



**NEXTTECH**  
HIGH SCHOOL

**GRAND RAPIDS**  
**Kent County, Michigan**

Annual Financial Report

For the year ended June 30, 2022

NEXTECH HIGH SCHOOL, GRAND RAPIDS

Table of Contents

For the year ended June 30, 2022

---

**Financial Section**

<i>Independent Auditor's Report</i> .....	1
<i>Management's Discussion and Analysis</i> .....	5
<i>Basic Financial Statements</i> .....	13
Academy-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities .....	15
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund .....	20
Notes to Basic Financial Statements .....	21
Supplementary Information .....	32
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 <i>Government Auditing Standards</i> .....	35

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

October 31, 2022

The Board of Education  
NexTech High School, Grand Rapids

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of NexTech High School, Grand Rapids (the "Academy") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of NexTech High School, Grand Rapids, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

## **Emphasis of Matter**

### *Changes in Accounting Principle*

As discussed in Note H to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* for the fiscal year ended June 30, 2022. Our opinion is not modified in respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the WSC Academy internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Certified Public Accountants  
Grand Rapids, Michigan

**This Page Intentionally Left Blank**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

NexTech High School, Grand Rapids (“Academy”) is a 9<sup>th</sup> grade through 12<sup>th</sup> grade Public School Academy located in Grand Rapids, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the NexTech High School, Grand Rapids administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2022.

**Financial Highlights of the Academy**

	<b>Current Fiscal Year</b>	<b>Prior Fiscal Year</b>
State Aid Funding Per Pupil	\$ 8,700	\$ 8,111
Enrollment	110	120
General Fund Balance Increase/(Decrease)	\$ (25,132)	\$ 117,411
General Fund Balance as percent of Unrestricted State Aid Revenue	28.44%	32.22%

**Overview of the Financial Statements**

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

**Fund Financial Statements**

For the most part, the fund financial statements are comparable to general purpose financial statements. The primary difference is that the Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. The fund level statements are reported on a modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, the Academy’s major instruction and instructional support activities are reported in the General Fund. Additional governmental activities are reported in their relevant Special Revenue Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.





**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Management’s Discussion and Analysis**  
**June 30, 2022**

Figure A-2 summarizes 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**

	<b>Academy-wide statements</b>	<b>Fund Financial Statements</b>
<b>Scope</b>	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
<b>Required financial statements</b>	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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

**New Accounting Pronouncement Adopted**

The Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This Statement enhances the relevance and consistency of information about governments’ leasing activities. See Note I for additional information.

**Financial Analysis of the Academy as a Whole**

	<b>Current Fiscal Year</b>	<b>Prior Fiscal Year</b>
Ending General Fund Balance	\$ 289,626	\$ 314,758
Total General Fund Revenue	\$ 1,439,272	\$ 1,389,260
State Aid Foundation Allowance as percent of Academy Revenues	80.37%	84.37%
Total Cost of Instructional Programs	\$ 537,145	\$ 429,328
Instructional Expenses as percent of Total Expenses	15.53%	33.76%
Total Cost of Support/Operational Services	\$ 2,602,351	\$ 842,521
Support/Operational Services as percent of Total Expenses	75.25%	66.24%
Total Cost of Community Services	\$ 300	\$ —
Community Services Expenses as percent of Total Expenses	0.01%	0%



**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

**Academy Governmental Activities**

**Summary of Net Position:**

The following summarizes the net position at fiscal year ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets	\$ 451,752	\$ 406,939
Net capital assets	2,039,887	46,239
Less Accumulated depreciation	<u>(352,986)</u>	<u>(17,706)</u>
Capital assets being depreciated, net	<u>1,686,901</u>	<u>28,533</u>
<b>Total Assets and deferred outflows</b>	<b><u>2,138,653</u></b>	<b><u>435,472</u></b>
<b>Liabilities</b>		
Current liabilities	467,530	-
Long-term liabilities	<u>1,448,323</u>	<u>90,343</u>
<b>Total Liabilities</b>	<b><u>1,915,853</u></b>	<b><u>90,343</u></b>
<b>Net Position</b>		
Invested in capital assets	(62,219)	28,533
Restricted	1,734	1,838
Unrestricted	<u>283,285</u>	<u>314,758</u>
<b>Total Net Position</b>	<b><u>\$ 222,800</u></b>	<b><u>\$ 345,129</u></b>



**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Results of Operations:**

For the fiscal year ended June 30, 2022 and 2021, the Academy wide results of operations were:

	2022		2021	
	Amount	% of Total	Amount	% of Total
<b>Program Revenue:</b>				
Charges for Services	\$ 3,564	0.25%	\$ 4,356	0.31%
Operating Grant – Federal and State	484,711	33.86%	407,868	29.35%
<b>Total Program Revenue</b>	<b>488,275</b>	<b>34.11%</b>	<b>412,224</b>	<b>29.67%</b>
<b>General Revenue:</b>				
State Aid – unrestricted	950,997	65.69%	977,036	70.32%
Other	2,954	0.20%	210	0.01%
<b>Total Revenue</b>	<b>1,442,226</b>	<b>100.00%</b>	<b>1,389,470</b>	<b>100.00%</b>
<b>Expenses:</b>				
Instruction and Instructional Services	540,150	34.52%	432,333	33.90%
Support Services	943,916	60.33%	843,048	66.10%
Food Services	—	0.00%	—	0.00%
Community Services	300	0.02%	—	0.00%
Interest on Long-term Debt	80,189	5.13%	—	0.00%
<b>Total Expenses</b>	<b>1,564,555</b>	<b>100.00%</b>	<b>1,275,381</b>	<b>100.00%</b>
<b>Change in Net Position</b>	<b>\$ (122,329)</b>		<b>\$ 114,089</b>	

During the fiscal year ended June 30, 2022, the Academy's net position decreased by (\$122,329) as compared to a net increase of \$114,089 in the prior fiscal year. The most significant difference between prior year and current year is the total general fund revenue remained steady but total general fund expenditures increased. Additional factors affecting the change in net position during the year are discussed below:

**State of Michigan Aid and Other Factors Affecting Revenue**

The State of Michigan aid is determined by the following variables:

- Per Student, Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. The NexTech High School foundation allowance was \$8,700.
- Student Enrollment: The Academy's student enrollment for the fall count of 2021-22 was 110 students. To calculate total state aid to be provided by the foundation allowance, a system (Section 25) where the funding follows the student was used. This means adjustments were made to the current year fall count when students enrolled or unenrolled until the current year winter count to calculate the adjusted fall count. A blend of 90% of the adjusted current year fall count and 10% of the prior year spring count is multiplied by the Academy's foundation allowance.



**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Management’s Discussion and Analysis**  
**June 30, 2022**

---

- As a result of the COVID-19 pandemic, the State is expecting higher than normal tax revenues which could lead to funding increases in the near term.
- Federal stimulus funding has also been received by the Academy and will be used judiciously over the next few years.

Subsequent to year end June 30, 2022 preliminary student enrollments for 2022-23 indicate that the 2022 fall student enrollment will increase slightly. The Academy will balance their operating budget accordingly.

**General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget two times. These budget amendments fall into several categories:

Changes were made in the second and fourth quarters to account change in student enrollment, federal funding, and changes in assumptions (e.g., staffing changes, instructional) since the original budget was adopted.

The Academy’s expenditures from General Fund expenditures exceeded operations by \$25,132 for the fiscal year ended June 30, 2022.

**Capital Asset and Debt Administration**

**Capital Assets**

The Academy’s net investment in capital assets is summarized as follows:

	Beginning Balance July 1, 2021	Additions	Disposals	Ending Balance June 30, 2022
Capital Assets being depreciated/amortized	\$ 46,239	\$ 1,993,648	\$ -	\$ 2,039,887
Less: accumulated depreciation/amortization	17,706	335,280	-	352,986
Net Capital Assets	\$ 28,533	\$ 1,658,368	\$ -	\$ 1,686,901



**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

---

### **Depreciation/Amortization Expense**

GASB 34 requires Public School Academies to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation expense is a reduction in net assets in the entity wide financial statements. Depreciation/amortization is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy's financial statements.

For fiscal year ended June 30, 2022, the net increase in accumulated depreciation/amortization was \$335,280.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. Amortization expense is recorded on a straight-line basis over the term of the assets being leased. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset, less an estimated salvage value.

### **Economic Factors Bearing on the Academy's Future**

The Preliminary Budget for the 2022-23 Fiscal Year was adopted by the Board of Directors in June 2022. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2022-23 budget preparation process include:

- Estimated budgeted increase in per pupil foundation allowance of \$250. The actual per pupil foundation allowance for fiscal year 2022-23 is \$9,150 (an increase of \$450/pupil over the prior fiscal year).
- Steady enrollment.
- Continued Support from Kent ISD via the Regional Assistance Grant.
- Use of remaining ESSER 2 award during fiscal year 2023.
- Use of ESSER 3 award beginning fiscal year 2023.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year. In spite of the current economic uncertainties related especially to COVID-19, we remain cautiously confident that the State will find the resources to sufficiently fund current appropriations.

### **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 801 Broadway Avenue, Grand Rapids, Michigan 49504.

## **BASIC FINANCIAL STATEMENTS**

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>Assets</b>	
Cash equivalents (Note B)	\$ 93,107
Accounts receivable	2,529
Due from other governmental units (Note C)	245,751
Prepaid expenses	110,365
Capital assets being depreciated, net (Note E)	1,686,901
<b>Total Assets</b>	2,138,653
<b>Liabilities</b>	
Accounts payable	57,892
Short-term loan payable (Note D)	37,500
Accrued interest	6,341
Accrued expenses	65,000
Long term liabilities (Note G)	
Due within one year	300,797
Due in more than one year	1,448,323
<b>Total Liabilities</b>	1,915,853
<b>Net Position</b>	
Invested in capital assets	(62,219)
Restricted:	
Student/School Activity	1,734
Unrestricted	283,285
<b>Total Net Position</b>	\$ 222,800

See accompanying notes to basic financial statements.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Statement of Activities**  
**For the year ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 540,150	\$ -	\$ 481,002	\$ (59,148)
Supporting services	943,916	3,564	3,709	(936,643)
Community Services	300	-	-	(300)
Interest on long-term debt	80,189	-	-	(80,189)
<b>Total Governmental Activities</b>	<b>\$ 1,564,555</b>	<b>\$ 3,564</b>	<b>\$ 484,711</b>	<b>(1,076,280)</b>
<b>General Revenues</b>				
State school aid, unrestricted				950,997
Other				2,954
				<u>953,951</u>
				<b>Change in Net Position</b>
				(122,329)
				<b>Net Position - Beginning of Year</b>
				<u>345,129</u>
				<b>Net Position - End of Year</b>
				<u><u>\$ 222,800</u></u>

See accompanying notes to basic financial statements.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2022**

<b>Assets</b>	<b>General Fund</b>	<b>Nonmajor</b>	<b>Total</b>
Cash equivalents (Note B)	\$ 90,762	\$ 2,345	\$ 93,107
Accounts receivable	2,529	-	2,529
Due from other funds	611	-	611
Due from other governmental units (Note C)	245,751	-	245,751
Prepaid expenditures	110,365	-	110,365
<b>Total Assets</b>	<b>\$ 450,018</b>	<b>\$ 2,345</b>	<b>\$ 452,363</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 57,892	\$ -	\$ 57,892
Short-term loan payable (Note D)	37,500	-	37,500
Accrued expenditures	65,000	-	65,000
Due to other funds	-	611	611
<b>Total Liabilities</b>	<b>160,392</b>	<b>611</b>	<b>161,003</b>
<b>Fund Balances (Note A)</b>			
Nonspendable	110,365	-	110,365
Restricted	-	1,734	1,734
Unassigned	179,261	-	179,261
<b>Total Fund Balances</b>	<b>289,626</b>	<b>1,734</b>	<b>291,360</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 450,018</b>	<b>\$ 2,345</b>	<b>\$ 452,363</b>

See accompanying notes to basic financial statements.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2022**

---

<b>Total governmental fund balances</b>	\$ 291,360
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$2,039,887 and accumulated depreciation and amortization is \$352,986.	1,686,901
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Lease liability	(1,749,120)
Accrued interest in not included as a liability in governmental funds	<u>(6,341)</u>
<b>Total net assets - governmental activities</b>	<u><u>\$ 222,800</u></u>

See accompanying notes to basic financial statements.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Fund**  
**For the year ended June 30, 2022**

	General Fund	Nonmajor	Total
<b>Revenues</b>			
Local sources	\$ 3,564	\$ 2,954	\$ 6,518
State sources	1,159,161	-	1,159,161
Federal sources	275,091	-	275,091
Interdistrict sources	1,456	-	1,456
<b>Total Revenues</b>	<b>1,439,272</b>	<b>2,954</b>	<b>1,442,226</b>
<b>Expenditures</b>			
Current:			
Instruction	537,145	-	537,145
Supporting services	2,602,231	3,058	2,605,289
Community services	300	-	300
Debt service:			
Principal repayment	244,528	-	244,528
Interest and fiscal charges	73,848	-	73,848
<b>Total Expenditures</b>	<b>3,458,052</b>	<b>3,058</b>	<b>3,461,110</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,018,780)</b>	<b>(104)</b>	<b>(2,018,884)</b>
<b>Other Financing Sources (Uses)</b>			
Lease proceeds	1,993,648	-	1,993,648
<b>Net Change in Fund Balances</b>	<b>(25,132)</b>	<b>(104)</b>	<b>(25,236)</b>
<b>Fund Balances, Beginning of Year</b>	<b>314,758</b>	<b>1,838</b>	<b>316,596</b>
<b>Fund Balances, End of Year</b>	<b>\$ 289,626</b>	<b>\$ 1,734</b>	<b>\$ 291,360</b>

See accompanying notes to basic financial statements.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2022**

---

<b>Net change in fund balances - total governmental funds</b>		\$ (25,236)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period:		
Capital outlays	\$ 1,993,648	
Depreciation/amortization expense	<u>(335,280)</u>	1,658,368
Proceeds from the sale of capital leases are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position.		
		(1,993,648)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:		
Repayment of lease liabilities		244,528
Interest on long-term liabilities in the State of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.		
		<u>(6,341)</u>
<b>Total changes in net position - governmental activities</b>		<u><u>\$ (122,329)</u></u>

See accompanying notes to basic financial statements.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ -	\$ 3,600	\$ 3,564	\$ (36)
State sources	1,030,310	1,216,663	1,159,161	(57,502)
Federal sources	271,590	293,838	275,091	(18,747)
Interdistrict sources	69,317	69,317	1,456	(67,861)
<b>Total Revenues</b>	<u>1,371,217</u>	<u>1,583,418</u>	<u>1,439,272</u>	<u>(144,146)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	270,352	346,115	304,502	41,613
Added needs	222,352	238,131	232,643	5,488
Supporting services:				
Pupil services	22,425	133,250	126,156	7,094
Instructional staff services	13,172	8,903	10,621	(1,718)
General administrative services	141,276	151,202	148,012	3,190
School administrative services	250,984	246,324	241,028	5,296
Business services	4,600	4,600	3,383	1,217
Operation and maintenance services	367,963	78,260	2,057,042	(1,978,782)
Pupil transportation	500	2,900	3,710	(810)
Central services	17,500	12,629	12,279	350
Community services:				
Community activities	500	2,500	300	2,200
Debt Service:				
Principal repayment	-	318,377	244,528	73,849
Interest and fiscal charges	-	-	73,848	(73,848)
<b>Total Expenditures</b>	<u>1,311,624</u>	<u>1,543,191</u>	<u>3,458,052</u>	<u>(1,914,861)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>59,593</u>	<u>40,227</u>	<u>(2,018,780)</u>	<u>2,059,007</u>
<b>Other Financing Sources</b>				
Proceeds from leases	-	-	1,993,648	(1,993,648)
<b>Net Change in Fund Balances</b>	59,593	40,227	(25,132)	65,359
<b>Fund Balances, Beginning of Year</b>	<u>314,758</u>	<u>314,758</u>	<u>314,758</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 374,351</u>	<u>\$ 354,985</u>	<u>\$ 289,626</u>	<u>\$ 65,359</u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

**Note A – Summary of Significant Accounting Policies**

NexTech High School, Grand Rapids, (the “Academy”) formerly Nexus Academy of Grand Rapids, received its charter under Public Act 416 of 1994 from Central Michigan University. As part of the chartering process, NexTech High School, Grand Rapids filed Articles of Incorporation with the Michigan Department of Commerce. According to the contract with Central Michigan University, NexTech High School, Grand Rapids is to act exclusively as a governmental agency, for the purposes of operating as a public school academy and is not to undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Under this contract, Central Michigan University provides certain services to NexTech High School, Grand Rapids including approval of NexTech High School, Grand Rapids’ operating plan, monitoring compliance with provisions of the charter contract and the selection of members for the Board of Directors. Central Michigan University is paid 3% of State Aid payments received by NexTech High School, Grand Rapids for such services.

The Academy is governed by a Board of Directors consisting of five members approved by Central Michigan University. The Academy provides educational services for approximately 110 full-time students as specified by State statute and Board of Directors policy. These services include secondary education and general administrative services.

The Board of Directors contracts with CS Partners, LLC, and its wholly owned subsidiary, CSP Management, doing business as Partner Solutions, for management services. CSP provides a variety of services to support the school’s academic and operational systems, including the leasing of its staff from Partner Solutions. The management agreement runs concurrently with the Academy’s charter contract.

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school academies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Academy’s significant accounting policies are described below.

**1. The Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The Academy is a primary government because it is a special-purpose government that has a separately appointed governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the Academy for financial statement presentation purposes, and the Academy is not included in any other governmental reporting entity. Consequently, the Academy’s financial statements include the funds of those organizational entities for which its governing board is financially accountable.

**2. Academy-wide and Fund Financial Statements**

**Academy-wide Financial Statements** – The academy-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the Academy as a whole. The reported information includes all of the nonfiduciary activities of the Academy. The Academy does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business type activities* of the Academy. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Academy does not have any *business-type activities*.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Academy's net position is reported in two parts: invested in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the Academy's only major fund. Nonmajor funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the academy-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual, i.e., both measurable and available. 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 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Academy before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Academy-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a 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. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation allowance is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

**Governmental Funds**

Governmental funds are those funds through which most academy functions typically are financed. The acquisition, use, and balances of an academy's expendable financial resources and the related current liabilities are accounted for through governmental funds.

*General Fund*—The General Fund is the general operating fund of the Academy. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Fund maintained by the District is the Student/School Activities Special Revenue Fund.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, then unrestricted as they are needed.

**4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of an academy be under budgetary control and that both budgeted and actual financial results do not incur a deficit. An academy's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from an academy's budget may occur without a corresponding amendment to the budget. An academy has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. An academy may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Directors. Expenditures may not legally exceed budget appropriations at the function level. All appropriations lapse at the end of the fiscal year.

NexTech High School, Grand Rapids utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The management services company establishes proposed operating budgets for the ensuing fiscal year.
- Preliminary operating budgets are submitted to the Board of Directors by the management services company. These budgets include proposed expenditures and the means of financing them.
- After the budgets are finalized, the Board of Directors adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

- Budgets for the General Fund and the Student/School Activities Fund were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

**6. Investments**

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**7. Capital Assets**

Capital assets, which include leasehold improvements and furniture and equipment, are reported in the academy-wide financial statements. Assets having a useful life in excess of one year, and whose costs exceed \$5,000, are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Leasehold improvements and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	10 - 15 years
Furniture and equipment	3 - 10 years

The right-to-use asset is amortized over the term of the lease

**8. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

**9. Fund Balance**

The Academy has adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Directors). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.
- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

NexTech High School, Grand Rapids has not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### **10. Estimates**

The preparation of the 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 B – Cash Equivalents and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- United States or federal agency obligation repurchase agreements.
- Banker's acceptances of United States Banks.
- Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws composed entirely of instruments that are legal for direct investment by a school academy in Michigan.

Balances at June 30, 2022 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	<u>\$ 93,107</u>

**Cash Equivalents**

Depositories actively used by the Academy during the year are detailed as follows:

- Huntington Bank
- Comerica Bank

Cash equivalents consist of bank public funds checking and savings accounts.

June 30, 2022 balances are detailed as follows:

Cash equivalents	<u><u>\$ 93,107</u></u>
------------------	-------------------------

*Custodial Credit Risk Related to Bank Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Academy's cash equivalents may not be returned to the Academy. Protection of Academy bank deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Academy's cash equivalents was \$93,107 and the bank balance was \$127,774. The total bank balance was covered by federal depository insurance.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

## **Investments**

As of June 30, 2022, the Academy had no surplus funds that were classified as investments. The Academy's policies to minimize investment risk are as follows:

### *Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Academy may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Academy does not have a policy for investment custodial credit risk. At June 30, 2022, the Academy had no investments that were subject to custodial credit risk.

### *Credit Risk Related to Investments*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Academy's investment policy does not specifically address credit risk but minimizes its credit risk by limiting investments to the types allowed by the State.

### *Interest Rate Risk*

The Academy minimizes 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 funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

### *Concentration of Credit Risk*

The Academy minimizes 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. The Academy's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

### *Foreign Currency Risk*

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

## **Note C – State School Aid**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan schools in the form of a per pupil "Foundation Allowance" paid on a "blended count" of Academy pupil membership in February 2021, and October 2021. The 2021-22 "Foundation Allowance" for NexTech High School, Grand Rapids was \$8,700 for 110 "Full Time Equivalent" students, generating \$1,151,925 in state aid payments to the Academy of which \$199,436 was paid to the Academy in July and August 2022 and included in "Due From Other Governmental Units" of the General Fund.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**Note D – Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balances July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2022</u>
Capital assets being depreciated/ amortized:				
Leasehold improvements	\$ 38,193	\$ -	\$ -	\$ 38,193
Furniture and equipment	8,046	-	-	8,046
Leased assets (intangible)	-	1,993,648	-	1,993,648
Total capital assets being depreciated/amortized	<u>46,239</u>	<u>\$ 1,993,648</u>	<u>\$ -</u>	<u>2,039,887</u>
Less accumulated depreciation for:				
Leasehold improvements	9,660	\$ 3,005	\$ -	12,665
Furniture and equipment	8,046	-	-	8,046
Less accumulated amortization for:				
Leased assets	-	332,275	-	332,275
Total accumulated depreciation/amortization	<u>17,706</u>	<u>\$ 335,280</u>	<u>\$ -</u>	<u>352,986</u>
<b>Net Capital Assets</b>	<u>\$ 28,533</u>			<u>\$ 1,686,901</u>

Depreciation/amortization expense was charged to Academy activities as follows:

Governmental activities:	
Instruction	\$ 3,005
Supporting services	<u>332,275</u>
	<u>\$ 335,280</u>

**Note E – Short-term Debt**

On September 17 and October 25, 2020 the District borrowed \$90,000 and \$60,000, respectively, for cash flow purposes both at 4.1%. The due date on the notes were October 25 and November 25, 2021. On August 25, 2021 the District borrowed \$150,000 for cash flow purposes at 3.69%. The due date on the note is September 25, 2022, and interest expense for the year was \$3,290.

	<u>Debt Outstanding June 30, 2021</u>	<u>Debt Added</u>	<u>Debt Retired</u>	<u>Debt Outstanding June 30, 2022</u>
Short-term note	\$ 28,364	\$ 150,000	\$ 140,864	\$ 37,500

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**Note F – Long-term Obligations**

Changes in long-term obligations for the year ended June 30, 2022 are summarized as follows:

	<b>Debt Outstanding July 1, 2021</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2022</b>
Lease liabilities	\$ -	\$ 1,993,648	\$ 244,528	\$ 1,749,120

Long-term obligations outstanding at June 30, 2022 is comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>Lease liabilities</b>				
\$1,697,158 Building Lease July 1, 2018:				
Annual maturities of \$250,267 to \$337,276	June 30, 2027	4.5	\$ 1,465,925	\$ 250,267
\$296,489 Building Lease July 1, 2022:				
Annual maturities of \$50,530 to \$63,223	June 30, 2027	4.5	283,195	50,530
			\$ 1,749,120	\$ 300,797

The annual requirements to pay principal and interest on long-term bonds and lease liability obligations are as follows:

	<b>Year Ended June 30</b>	<b>Lease Liabilities</b>		<b>Total</b>
		<b>Principal</b>	<b>Interest</b>	
2023	\$	300,797	\$ 50,530	\$ 351,327
2024		326,176	54,440	380,616
2025		351,253	58,844	410,097
2026		377,460	63,223	440,683
2027		393,434	56,158	449,592
		\$ 1,749,120	\$ 283,195	\$ 2,032,315

**Lease Commitments**

During the year ended June 30, 2022, the Academy implemented guidance in GASB No. 87, *Leases*, and recognized the value of copiers leased under long-term contracts. See additional details in Note H.

**NEXTECH HIGH SCHOOL, GRAND RAPIDS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

---

**Note G – Risk Management**

The Academy is exposed to various risks of loss related to general liability. The Academy has obtained insurance coverage for such risks. There have been no significant reductions in insurance coverage during the 2021-22 fiscal year, and claims did not exceed coverage less retained risk deductible amounts during the past three years.

**Note H – New Accounting Pronouncement Adopted**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* was adopted by the District during the fiscal year ending June 30, 2022. This statement enhances the relevance and consistency of information about governments' leasing activities by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Net position as of July 1, 2021 was not required to be restated as a result of implementing the Statement.

## **SUPPLEMENTARY INFORMATION**

**NexTech High School Grand Rapids  
Student/School Activity Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ -	\$ 2,954	\$ 2,954
<b>Expenditures</b>			
Current:			
Other student/school activities	-	3,058	3,058
<b>Net Change in Fund Balance</b>	1,100	(104)	(1,204)
<b>Fund Balance, Beginning of Year</b>	1,838	1,838	-
<b>Fund Balance, End of Year</b>	<u>\$ 2,938</u>	<u>\$ 1,734</u>	<u>\$ (1,204)</u>

## **INTERNAL CONTROL AND COMPLIANCE**

**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**

October 31, 2022

The Board of Directors  
NexTech High School, Grand Rapids

We have audited, 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, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of NexTech High School, Grand Rapids (the “Academy”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements, and have issued our report thereon dated October 31, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Academy’s internal control over financial reporting (internal control) as a basis for designing 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 Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of 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 statements. 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 Academy'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.

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants  
Grand Rapids, Michigan