Michigan International Prep School

Financial Statements

June 30, 2026



YEO & YEO

BUSINESS SUCCESS PARTNERS

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Michigan International Prep School
Members of the Board of Directors
June 30, 2026

Members of the Board of Directors

Carol Mitchell	President
Kevin Trobaugh	Vice President
Tom Clancy	Secretary
Mike Vanderlinden	Treasurer
Dr. Heather Wills	Trustee

Independent Auditors' Report

Management and the Board of Directors
Michigan International Prep School
Davison, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Michigan International Prep School, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Michigan International Prep School's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Michigan International Prep School, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Michigan International Prep School, 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.

Adoption of New Accounting Standards
As discussed in Note 1 to the financial statements, during the year ended June 30, 2026, Michigan International Prep School adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

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 Michigan International Prep School'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.

Auditors' 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 auditors' 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 Michigan International Prep School'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 Michigan International Prep School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2026, on our consideration of Michigan International Prep School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Michigan International Prep School'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 Michigan International Prep School's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
October 5, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Michigan International Prep School
Management Discussion and Analysis
June 30, 2026

Michigan International Prep School, a fully cyber K-12 school located in Michigan. This Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Michigan International Prep School administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2026.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	$10,050	$9,608
Enrollment	1,904	1,681
General Fund Balance Increase / (Decrease)	$2,110,792	$1,182,028
General Fund Balance as percent of Unrestricted State Aid Revenue	54%	51%

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 statement, 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.

The Academy has one kind of fund:

Governmental fund – 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.

ACADEMY WIDE FINANCIAL STATEMENTS:

The Academy-wide financial statements are maintained using the "full accrual" basis. They report all of the Academy's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements.

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-1 Organization of Michigan International Prep School Annual Financial Report

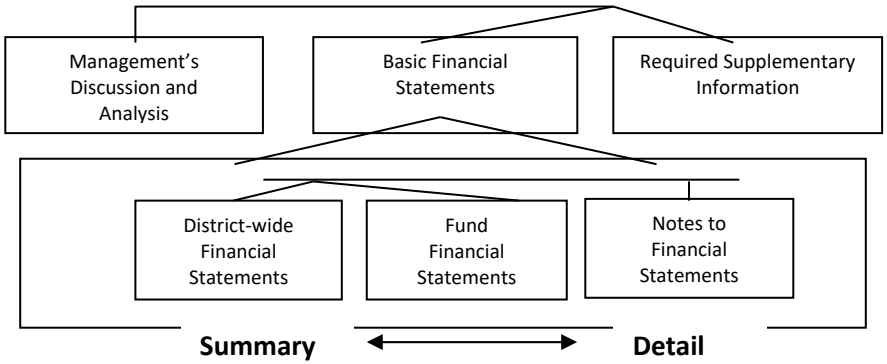


Figure A-2 summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

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

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	$8,670,431	$6,559,639
Total General Fund Revenue	$22,759,154	$18,743,390
State Aid Foundation Allowance as percent of Academy Revenues	70%	69%
Total Cost of Instructional Programs	$18,490,417	$16,629,069
Instructional Expenditures as percent of Total Expenditures	88%	73%
Total Cost of Support / Operational Services	$2,454,043	$6,010,863
Support/Operational Services as percent of Total Expenditures	12%	27%

ACADEMY GOVERNMENTAL ACTIVITIES

Summary of Net Position:
The following summarizes the net position at fiscal year ended June 30, 2026 and 2025:

	2026	2025
Assets		
Current Assets	$ 9,241,246	$ 7,273,395
Capital Assets	50,000	50,000
Less: Accumulated Depreciation	5,406,339	6,783,468
Capital Assets, Net Book Value	5,456,339	6,833,468
Total Assets and Deferred Outflows	$ 14,697,585	$ 14,106,863
Liabilities		
Current Liabilities	$ 570,815	$ 713,756
Long-term Liabilities	3,774,199	5,192,319
Total Liabilities and Deferred Inflows	$ 4,345,014	$ 5,906,075
Net Position		
Invested in Capital Assets, Net of Related Debt (Deficit)	$ 1,682,140	$ 1,641,149
Unrestricted	8,670,431	6,559,639
Total Net Position	$ 10,352,571	$ 8,200,788

Results of Operations:

For the fiscal year ended June 30, 2026 and 2025, the Academy wide results of operations were:

	2026		2025	
	Amount	% of Total	Amount	% of Total
General Revenue:				
State of Michigan Aid - All Sources	$ 19,203,493	84.38%	$ 15,378,222	82.05%
Other	52,108	0.23%	25,520	0.14%
Total General Revenue	19,255,601	84.61%	15,403,742	82.19%
Program Revenue:				
Operating Grants - Federal and State	3,503,553	15.39%	3,339,648	17.81%
Total Revenue	22,759,154	100.00%	18,743,390	100.00%
Expenses:				
Instruction and Instructional Services	12,302,883	59.70%	10,635,625	60.01%
Support Services	8,064,504	39.13%	7,030,374	39.67%
Community Services	5,801	0.03%	2,315	0.01%
Interest on Long-term Debt	234,183	1.14%	53,474	0.30%
Total Expenses	20,607,371	100.00%	17,721,788	100.00%
Change in Net Position	$ 2,151,783		$ 1,021,602	

During the fiscal year ended June 30, 2026, the Academy's net position increased by $2,151,783, compared to a net increase of $1,021,602 in the prior fiscal year. While the Academy continues to maintain a conservative approach to budgeting and spending due to ongoing uncertainties in Michigan cyber school funding, Michigan International Prep School made several strategic investments and operational improvements throughout FY26. These initiatives were deliberately designed to strengthen the school's long-term sustainability, enrollment, family engagement, reputation, and overall student experience.

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 Michigan International Prep School foundation allowance was $10,050.
- Student Enrollment: The Academy's student enrollment for the final blended count of 2025-26 was 1,904 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.
- Total Section 25 adjustment was 3.81 FTE or $36,606.
- Additional federal funding was available during the 2025-26 fiscal year to supplement programs.

Subsequent to year end June 30, 2026, preliminary student enrollments for 2026-27 indicate that the 2026 fall student enrollment will be slightly higher than the 2025-26 levels.

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 for change in student enrollment, federal funding, and changes in assumptions (e.g. staffing changes, instructional, transportation, food services and community services) since the original budget was adopted.

The Academy's revenue from General Fund operations exceeded expenditures by $2,110,762 for the fiscal year ended June 30, 2026.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy's capital assets decrease by $1,377,129 during the fiscal year. This can be summarized as follows:

	Beginning Balance 6/30/25	Increases	Decreases	Ending Balance 6/30/26
Non-Depreciable Capital Assets (Land)	$ 50,000	$ -	$ -	$ 50,000
Net Depreciable Capital Assets	6,783,468	-	1,377,129	5,406,339
Net Investment in Capital Assets	$ 6,833,468	$ -	$ 1,377,129	$ 5,456,339

Depreciation Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets in the entity wide financial statements. Depreciation 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, 2026, the net increase in accumulated depreciation was $1,876,970.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. 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.

Debt, Principal Payments

A summary of long-term debt service activities is as follows:

	Balance 6/30/2025	New Financings	Principal Payments	Balance 6/30/2026
Lease Liability	$ 635,573	$ -	$ 147,526	$ 488,047
Subscriptions	4,556,746	296,098	1,566,692	3,286,152
Total Long-term Obligations	$ 5,192,319	$ 296,098	$ 1,714,218	$ 3,774,199

ECONOMIC FACTORS BEARING ON THE ACADEMY'S FUTURE

The Preliminary Budget for the 2026-27 Fiscal Year was adopted by the Board of Directors in June 2026. 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 2026-27 budget preparation process include:

- State Aid Foundation is estimated to increase $100 per pupil. Conservative enrollment projections of 1,700 students in grades K-12.
- We also developed our own internal CRM system for lead generation and follow-through. This provides the school with greater ownership of the enrollment pipeline, improves our ability to track prospective families, strengthens follow-up efforts, and allows us to make more informed decisions based on enrollment and marketing data. Building this capability internally also creates opportunities for future efficiencies and reduces reliance on outside systems or vendors.
- In Spring 2026, MIPS successfully renewed its Cognia accreditation, an important investment in the school's long-term credibility and continuous improvement. Maintaining accreditation demonstrates that MIPS continues to meet recognized standards for educational quality and provides additional confidence to current and prospective families, partners, and stakeholders."
- We continued to expand our social media and storytelling strategy, placing greater emphasis on highlighting student accomplishments, school programming, and authentic parent, student, and staff testimonials. Rather than simply advertising the school, these efforts help prospective families see the experiences and outcomes of MIPS students while strengthening our brand and building trust within the communities we serve.
- FY26 also included significant investments in student engagement and enrichment. MIPS offers more than 20 field trips throughout the state, creating opportunities for virtual students and families to connect in person, build relationships, experience hands-on learning, and develop a stronger sense of belonging to the school community. We also increased our presence at community events throughout Michigan, allowing MIPS to build community partnerships, increase brand awareness, connect directly with families, and demonstrate our commitment to being an active member of the communities we serve.
- We continued our commitment to providing an in-person graduation ceremony, ensuring that students completing their education in a virtual environment still have the opportunity to celebrate this milestone together with their families, teachers, mentors, and peers. Experiences

such as graduation, field trips, and community events are important components of student and family engagement and can positively influence retention, satisfaction, referrals, and long-term connection to MIPS.

- Additionally, we enhanced student opportunities by implementing and refining staff positions that directly impact students and families. Investing in roles focused on student support, engagement, programming, and service allows MIPS to provide more individualized assistance while building the operational capacity necessary to support future growth.
- Finally, MIPS began incorporating ParentSquare as a schoolwide communication platform to strengthen communication between the school and families. Centralizing and improving family communication will allow us to provide more timely, consistent, and accessible information while increasing family engagement and reducing communication gaps across departments.
- New positions added to the MIPS team this year included the following; Elementary Literacy Coach, Dean of Students, Secondary Assistant Principal and a Full time synchronous PE and Health initiative. New pathways and programs that were added to the 26-27 catalog include the following; a wrestling program, Stem program for all students in grades K-5, and a synchronous Spanish program for students in grades K-3.
- Collectively, these FY26 initiatives represent investments in both the growth and sustainability of MIPS. Our focus was not simply on increasing enrollment, but on strengthening the entire family experience—from the first time a prospective family encounters MIPS, through enrollment and ongoing communication, to student engagement, academic opportunities, and ultimately graduation. These investments position the school to operate more efficiently, strengthen retention and recruitment, enhance its reputation, and continue providing high-quality educational opportunities to students across Michigan.

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, 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 7034 E. Court Street, Davison, Michigan.

BASIC FINANCIAL STATEMENTS

Michigan International Prep School
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 4,915,565
Due from other governmental units	4,132,389
Prepaid items	193,292
Capital assets not being depreciated	50,000
Capital assets - net of accumulated depreciation	5,406,339
Total assets	14,697,585
Liabilities	
Accounts payable	15,717
Accrued expenditures	542,237
Unearned revenue	12,861
Long-term liabilities	
Due within one year	1,816,650
Due in more than one year	1,957,549
Total liabilities	4,345,014
Net Position	
Net investment in capital assets	1,682,140
Unrestricted	8,670,431
Total net position	$ 10,352,571

See Accompanying Notes to the Financial Statements

Michigan International Prep School
Statement of Activities
For the Year Ended June 30, 2026

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 12,302,883	$ 86,247	$ 3,269,999	$ (8,946,637)
Supporting services	8,064,504	-	143,842	(7,920,662)
Community services	5,801	-	3,465	(2,336)
Interest and fiscal charges on long-term debt	234,183	-	-	(234,183)
Total governmental activities	$ 20,607,371	$ 86,247	$ 3,417,306	(17,103,818)
General revenues				
State aid - unrestricted				19,203,493
Other				52,108
Total general revenues				19,255,601
Change in net position				2,151,783
Net position - beginning				8,200,788
Net position - ending				$ 10,352,571

See Accompanying Notes to the Financial Statements

Michigan International Prep School
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund
Assets	
Cash	$ 4,915,565
Due from other governmental units	4,132,389
Prepaid items	193,292
Total assets	$ 9,241,246
Liabilities	
Accounts payable	$ 15,717
Accrued expenditures	542,237
Unearned revenue	12,861
Total liabilities	570,815
Fund Balances	
Non-spendable	
Prepaid items	193,292
Unassigned	8,477,139
Total fund balances	8,670,431
Total liabilities and fund balances	$ 9,241,246

See Accompanying Notes to the Financial Statements

Michigan International Prep School
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds	$ 8,670,431
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	50,000
Capital assets - net of accumulated depreciation	5,406,339
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Other loans payable and liabilities	(3,774,199)
Net position of governmental activities	$ 10,352,571

See Accompanying Notes to the Financial Statements

Michigan International Prep School
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund
Revenues	
Local sources	$ 138,355
State sources	21,878,745
Federal sources	738,589
Interdistrict sources	3,465
Total revenues	22,759,154
Expenditures	
Current	
Education	
Instruction	10,425,913
Supporting services	8,064,504
Community services	5,801
Capital outlay	499,841
Debt service	
Principal	1,714,218
Interest and other expenditures	234,183
Total expenditures	20,944,460
Excess of revenues over expenditures	1,814,694

See Accompanying Notes to the Financial Statements

Michigan International Prep School
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund
Other Financing Sources	
Proceeds from subscription arrangements	296,098
Net change in fund balances	2,110,792
Fund balances - beginning	6,559,639
Fund balances - ending	$ 8,670,431

See Accompanying Notes to the Financial Statements

Michigan International Prep School
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, 2026

Net change in fund balances - Total governmental funds	$ 2,110,792
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(1,876,970)
Capital outlay	499,841
Leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Debt issued	(296,098)
Repayments of long-term debt	1,714,218
Change in net position of governmental activities	$ 2,151,783

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Michigan International Prep School (Academy) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Academy's significant accounting policies:

Reporting Entity

The Academy was formed as a charter school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994.

The Academy has entered into a contract with the Ovid-Elsie Area Schools Board of Education to charter a public school academy through June 30, 2029. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Ovid-Elsie 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 Ovid-Elsie three percent of the state aid foundation as administrative fees. The total administrative fees for the year to Ovid-Elsie was approximately $654,010.

The Academy is governed by an appointed Board of Directors. 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 financial relationships that determine which of the governmental organizations are a part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. The Academy has no component units.

Academy-wide Financial Statements

The Academy's basic financial statements include both Academy-wide (reporting for the Academy as a whole) and fund financial statements (reporting the Academy's major funds). The Academy-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the Academy's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Academy's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the Academy's functions. The functions are also supported by general government revenues (certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, charges for services, and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (state sources and federal sources, interest income, etc.). The Academy does not allocate indirect costs. In creating the Academy-wide financial statements the Academy has eliminated interfund transactions.

The Academy-wide focus is on the sustainability of the Academy as an entity and the change in the Academy's net position resulting from current year activities.

Fund Financial Statements
Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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 of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Academy reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the Academy pertaining to education and those operations not required to be provided for in other funds.

Assets, Liabilities and Net Position or Fund Balance
Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Academy follows the consumption method, and they therefore are capitalized as prepaid items in both Academy-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The Academy defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Academy does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Site improvements	10 - 20 years
Equipment and furniture	5 - 10 years

Long-term Obligations - In the Academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Directors. The Board of Directors has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Academy's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Academy's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications
In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards
Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

Upcoming Accounting and Reporting Changes
Statement No. 105, *Subsequent Events*, establishes accounting and financial reporting standards for events or transactions that occur after the measurement date of the financial statements but before the date the financial statements are available to be issued. This Statement distinguishes between events that provide additional evidence about conditions that existed at the date of the financial statements and events that provide evidence about conditions that did not exist at that date. Events that provide additional evidence about conditions existing at the financial statement date are recognized in the financial statements, whereas events that provide evidence about conditions arising after the financial statement date are not recognized but should be disclosed if they are essential for users' understanding of the financial statements. This Statement also clarifies the definition of the date the financial statements are available to be issued for disclosure purposes. This Statement is effective for the year ending June 30, 2027.

The Academy is evaluating the impact that the above pronouncement will have on its financial reporting.

Note 2 - Deposits

The Academy's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	$ 4,915,565

The breakdown between deposits for the Academy is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 4,915,565

Interest rate risk - The Academy does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Academy is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy has no investment policy that would further limit its investment choices.

Concentration of credit risk - The Academy has no policy that would limit the amount that may be invested with any one issuer.

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. The Academy does not have a deposit policy for custodial credit risk. As of year end, $4,651,804 of the Academy's bank balance of $4,901,804 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 50,000	$ -	$ -	$ 50,000
Capital assets being depreciated				
Buildings and additions	1,625,015	-	-	1,625,015
Site improvements	227,563	36,485	-	264,048
Equipment and furniture	345,859	167,258	-	513,117
Right to use asset - buildings and additions	998,446	-	-	998,446
Right to use asset - subscription arrangements	4,967,042	296,098	-	5,263,140
Total capital assets being depreciated	8,163,925	499,841	-	8,663,766
Less accumulated depreciation for				
Buildings and additions	132,102	45,203	-	177,305
Site improvements	43,778	15,299	-	59,077
Equipment and furniture	151,727	114,801	-	266,528
Right to use asset - buildings and additions	398,462	149,996	-	548,458
Right to use asset - subscription arrangements	654,388	1,551,671	-	2,206,059
Total accumulated depreciation	1,380,457	1,876,970	-	3,257,427
Net capital assets being depreciated	6,783,468	(1,377,129)	-	5,406,339
Net capital assets	$ 6,833,468	$ (1,377,129)	$ -	$ 5,456,339

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the Academy as follows:

Governmental activities	
Instruction	$ 1,876,970

Note 4 - Leases and Subscription Based Information Technology

Lease Liability

The Academy has entered into various lease agreements as lessee for the use of building space. An initial lease liability was recorded in the amount of $998,446 during the 2022 fiscal year. As of June 30, 2026, the value of the lease liability was $488,047. Each lease has an interest rate of 2.5%. The value of the right-to-use asset as of the end of the current fiscal year was $998,446 and had accumulated amortization of $548,458.

Annual requirements to amortize lease liabilities and related interest are as follows:

Year ending June 30,	Principal	Interest
2027	$ 154,936	$ 10,094
2028	162,596	6,126
2029	170,515	1,963
Total	$ 488,047	$ 18,183

Subscription Arrangements

The Academy has entered into additional subscription-based information technology arrangements (SBITAs) involving software.

The total costs of the Academy's subscription assets are recorded as $5,263,140, less accumulated amortization of $2,206,059.

The future subscription payments under SBITA agreements are as follows:

Year ending June 30,	Principal	Interest
2027	$ 1,661,714	$ 122,641
2028	1,624,438	47,434
Total	$ 3,286,152	$ 170,075

Note 5 - Long-Term Debt

Long-term obligations include leases and subscription based information technology arrangements. Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Other liabilities					
Leases	$ 635,573	$ -	$ 147,526	$ 488,047	$ 154,936
Subscriptions	4,556,746	296,098	1,566,692	3,286,152	1,661,714
Total	$ 5,192,319	$ 296,098	$ 1,714,218	$ 3,774,199	$ 1,816,650

Note 6 - Risk Management

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for general liability, property and casualty. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

Note 7 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2026.

Note 8 - Management Service Agreement

The Academy has a management agreement with Reimagine Education, LLC. Under the terms of this agreement, Reimagine provides a variety of services including management, curriculums, education programs and teacher training. The agreement states that the Academy is obligated to pay Reimagine twelve percent of its applicable revenues from state. The agreement also states that the Academy and Reimagine may mutually agree on adjustments to the fee based on factors such as student enrollments. The total charged for these services amounted to approximately $2,220,345 for the year ended June 30, 2026. Additionally, Reimagine provides staffing for teachers, administrators, and other individuals who provide educational programs at the Academy. The Academy is responsible for reimbursing Reimagine for all costs incurred for providing staffing. The total cost of these purchased services amounted to $10,308,429.

REQUIRED SUPPLEMENTARY INFORMATION

Michigan International Prep School
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance With Original Budget- Over (Under) Final Budget	Actual	Variance With Final Budget- Over (Under) Actual
	Original	Final			
Revenues					
Local sources	$ 20,000	$ 20,000	$ -	$ 138,355	$ 118,355
State sources	17,082,637	21,797,609	4,714,972	21,878,745	81,136
Federal sources	607,509	779,999	172,490	738,589	(41,410)
Interdistrict sources	-	-	-	3,465	3,465
Total revenues	17,710,146	22,597,608	4,887,462	22,759,154	161,546
Expenditures					
Instruction					
Basic programs	4,755,912	7,471,400	2,715,488	6,751,758	(719,642)
Added needs	3,333,708	3,578,643	244,935	3,480,520	(98,123)
Adult and continuing education	107,760	200,485	92,725	193,635	(6,850)
Supporting services					
Pupil	616,563	866,204	249,641	830,624	(35,580)
Instructional staff	191,063	193,444	2,381	149,357	(44,087)
General administration	3,780,529	3,578,587	(201,942)	3,527,938	(50,649)
School administration	1,249,245	2,504,251	1,255,006	2,380,197	(124,054)
Business	21,551	1,000	(20,551)	682	(318)
Operations and maintenance	541,401	653,150	111,749	441,436	(211,714)
Central	956,273	1,014,294	58,021	711,040	(303,254)
Athletic activities	-	23,601	23,601	23,230	(371)
Community services	-	11,637	11,637	5,801	(5,836)
Capital outlay	125,000	544,789	419,789	499,841	(44,948)
Debt service					
Principal	1,571,000	1,795,637	224,637	1,714,218	(81,419)
Interest and fiscal charges	74,000	242,000	168,000	234,183	(7,817)
Total expenditures	17,324,005	22,679,122	5,355,117	20,944,460	(1,734,662)
Excess (deficiency) of revenues over expenditures	386,141	(81,514)	(467,655)	1,814,694	1,896,208

See Accompanying Notes to the Required Supplementary Information

Michigan International Prep School
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance With Original Budget- Over (Under)		Variance With Final Budget- Over (Under)
	Original	Final	Final Budget	Actual	Actual
Other Financing Sources					
Proceeds from subscription arrangements	-	407,804	407,804	296,098	(111,706)
Net change in fund balances	386,141	326,290	(59,851)	2,110,792	1,784,502
Fund balance - beginning	6,559,639	6,559,639	-	6,559,639	-
Fund balance - ending	$ 6,945,780	$ 6,885,929	$ (59,851)	$ 8,670,431	$ 1,784,502

See Accompanying Notes to the Required Supplementary Information

Note 1 - Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

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 School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

The School District did not have significant expenditure budget violations.

Budgetary Highlights

The following provides an explanation of significant variances for the General Fund and major special revenue funds when comparing the original budget to final budget and final budget to actual results:

	Budgeted Amounts		Variance With Original Budget- Over (Under)			Variance With Final Budget- Over (Under)	
	Original	Final	Final Budget		Actual	Actual	
Revenues							
State sources	$ 17,082,637	$ 21,797,609	$ 4,714,972	(a)			
Expenditures							
Basic programs	4,755,912	7,471,400	2,715,488	(b)	6,751,758	(719,642)	(c)
Added needs	3,333,708	3,578,643	244,935	(d)			
Pupil	616,563	866,204	249,641	(e)			
School administration	1,249,245	2,504,251	1,255,006	(e)			
Operations and maintenance		653,150			441,436	(211,714)	(f)
Central		1,014,294			711,040	(303,254)	(g)
Capital outlay	125,000	544,789	419,789	(h)			
Debt service - Principal	1,571,000	1,795,637	224,637	(i)			
Other Financing Sources							
Proceeds from subscription arrangements	-	407,804	407,804	(j)			

(a) State revenue is primarily driven by State Aid estimates. The original budget was developed using a significantly lower pupil count than what was ultimately recognized. As enrollment projections increased, the final budget was adjusted upward to reflect the higher number of pupils and the corresponding increase in State Aid.

(b) The Academy's increase in pupil enrollment required additional instructional staffing to adequately support the larger student population. In conjunction with these staffing needs, adjustments to contracted wages and benefit costs including health, dental, and vision coverage contributed to higher basic instruction expenditures in the final budget.

(c) The decrease from the final budget to actual expenditures reflects the Academy's realignment of departmental staffing and operations in response to enrollment growth during the fiscal year. As these adjustments were implemented, it became evident that the Academy had overestimated the number of instructional staff required, resulting in actual costs that were lower than the amounts appropriated in the final budget.

(d) The increase from the original to the final budget reflects the Academy's need to hire additional educators to support the growing population of Special Education students enrolling in the Academy. As these specialized services are driven by student needs and required supports, the expanded staffing resulted in a higher final budget allocation for Special Education programming.

(e) The significant increase from the original to the final budget reflects the Academy's need to hire additional staff to support the higher number of students enrolled during the current fiscal year. This staffing expansion was necessary to maintain appropriate instructional capacity and ensure adequate services for the growing student population.

(f) The decrease from the final budget to actual expenditures reflects that the Academy anticipated higher costs for operations and maintenance than were ultimately incurred. As year-end activity concluded, actual spending levels were substantially lower than the amounts appropriated in the final budget, resulting in a favorable variance.

(g) The significant decrease from the final budget to actual expenditures is attributable to the reclassification of advertising and marketing costs to Supporting Services – General Administration, resulting in lower expenses recorded within this category than originally budgeted.

(h) The increase from the original to the final budget reflects the Academy's commitment to facility enhancements and the implementation of subscription-based IT arrangements that were executed after the original budget was prepared. These site improvements and technology subscriptions required additional funding allocations, resulting in a higher final budget for the fiscal year.

(i) The increase from the original to the final budget is attributable to principal payments on the Academy's subscription-based information technology arrangements (SBITAs). These required payments were scheduled and executed during the fiscal year, resulting in higher expenditures than initially budgeted.

(j) The increase from the original to the final budget is attributable to the subscription-based information technology arrangements (SBITAs) the Academy entered into during the current fiscal year. These agreements relate to software platforms used to support the educational programs provided to enrolled students, resulting in higher expenditures than initially budgeted.

OTHER REPORTS

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*

Independent Auditors' Report

Management and the Board of Directors
Michigan International Prep School
Davison, Michigan

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 and the major fund of Michigan International Prep School, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Michigan International Prep School's basic financial statements, and have issued our report thereon dated October 5, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Michigan International Prep School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Michigan International Prep School's internal control. Accordingly, we do not express an opinion on the effectiveness of Michigan International Prep School'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Michigan International Prep School'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 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 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.

Yeo & Yeo, P.C.

Flint, Michigan
October 5, 2026

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_____	yes	X	no
• Significant deficiency(ies) identified?	_____	yes	X	none reported
Noncompliance material to financial statements noted?	_____	yes	X	no

Federal Awards: Federal expenditures were under $1,000,000, therefore no single audit was required.

Section II – *Government Auditing Standards* Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2026.

Section II – Prior Audit Findings

Government Auditing Standards Findings

2025-001 Finding Type – Material Weakness and Material Noncompliance – Budget Variances

Criteria: Specific requirement; Sections 18 and 19 (MCL 141.438 and 141.439) of the Uniform Budgeting and Accounting Act state that an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body. Additionally, the finance director, board, and superintendent, or an employee of the Academy shall not apply or divert money for purposes inconsistent with those specified in the appropriations.

Condition: A material budget overage was noted in the General Fund.

Status: Fully corrected in accordance with management's corrective action plan.