,273)
Athletic activities	265,055	265,055	264,049	(1,006)
Community services	32,525	60,635	28,840	(31,795)
Capital outlay	731,000	731,000	683,264	(47,736)
Total governmental fund expenditures	19,167,608	19,265,270	18,408,856	(856,414)
Excess (deficiency) of revenues over expenditures	1,585,723	1,618,746	1,787,061	168,315
 Other Financing Sources (Uses)				
Operating transfers out	(1,585,723)	(1,618,746)	(1,623,147)	(4,401)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	163,914	163,914
Fund balance - July 1, 2014	6,947,764	6,947,764	6,947,764	-
Fund balance - June 30, 2015	\$ 6,947,764	\$ 6,947,764	\$ 7,111,678	\$ 163,914

CHANDLER PARK ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
See Independent Auditor’s Report

Local Sources

Other local revenues \$ 210,469

State Sources

At risk 1,121,346

State aid 17,405,235

Total state sources 18,526,581

Federal Sources

IDEA 149,002

Title I 1,271,526

Title II A 38,339

Total federal sources 1,458,867

Total general fund revenues \$ 20,195,917

CHANDLER PARK ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2015 See Independent Auditor’s Report

Basic Programs

Purchased services	\$ 6,776,678
Repairs and maintenance	2,025
Rentals	104,865
Supplies and materials	393,121
Non-depreciable capital assets	<u>236,397</u>
Total basic programs	7,513,086

Added Needs

Purchased services	1,195,337
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Pupil Support Services

Guidance services	589,054
Health services	61,519
Psychological services	30,983
Speech pathology and audiology	56,560
Social work services	170,633
Other pupil services	<u>142,455</u>
Total pupil support services	1,051,204

Instructional Staff Support Services

Purchased services	552,543
Non-depreciable capital assets	<u>5,355</u>
Total instructional staff support services	557,898

General Administration

Management fees	1,689,983
University oversight	510,362
Other expenditures	28,332
Other purchased services	35,907
Other expenditures	<u>25,313</u>
Total general administration	2,289,897

CHANDLER PARK ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015
See Independent Auditor's Report

School Administration

Purchased services	1,915,180
Rentals	29,842
Supplies and materials	131,683
Non-depreciable capital assets	1,663
Other expenditures	46,276

Total school administration 2,124,644

Business Support Services

Purchased services	118,384
Other expenditures	109,064

Total business support services 227,448

Operations and Maintenance

Purchased services	659,586
Repairs and maintenance	549,315
Other purchased services	594,352
Non-depreciable capital assets	5,268
Other expenditures	434,983

Total operations and maintenance 2,243,504

Pupil Transportation Services

Purchased services	58,173
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Central Support Services

Purchased services	171,512
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Athletic Activities

Purchased services	264,049
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Community Services

Purchased services	28,840
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Capital Outlay

683,264

Total general fund expenditures \$ 18,408,856

APPENDIX

Federal Awards

Supplemental Information

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 Chandler Park Academy, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Chandler Park Academy's basic financial statements, and have issued our report thereon dated October 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 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 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 27, 2015
Rochester, Michigan

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Chandler Park Academy's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Chandler Park Academy's major federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 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, 2015.

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 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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Croskey Lanni, PC

October 27, 2015
Rochester, Michigan

CHANDLER PARK ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Program Title/Project Number Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2014	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2015
US Department of Agriculture Passed through Michigan Department of Education:								
Child Nutrition Cluster								
School Breakfast Program	10.553	\$ 198,460	\$ -	\$ -	\$ -	\$ 198,460	\$ 198,460	\$ -
National School Lunch Program	10.555	935,023	-	48,004	-	935,022	962,365	75,347
Federal Commodities	10.555	57,515	-	-	-	57,515	57,515	-
Total Child Nutrition Cluster		1,190,998	-	48,004	-	1,190,997	1,218,340	75,347
Fresh Fruit and Vegetable Program								
140950 1314	10.582	56,760	56,760	2,162	-	2,162	-	-
150950 1415		94,498	-	-	-	71,354	71,354	-
Total US Department of Agriculture, Passed through Michigan Department of Education		1,342,256	56,760	50,166	-	1,264,513	1,289,694	75,347
US Department of Education Passed through the Wayne County RESA								
I.D.E.A. Cluster								
13-14 Flowthrough	84.027	154,732	154,732	154,732	-	154,732	-	-
14-15 Flowthrough		149,003	-	-	-	-	149,002	149,002
Total US Department of Education Passed through the Wayne County RESA		303,735	154,732	154,732	-	154,732	149,002	149,002

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, 2015

Program Title/Project Number Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2014	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2015
Title I								
141530 1314	84.010	1,710,810	1,182,146	444,776	-	593,658	148,882	-
151530 1415		1,334,157	-	-	-	849,999	1,122,644	272,645
Total Title I Cluster		3,044,967	1,182,146	444,776	-	1,443,657	1,271,526	272,645
Title II A								
140520 1314		58,409	40,524	19,821	-	36,664	16,843	-
150520 1415		34,342	-	-	-	-	21,496	21,496
Total US Department of Education Passed through from the Michigan Department of Education		3,137,718	1,222,670	464,597	-	1,480,321	1,309,865	294,141
Total federal awards		\$ 4,783,709	\$ 1,434,162	\$ 669,495	\$ -	\$ 2,899,566	\$ 2,748,561	\$ 518,490

CHANDLER PARK ACADEMY

RECONCILIATION OF BASIC FINANCIAL STATEMENTS
FEDERAL REVENUE WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Revenues to Expenditures

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

General Fund	\$ 1,458,867
Special Revenue Fund	<u>1,289,694</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 2,748,561</u>

CHANDLER PARK ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Chandler Park Academy under programs of the federal government for the year ended June 30, 2015. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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, if applicable, of Chandler Park Academy. Pass-through entity identifying numbers are presented where available.

NOTE 2 - NONCASH ASSISTANCE

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

NOTE 3 - 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, 2015

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 no
- 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 no

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 Section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Number(s)

10.553 and 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? yes no

CHANDLER PARK ACADEMY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None