November 12, 2026 - Regular Board Meeting
Thursday, November 12, 2026 5:00 PM Eastern

Mill Creek Academy Library
9039 Old State Hwy 72
Williamsburg, MI 49690

Kyle Arnold:	Present
Lorraine Berak:	Present
Kwin Morris:	Present
Kaitlyn Pasik:	Absent
Carey Tafelsky:	Present

Present: 4, Absent: 1.

I. **CALL TO ORDER: ROLL CALL/PLEDGE OF ALLEGIANCE**

Board of Education:
President Kwin Morris
Vice President Kaitlyn Pasik
Secretary Kyle Arnold
Treasurer Carey Tafelsky
Trustee Lorraine Berak

Central Staff:
Principal Nate Plum
Executive Assistant Kortni Huron
Director of Finance Chelsea McGuire

II. **CHANGES AND ADDITIONS TO THE AGENDA:**

III. **SPECIAL PRESENTATION**

- District Audit Presentation
  - Maner Costerisan, Tom Jury

IV. **CONSENT AGENDA:**

APPROVAL OF MINUTES

- October 6, 2026 - Regular Meeting Minutes

V. APPROVAL OF BILLS

- General Fund - $26,330.46

VI. DONATIONS

VII. **COMMUNICATIONS FROM THE PUBLIC ON ANY TOPIC:**
Time limitations: Fifteen minutes per item, three minutes per speaker per item.

VIII. **ACTION ITEMS:**

VIII.A. **06-26** APPROVAL OF 2025-2026 DISTRICT AUDIT

RESOLVED: To approve the 2025-2026 Mill Creek Academy District Audit as presented.

IX. **DISCUSSION ITEMS:**

- 31aa
- Mid-Year Enrollment Plan

X. **PRINCIPAL REPORT:**

- Morning Meeting
- Veterans Day Update
- Instructional Coaching Cycles (ICC) with Carrie Anderson
- The Reading League
- Tabletop Reads with Officer Rice

XI. **MONTHLY BOARD OF EDUCATION FINANCIAL REPORT**

- Produced by Chelsea McGuire

XII. **CORRESPONDENCE TO AND FROM THE BOARD OF EDUCATION:**

XIII. **SCHEDULED ACTIVITIES/FUTURE MEETINGS:**

- November 18, 2026 - Early Release Day for Students
- November 25-29, 2026 - Thanksgiving Break
- December 10, 2026 - Regular Board Meeting

XIV. **ADJOURNMENT:**



Mill Creek Academy

2026 Audit Presentation

Tom Jury, CPA

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Maner Costerisan
Our Expertise

50+

STAFF

DEDICATED TO THE EDUCATION NICHE

WE PERFORM

OVER

120

MICHIGAN SCHOOL DISTRICT AUDITS ANNUALLY

STRONG

CREDENTIALS

MEMBERS OF
-MSBO
-MASB
-MDE 1022 COMMITTEE
-MDE SINGLE AUDIT REFERENT GROUP
-MICPA
-AICPA

DEEP EXPERTISE & RELATIONSHIPS WITH MICHIGAN'S EDUCATION COMMUNITY

200+

MICHIGAN GOVERNMENTAL CLIENTS

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Audit Results

Financial Statements

- Unmodified opinion

Management Discussion & Analysis

- Factors bearing on future

Internal Controls

- No material weaknesses
- No significant deficiencies

Governance Letter

- Required communication – No issues identified

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Statement of Net Position – Gov't Wide

Table A-1
Mill Creek Academy's Net Position

	2026	2025	Dollar Change	Total Percent Change
Assets				
Current assets	$ 1,156,187	$ 2,458,159	$ (1,301,972)	-53.0%
Capital assets	241,157	321,542	(80,385)	-25.0%
Total assets	1,397,344	2,779,701	(1,382,357)	-49.7%
Liabilities				
Long-term liabilities	250,363	327,023	(76,660)	-23.4%
Other liabilities	590,299	2,403,592	(1,813,293)	-75.4%
Total liabilities	840,662	2,730,615	(1,889,953)	-69.2%
Net position:				
Net investment in capital assets	(9,206)	(5,481)	(3,725)	68.0%
Unrestricted	565,888	54,567	511,321	937.1%
Total net position	$ 556,682	$ 49,086	$ 507,596	1034.1%

Highlights

Significant liabilities favorably

Increase in net position of $507k

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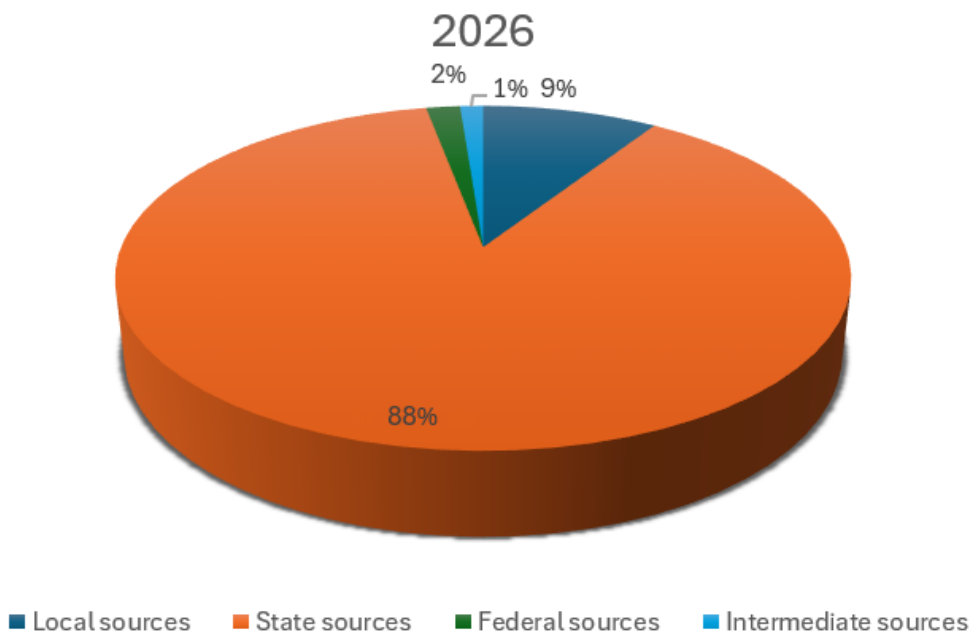
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

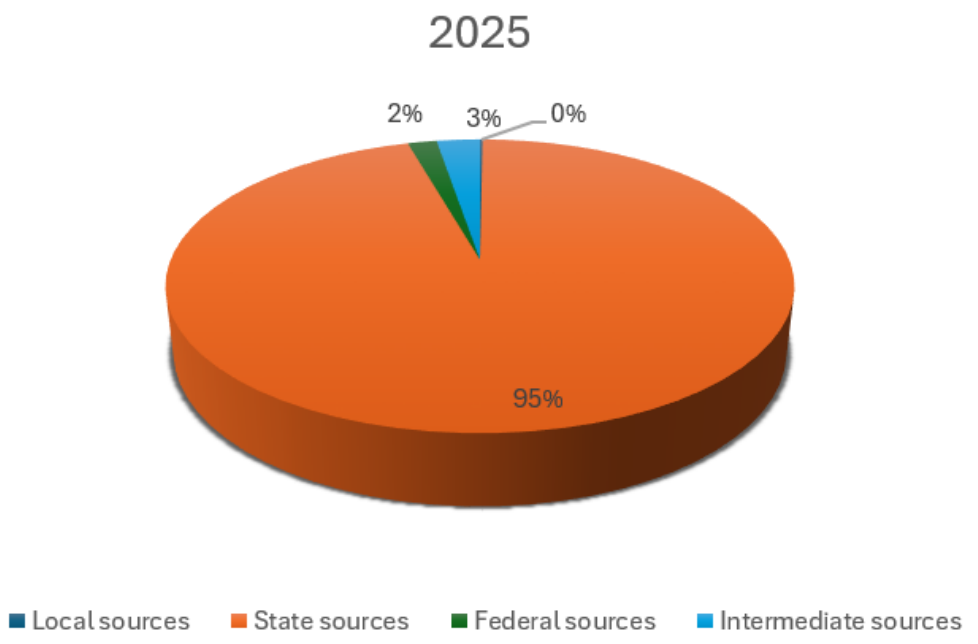
	General Fund	Student/School Activities Fund	Total Governmental Funds
Revenues	$ 2,990,463	$ 52,769	$ 3,043,232
Expenditures	2,509,808	22,103	2,531,911
Excess (Deficiency)	480,655	30,666	511,321
Other Financing Sources (Uses)	-	-	-
Net change in fund balances	480,655	30,666	511,321
Fund balance, beginning of year	54,567	-	54,567
Fund balance, end of year	$ 535,222	$ 30,666	$ 565,888
Fund balance as a % of expenditures	21.33%		

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Revenue – General Fund

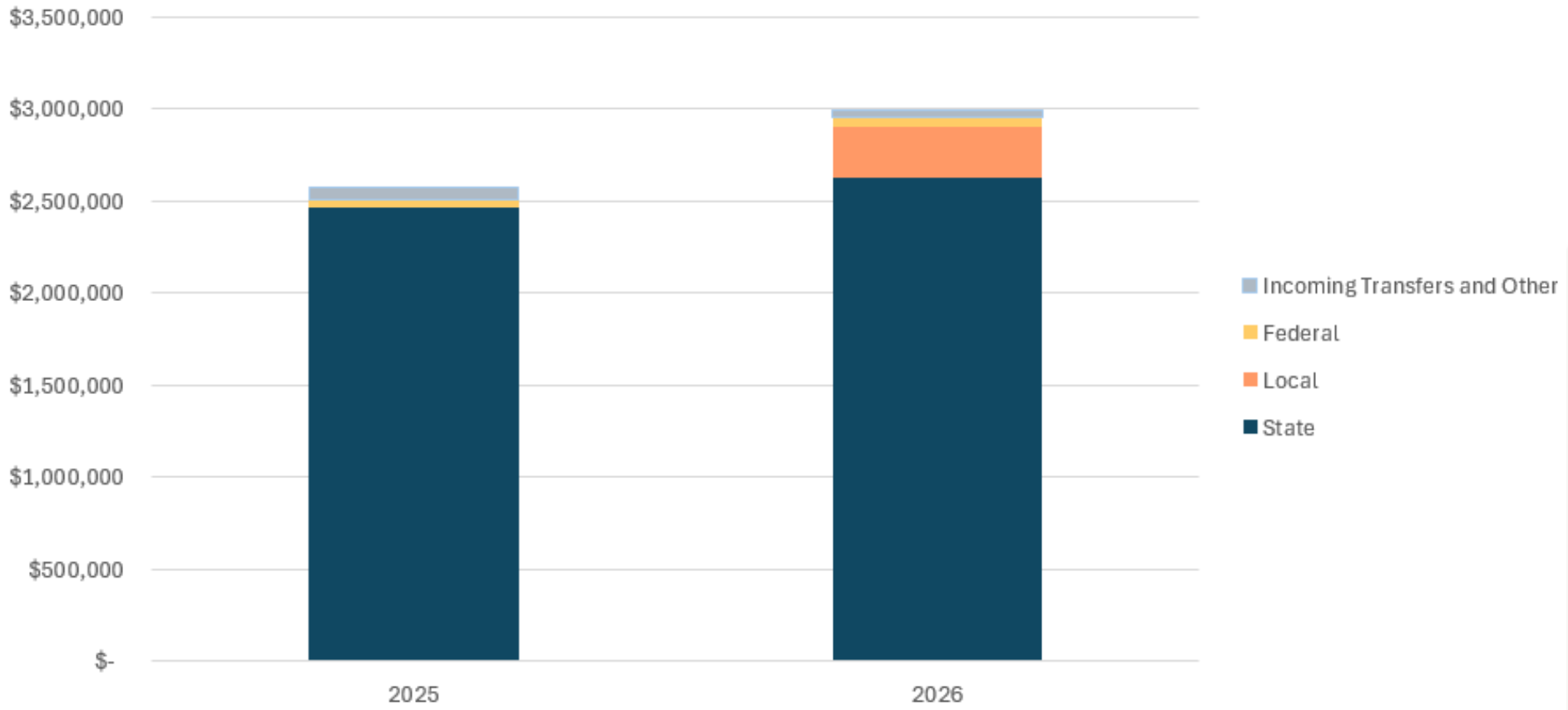




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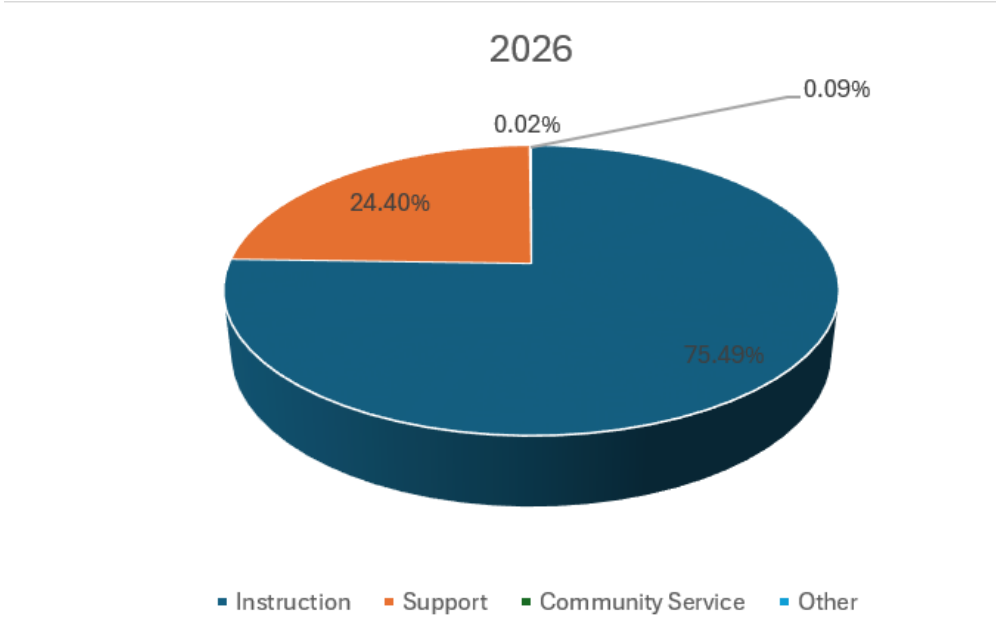
Revenues – General Fund
Two Year Trend

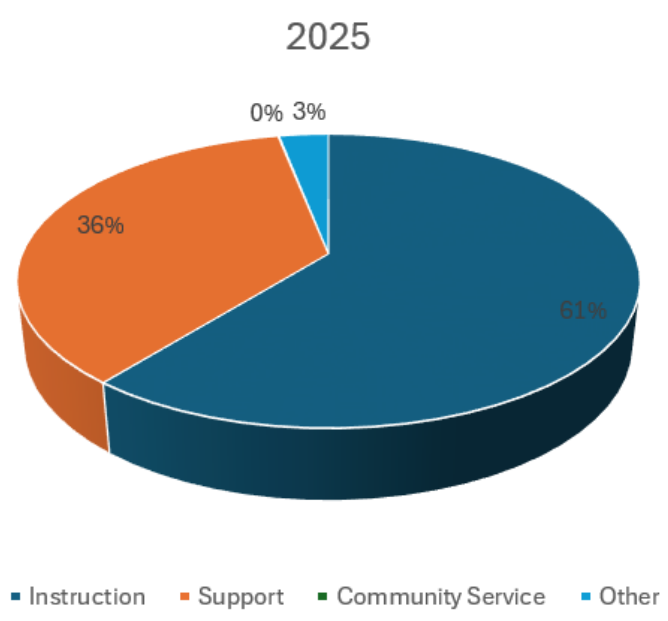


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Expenditures – General Fund

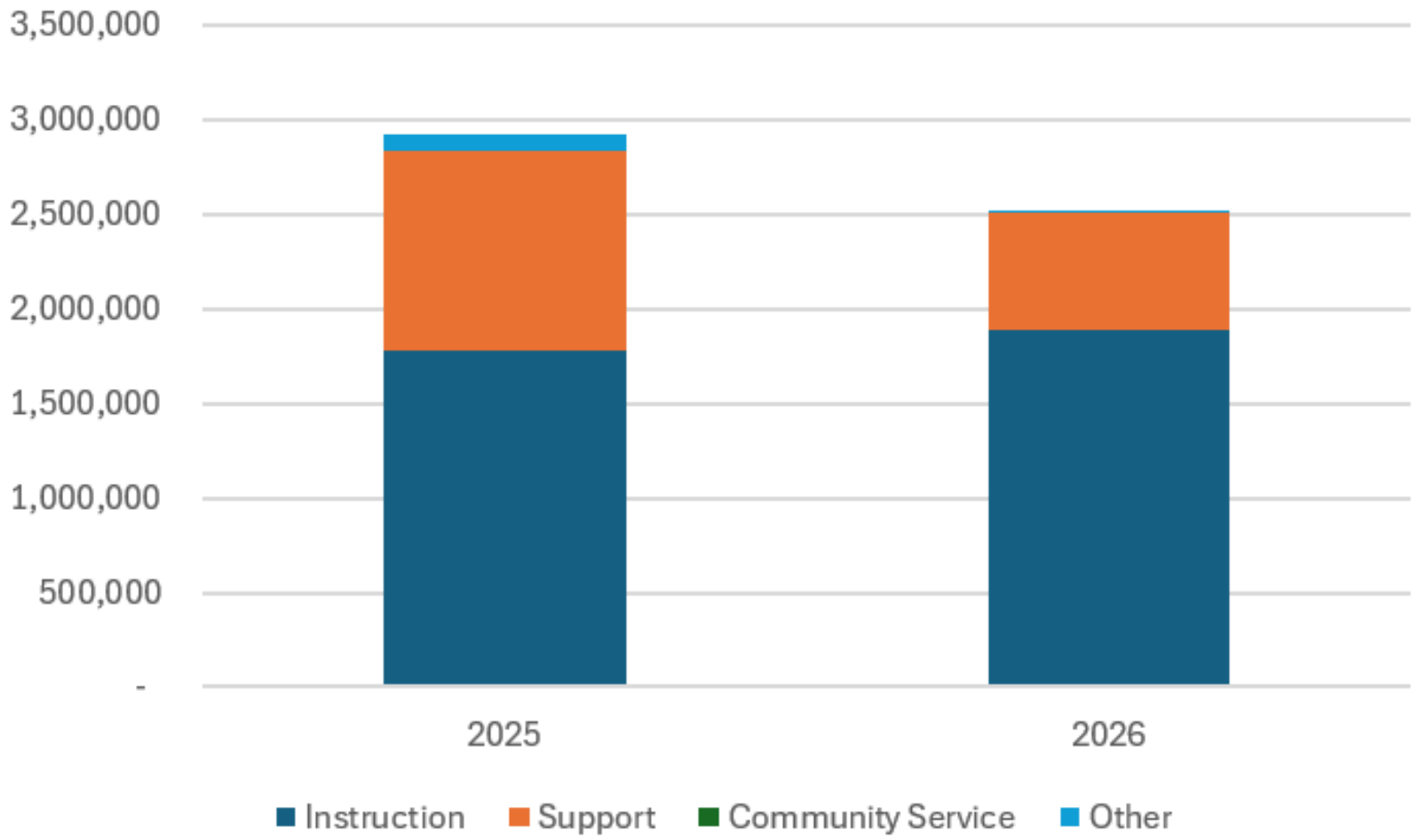




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Expenditures – General Fund
Two Year Trend



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Notes to the Financial Statements

Note 1
- Significant accounting policies

Note 4
- Capital asset detail – about $80k of depreciation. Total net capital assets of $241k

Note 5
- Detail of Long-term obligations at 6/30/2026 - $250k

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Budget Comparison – General Fund

Year Ended June 30, 2026	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and actual
Revenues	$ 2,612,711	$ 2,908,587	$ 295,876	$ 2,990,463	$ 81,876
Expenditures	2,612,711	2,541,051	71,660	2,509,808	31,243
Net Change in Fund Balance	$ -	$ 367,536	$ 367,536	480,655	$ 1,215,727
Fund balance, beginning of year				54,567	
Fund balance, end of year				$ 535,222	
Fund balance as a % of expenditures				21.33%	

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Future Considerations:

GASB 105, *Subsequent Events*, effective for June 30, 2027



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Thank you!

Tom Jury, CPA
tjury@manercpa.com

Maner Costerisan

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MILL CREEK ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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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* 35-36

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mill Creek Academy

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Mill Creek Academy, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Mill Creek 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 Mill Creek Academy, as of June 30, 2026, and the respective changes in financial position, thereof 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 Mill Creek 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 Mill Creek 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 Mill Creek 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 Mill Creek Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 13, 2026 on our consideration of Mill Creek Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Mill Creek 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 Mill Creek Academy's internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 13, 2026

MILL CREEK ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help the Academy's residents and other readers understand what the financial statements and notes in this financial report say about the Academy's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Academy's finances.

If you have any questions about this report or need any additional information, please contact Business Services Office, Mill Creek Academy, 9039 Old M-72, Williamsburg, Michigan 49690.

OVERVIEW OF THE FINANCIAL STATEMENTS

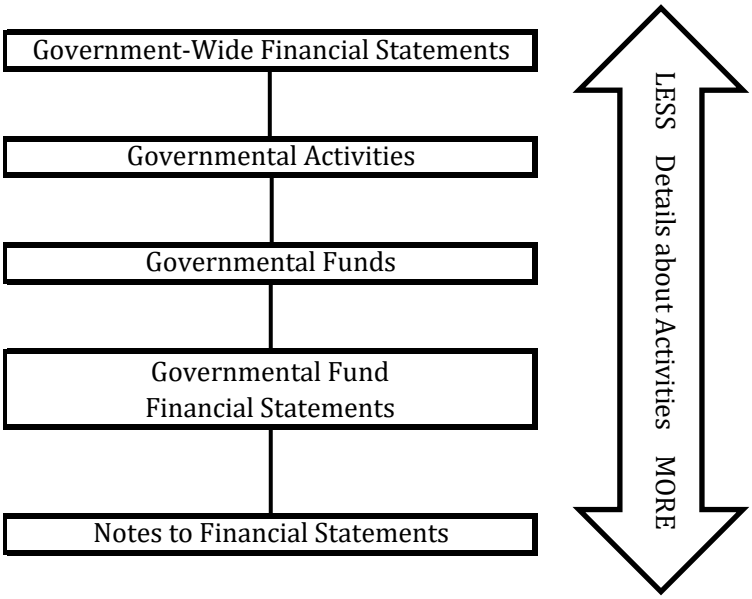
The Academy's financial report contains basic financial statements. Those financial statements present the Academy's finances at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the Academy's governmental activities. (See the diagram in Figure A-1.)

- *Governmental Activities* comprise of the Academy's most basic functions, such as instruction and support services. Governmental activities are primarily funded by state aid and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the Academy's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Academy reports one group of funds:

- *Governmental Fund Financial Statements* report all of the governmental activities. In addition to the Academy's main operating fund - the general fund - those financial statements report a special revenue fund that tracks the use of committed funding.

Figure A-1. Contents of the Academy's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the Academy's finances as reported in the financial statements. The information in the notes is as important to understanding the Academy's finances as the information in the financial statements. The Academy uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the Academy's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the Academy controls, from short-term assets like cash and cash equivalents to long-term assets like building leases.

- *Liabilities* - amounts the Academy owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt.

- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as long term obligations, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing debt or selling equipment, as well as principal and interest payments on debt and spending on construction.

Figure A-2 Types of Information Reported in the Academy's Financial Statements

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and basis of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE ACADEMY'S FINANCES

Table A-1
Mill Creek Academy's Net Position

	2026	2025	Dollar Change	Total Percent Change
Assets				
Current assets	$ 1,156,187	$ 2,458,159	$ (1,301,972)	-53.0%
Capital assets	241,157	321,542	(80,385)	-25.0%
Total assets	1,397,344	2,779,701	(1,382,357)	-49.7%
Liabilities				
Long-term liabilities	250,363	327,023	(76,660)	-23.4%
Other liabilities	590,299	2,403,592	(1,813,293)	-75.4%
Total liabilities	840,662	2,730,615	(1,889,953)	-69.2%
Net position:				
Net investment in capital assets	(9,206)	(5,481)	(3,725)	68.0%
Unrestricted	565,888	54,567	511,321	937.1%
Total net position	$ 556,682	$ 49,086	$ 507,596	1034.1%

Table A-1 shows that as of June 30, 2026, the Academy's total net position - assets minus - liabilities was $556,682, an increase of $507,596 or 1,034.1% compared with 2025. This increase is primarily due to a $511,321 or 937.1% increase in unrestricted net position. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. Increase in operating grants and contributions due to additional state categorical grants.
2. Increase in other revenue sources which accounts for lease forgiveness and local contributions.
3. Increase expenses due to growth of the Academy.

Table A-2
Changes in Mill Creek Academy's Net Position

	2026	2025	Dollar Change	Total Percentage Change
Revenues				
Program revenues				
Operating grants and contributions	$ 462,567	$ 237,852	$ 224,715	94.5%
General revenues				
State sources	2,269,877	2,335,955	(66,078)	-2.8%
Intermediate sources	35,954	-	35,954	100.0%
Investment earnings	20,527	4,108	16,419	399.7%
Other	330,967	-	330,967	100.0%
Total revenues	3,119,892	2,577,915	541,977	21.0%
Expenses				
Instruction	1,894,537	1,779,211	115,326	6.5%
Support services	612,317	652,807	(40,490)	-6.2%
Community services	570	2,330	(1,760)	-75.5%
Student/school activities	22,103	-	22,103	100.0%
Payments to other public schools	2,384	-	2,384	100.0%
Interest on long term debt	-	14,096	(14,096)	-100.0%
Amortization (unallocated)	80,385	80,385	-	0.0%
Total expenses	2,612,296	2,528,829	83,467	3.3%
Change in net position	507,596	49,086	$ 458,510	934.1%
Net Position - beginning of year	49,086	-		100.0%
Net position - end of year	$ 556,682	$ 49,086		1034.1%

Increase in Operating Grants and Contributions

The increase in operating grants and contributions is primarily attributable to higher state categorical grant funding received during the year, particularly under Sections 27L, 35M, 31N, and 51c. These additional state allocations increased grant revenue and contributed to the overall growth in operating grants and contributions compared to the prior year.

Increase in Other Revenue Sources

The increase in other revenue sources relates primarily to the waiving of prior year and current year lease obligation from the lessor, as well as the return of the management fee paid in the prior year. These items are reported as other revenue.

Increase in Expenses

The increase in expenses is primarily attributable to additional expenditures associated with expanded grant-funded programs resulting from increased state categorical funding during the year. In addition, as a growing Academy, the School experienced higher personnel, instructional, and student support costs necessary to accommodate increasing enrollment and expand educational services. These factors contributed to the overall increase in expenditures compared to the prior year.

GOVERNMENTAL FUNDS

The Academy reports one major fund individually in the governmental fund financial statements. This fund is the general fund. Most of the discussion regarding governmental activities is equally applicable to the finances of this governmental fund. However, certain factors that are relevant to the Academy's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund	
	2026	2025
REVENUES	$ 2,990,463	$ 2,577,915
EXPENDITURES	2,509,808	2,925,275
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	480,655	(347,360)
OTHER FINANCING SOURCES		
Proceeds from lease	-	401,927
NET CHANGE IN FUND BALANCE	480,655	54,567
Fund balance - beginning of year	54,567	-
Fund balance - end of year	$ 535,222	$ 54,567

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short term perspective.

General Fund

The fund balance of the Academy's general fund increased by 880.9%. The increase in fund balance is attributable to an increase in revenues (previously discussed).

The overall fund balance at the end of June 30, 2026, represented approximately 21.3% of operating expenditures. Within fund balance, 100% of the balance is considered unassigned. None of the fund balance is considered either non-spendable, restricted, committed, or assigned for other items and is not readily available for use.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated amortization- decreased 25% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Mill Creek Academy's Capital Assets

	2026			2025	Total
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Percentage Change
Right to use - building	$ 401,927	$ 160,770	$ 241,157	$ 321,542	-25.0%

Net capital assets decreased during the year as a result of the annual amortization of the Academy's leased building right-to-use asset. This amortization expense reduces the asset's net book value over the term of the lease.

Long-term Obligation

Overall, the carrying value of the Academy's long-term obligations decreased by 23.4% from the prior year. See Table A-5 for the carrying value of the Academy's long-term obligations.

Table A-5
Mill Creek Academy's
Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
Notes from direct borrowings and direct placements	$ 250,363	$ 327,023	-23.4%

Long-term obligations decreased during the year as a result of Elk Rapids Public Schools (the lessor) forgiving the scheduled principal payment on the Academy's lease liability. This forgiveness of payment lowered the outstanding obligation and contributed to the overall decrease in long-term obligations.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- Per pupil state aid funding is the driving force behind the majority of the Academy's revenue, student enrollment strongly affects the budget. The Academy will continue to monitor its pupil count and any changes to state funding.

- Going into the third year of operations the Academy is anticipating the 2027 budget to add slightly to the fund balance. Through the first 2 years of operations the Academy's goal was to establish a solid fund balance for continuation of operations. At the end of 2026, the fund balance is 21% of expenditures. Looking into 2027, the Academy will closely monitor student counts, as this is the biggest driver of revenue. The Academy is not anticipating the one-time contribution that it received in the current year. The monitoring of expenditures will be key to ensure a balance budget.

BASIC FINANCIAL STATEMENTS

MILL CREEK ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Investments	$ 691,682
Intergovernmental receivable	464,505
Capital assets, net of accumulated amortization	241,157
TOTAL ASSETS	1,397,344
LIABILITIES	
Accounts payable	6,091
Due to other governments	482,900
Unearned revenue	101,308
Noncurrent liabilities	
Due within one year	79,961
Due in more than one year	170,402
TOTAL LIABILITIES	840,662
NET POSITION	
Net investment in capital assets	(9,206)
Unrestricted	565,888
TOTAL NET POSITION	$ 556,682

See accompanying notes to financial statements.

MILL CREEK ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 1,894,537	$ -	$ 307,959	$ (1,586,578)
Support services	612,317	-	102,653	(509,664)
Community services	570	-	-	(570)
Payments to other public schools	2,384	-	-	(2,384)
Student/school activities	22,103	-	51,955	29,852
Amortization (unallocated)	80,385	-	-	(80,385)
Total governmental activities	$ 2,612,296	$ -	$ 462,567	(2,149,729)
General revenues				
State sources				2,269,877
Intermediate sources				35,954
Investment earnings				20,527
Other				330,967
Total general revenues				2,657,325
CHANGE IN NET POSITION				507,596
NET POSITION, beginning of year				49,086
NET POSITION, end of year				$ 556,682

See accompanying notes to financial statements.

MILL CREEK ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Nonmajor Special Revenue Student/School Activities Fund	Total Governmental Funds
ASSETS			
Investments	$ 657,634	$ 34,048	$ 691,682
Intergovernmental receivables	464,505	-	464,505
TOTAL ASSETS	$ 1,122,139	$ 34,048	$ 1,156,187
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 6,091	$ -	$ 6,091
Due to other governments	479,518	3,382	482,900
Unearned revenue	101,308	-	101,308
TOTAL LIABILITIES	586,917	3,382	590,299
FUND BALANCES			
Committed for student/school activities	-	30,666	30,666
Unassigned	535,222	-	535,222
TOTAL FUND BALANCES	535,222	30,666	565,888
TOTAL LIABILITIES AND FUND BALANCES	$ 1,122,139	$ 34,048	$ 1,156,187

See accompanying notes to financial statements.

MILL CREEK ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total governmental fund balances		$ 565,888
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 are not reported in the funds:		
The cost of the capital assets is	$ 401,927	
Accumulated amortization is	(160,770)	
		241,157
Long-term obligations are not due and payable in the current period and are not reported in the funds:		
Direct borrowings and direct placements		(250,363)
Net position of governmental activities		$ 556,682

See accompanying notes to financial statements.

MILL CREEK ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Nonmajor Special Revenue Student/School Activities Fund	Total Governmental Funds
REVENUES			
Local sources	$ 274,020	$ 814	$ 274,834
State sources	2,627,536	-	2,627,536
Federal sources	52,953	-	52,953
Intermediate sources	35,954	-	35,954
Student/school activities	-	51,955	51,955
TOTAL REVENUES	2,990,463	52,769	3,043,232
EXPENDITURES			
Current			
Instruction	1,894,537	-	1,894,537
Support services	612,317	-	612,317
Community service	570	-	570
Payments to other school districts	2,384	-	2,384
Student/school activities	-	22,103	22,103
TOTAL EXPENDITURES	2,509,808	22,103	2,531,911
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	480,655	30,666	511,321
FUND BALANCE			
Beginning of year	54,567	-	54,567
End of year	$ 535,222	$ 30,666	$ 565,888

See accompanying notes to financial statements.

MILL CREEK ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net change in fund balances total governmental fund	$	511,321
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as amortization.		
Amortization expense		(80,385)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:		
Lease liability forgiveness		76,660
Change in net position of governmental activities	$	507,596

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mill Creek Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Elk Rapids Public Schools is the authorizing governing body for the Academy to charter the public school through June 2029. Board members are approved by the authorizing governing body, which has responsibility and control over all activities related to public school education within the Academy. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. *Governmental activities* normally are supported by intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is the major governmental fund.

The Academy reports the following *Major Governmental Fund*:

> The *General Fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy.

The Academy reports the following *Other Nonmajor Fund*:

> The *Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its student/school activities in the special revenue fund.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-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 provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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 generally 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school academies based on information supplied by the Academies. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Investments

In accordance with Michigan Compiled Laws, the Academy is authorized to invest in the following investment vehicles:

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

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which includes the right of use building are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets of the Academy are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Right to use - building	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

Net Position Flow Assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Leases

The Academy is a lessee for a noncancelable lease for a building. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Leases (continued)

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

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

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

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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 or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 2 - INVESTMENTS

As of June 30, 2026, the Academy had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2026, the Academy had no deposits that were subject to this risk.

NOTE 2 - INVESTMENTS (continued)

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Academy will do business.

Interest Rate Risk

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (years)
MILAF External Investment Pool - CMC	$ 691,682	N/A

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	$ 691,682	AAAm	Standard & Poor's

Foreign Currency Risk

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

NOTE 2 - INVESTMENTS (continued)

Fair Value Measurement

The Academy is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Academy's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Academy voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the Academy is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	$ 691,682

The investments referred to above have been reported in the investments caption on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2026.

	Primary Government
Investments	$ 691,682

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2026 consist of the following:

Governmental units	
State aid	$ 442,649
Federal revenue	4,175
Intermediate sources	17,681
	$ 464,505

No allowance for doubtful accounts is considered necessary.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Governmental activities				
Capital assets, being amortized				
Right to use - building	$ 401,927	$ -	$ -	$ 401,927
Accumulated amortization				
Right to use - building	80,385	80,385	-	160,770
Net governmental capital assets	$ 321,542	$ (80,385)	$ -	$ 241,157

Amortization for the fiscal year ended June 30, 2026 amounted to $80,385. The Academy determined that it was impractical to allocate amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the Academy for the year ended June 30, 2026:

	Notes from Direct Borrowing and Direct Placement
Balance, July 1, 2025	$ 327,023
Deletions	(76,660)
Balance, June 30, 2026	250,363
Less due within one year	79,961
Due in more than one year	$ 170,402

Long-term obligations at June 30, 2026 are comprised of the following issues:

Direct Borrowing and Direct Placement	
During the 2025 fiscal year, the Academy entered into a five-year lease agreement as lessee for the use of a building. The Academy is required to make annual payments totaling $89,000 through June 30, 2029, including an interest rate of 4.44%.	$ 250,363

The Academy's outstanding notes from direct borrowings and direct placements related to governmental activities of $250,363 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding, including interest as of June 30, 2026, are as follows:

Year Ending June 30,	Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2027	$ 79,961	$ 9,039	$ 89,000
2028	83,405	5,595	89,000
2029	86,997	2,003	89,000
	$ 250,363	$ 16,637	$ 267,000

Interest expense for the year ended June 30, 2026 was $0 as the debt was forgiven by the lessor.

NOTE 6 - OVERSIGHT FEES

The Academy pays an administrative oversight fee of 3% of its unrestricted state school aid to Elk Rapids Schools as set forth by contract, to reimburse the Board of Education for the cost of execution of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy's compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2026, the Academy incurred $0 of expenses for oversight fees as this was forgiven by Elk Rapids Schools.

NOTE 7 - PURCHASED SERVICES

The Academy leases all employee services from Elk Rapids Schools. Salaries, retirement, social security, health insurance, and unemployment taxes are the responsibility of Elk Rapids Schools.

NOTE 8 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Academy participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The Academy pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage.

In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance.

NOTE 8 - RISK MANAGEMENT (continued)

The Academy continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2026, or any of the prior three years.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments 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 expenditures that may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

NOTE 10 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, the Academy implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENT

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

MILL CREEK ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ -	$ 182,047	$ 182,047	$ 274,020	$ 91,973
State sources	2,506,501	2,640,823	134,322	2,627,536	(13,287)
Federal sources	35,108	49,037	13,929	52,953	3,916
Intermediate sources	71,102	36,680	(34,422)	35,954	(726)
TOTAL REVENUES	2,612,711	2,908,587	295,876	2,990,463	81,876
EXPENDITURES					
Instruction					
Basic programs	1,580,739	1,624,581	(43,842)	1,624,615	(34)
Added needs	177,962	287,474	(109,512)	269,922	17,552
Total instruction	1,758,701	1,912,055	(153,354)	1,894,537	17,518
Support services					
Pupil	85,160	112,851	(27,691)	113,620	(769)
Instructional staff	132,629	26,411	106,218	29,689	(3,278)
General administration	91,269	51,709	39,560	42,218	9,491
School administration	269,628	268,678	950	257,744	10,934
Business services	6,220	-	6,220	5,443	(5,443)
Operation and maintenance	266,274	153,004	113,270	149,994	3,010
Central support services	2,830	13,578	(10,748)	13,609	(31)
Total support services	854,010	626,231	227,779	612,317	13,914
Community Service	-	570	(570)	570	-
Payments to other public schools	-	2,195	(2,195)	2,384	(189)
TOTAL EXPENDITURES	2,612,711	2,541,051	71,660	2,509,808	31,243
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	367,536	367,536	480,655	113,119
Beginning of year	54,567	54,567	-	54,567	-
End of year	$ 54,567	$ 422,103	$ 367,536	$ 535,222	$ 113,119

MILL CREEK ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Academy does not utilize encumbrance accounting.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the budgetary comparison schedule.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The final budget was approved prior to June 30, 2026, year-end.

MILL CREEK ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2026

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
Local sources	$ 182,047	When the original budget was adopted it was not anticipated receiving any local sources of revenue. The final budget was amended for local contributions received for the refunding of previously paid lease obligations and management fees.
State sources	134,322	The final budget was amended to account for additional state grants that were not known when the original budget was approved.
Intermediate sources	(34,422)	The final budget was amended to reflect less funding than what was anticipated from NWEd when the original budget was approved.
EXPENDITURES		
Instruction - Basic	(43,842)	The original budget was amended to properly reflect the salaries and benefits.
Instruction - Added needs	(109,512)	Additional salaries and benefits increase from the shifting from support services as well as to properly reflect actual salaries and benefits.
Support - Instructional staff	106,218	The shifting of positions that were original budgeted in support services to instruction.
Support - General administration	39,560	The original budget reflected anticipated management fees which ultimately the Academy was relieved from paying when the final budget was approved.
Support - Operation and maintenance	113,270	The original budget included lease payments in which the Academy was relieved from paying when the final budget was approved.

Significant Variances Between Final Budget and Actual

	Variance	Explanation
REVENUES		
Local sources	$ 91,973	The final budget reflected one year of forgiveness of the lease obligation while the actual reflects two years.

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

To the Board of Directors
Mill Creek Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Mill Creek Academy, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Mill Creek Academy's basic financial statements, and have issued our report thereon dated October 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mill Creek Academy'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mill Creek Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Mill Creek Academy's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mill Creek Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Maner Costerisan PC

Lansing, Michigan
October 13, 2026

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October 13, 2026

To the Board of Directors of the
Mill Creek Academy

We have audited the financial statements of the governmental activities and the major fund of Mill Creek Academy for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on September 18, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mill Creek Academy are described in Note 1 to the financial statements. As described in Note 10 to the financial statements, the Academy adopted Governmental Accounting Standards Board (GASB) Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by Mill Creek Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's estimate of the discount rate used for leases, the lease term, and lease payments/receipts is based on the Mill Creek Academy's incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

We evaluated the key factors and assumptions used to develop this accounting estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Directors of Mill Creek Academy and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

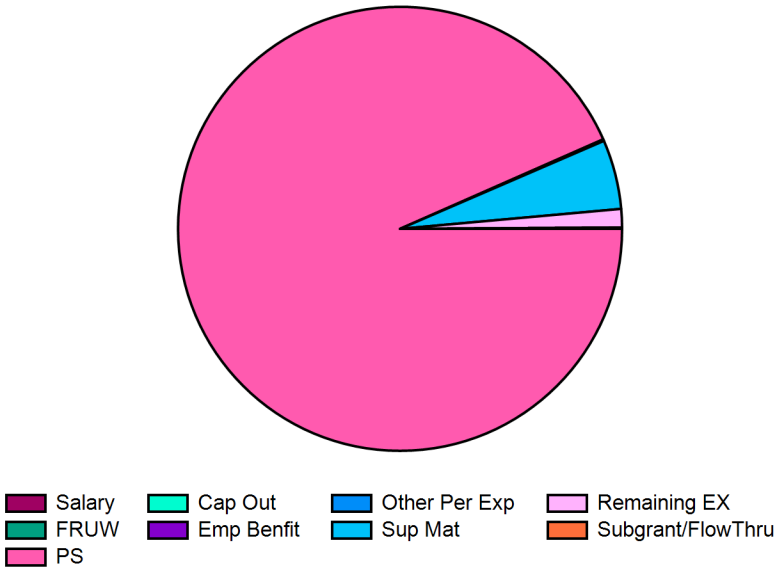
Lansing, Michigan

Budget Transparency Report: Personnel Expenditures

School District: Mill Creek Academy (28905)

Fiscal Year: 2025-2026

Fund: General Fund (11)



Personnel Expenditures		
Salary (1xxx)	$0	0.00%
Employee Insurance Benefits (21xx)	$0	0.00%
FICA/Retirement/Unemployment/WC (28xx)	$0	0.00%
Other Personnel Expenditures (22xx - 24xx, 29xx)	$0	0.00%
Total Personnel Expenditures	$0	0.00%

Remaining Expenditures		
Professional and Technical Purchased Services (31xx)	$2,259,303	90.02%
Client/Pupil Transportation Purchased Services (33xx)	$0	0.00%
Other Purchased Services (32xx, 34xx - 4xxx)	$84,686	3.37%
Supplies and Materials (5xxx)	$126,752	5.05%
Capital Outlay (6xxx)	$3,080	0.12%
Other Expenditures (7xxx)	$33,604	1.34%
Payments to Other Public School Districts(82xx)	$0	0.00%
Fund Modifications (81xx)	$0	0.00%
Subgrantee/Flow-Through Distributions(83xx,85xx)	$2,384	0.09%
Other Transactions (89xx)	$0	0.00%
Total General Fund Expenditures	$2,509,809	100.00%

Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. As one example; many districts outsource some or all educational functions to other entities. As a result, the district may not incur direct employee salary and benefits for certain functions. The costs instead will appear in the purchased service category. While a district that hires its entire staff as district employees will include all the associated costs under a combination of salary and benefit ccounts.

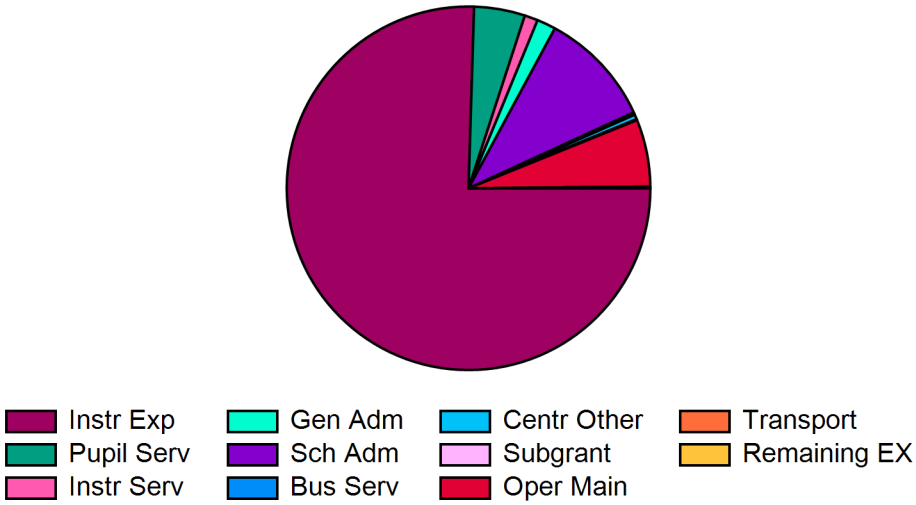
The personnel expenditure costs reported to the charts above are based on object codes as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the object codes listed in the charts above may be found in the Manual available at: https://www.michigan.gov/mde/services/financial-management/state-aid/publications/michigan-public-school-accounting-manual.

Budget Transparency Report: Operating Expenditures

School District: Mill Creek Academy (28905)

Fiscal Year: 2025-2026

Fund: General Fund (11)



Operating Expenditures		
Instructional Expenditures (1xx,293)	$1,894,536	75.49%
Pupil Support Services (21x)	$113,619	4.53%
Instructional Staff Support Services (22x)	$29,689	1.18%
General Administration (23x)	$42,217	1.68%
School Administration (24x)	$257,748	10.27%
Business Services (25x)	$5,443	0.22%
Operations and Maintenance (26x)	$149,994	5.98%
Transportation (27x)	$0	0.00%
Central & Other Support Services (28x, 291,292,295,296,298,299)	$10,529	0.42%
Total Current Operating Expenditures	$2,503,775	99.85%

Remaining Expenditures		
Community Services (3xx)	$570	0.02%
Facilities Acquisitions (45x), Debt Service (51x) and Capital Outlay	$3,080	0.12%
Subgrantee/Flow-Through Distributions (41x-44x)	$2,384	0.09%
Other Transactions (49x)	$0	0.00%
Fund Modification (6xx)	$0	0.00%
Total General Fund Expenditures	$2,509,809	100.00%

Budget Transparency Report: Operating Expenditures

School District: (28905) **Fiscal Year:** 2025-2026

Fund: General Fund (11)

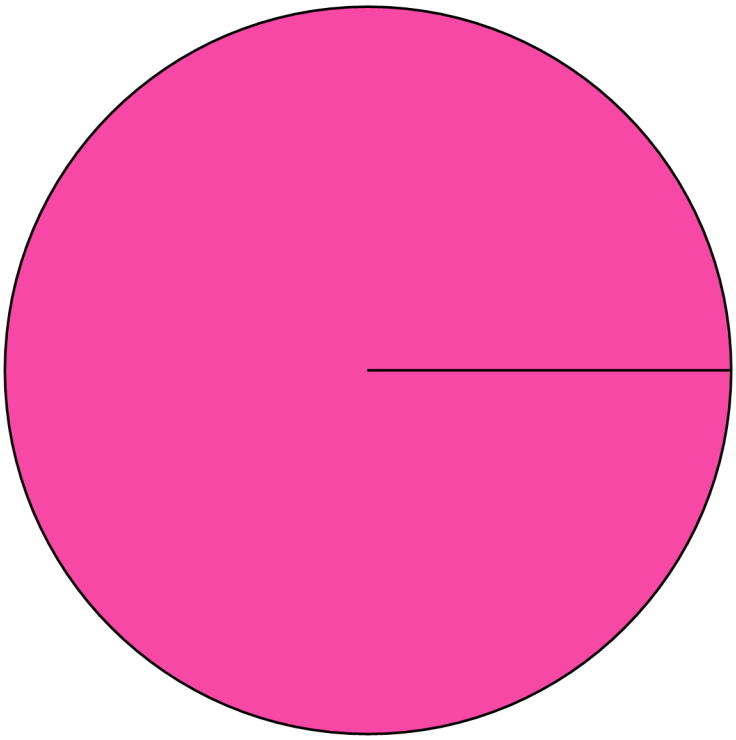
Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. The operational expenditure costs reported to the charts above are based on function codes as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the object codes listed in the charts above may be found in the Manual available at: https://www.michigan.gov/mde/services/financial-management/state-aid/publications/michigan-public-school-accounting-manual.

Please note that Capital Outlay, an object category, was extracted from functional categories and reported with Facilities Acquisitions and Debt Service.

Educational Service Provider: Transparency Expenditure Report

School District: Mill Creek Academy (28905) **Fiscal Year:** 2025-2026



Salaries (1xxx)
Employee Benefits (2xxx)
Rentals (42xx)
Purchased Services (3xxx)
Repairs & Maintenance (41xx)
Supplies and Materials (5xxx)
Capital Outlay (6xxx)
Other Expenditures, Dues and Fees (74xx)

Educational Service Provider Expenditures		
Salaries (1xxx)	**$0**	**0.00%**
Employee Benefits (2xxx)	**$0**	**0.00%**
Rentals (42xx)	**$0**	**0.00%**
Purchased Services (3xxx)	**$2,048,126**	**100.00%**
Repairs & Maintenance (41xx)	**$0**	**0.00%**
Supplies and Materials (5xxx)	**$0**	**0.00%**
Capital Outlay (6xxx)	**$0**	**0.00%**
Other Expenditures, Dues and Fees (74xx)	**$0**	**0.00%**
Total from above	**$2,048,126**	**100.00%**
Total expenditures reported in ESP file	**$2,048,126**	**100.0%**

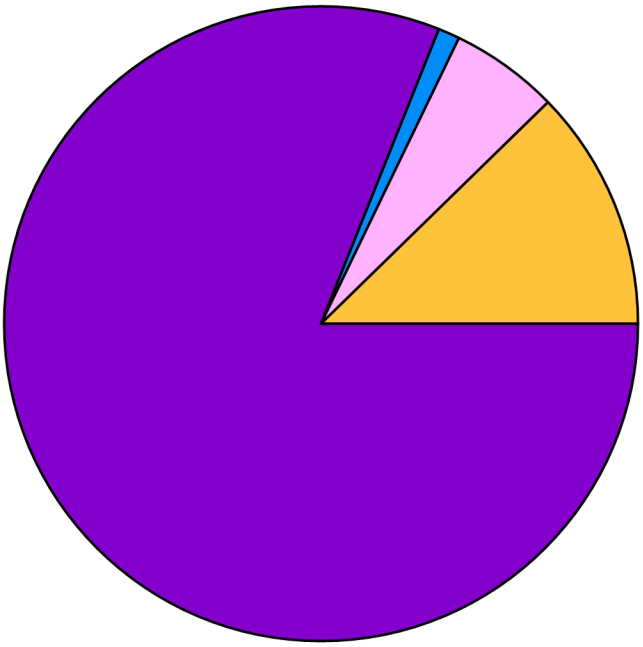
Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. The ESP expenditure costs reported to the charts above are based on objects codes in the ESP file as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the object codes listed in the charts above may be found in the Manual available at: http://www.michigan.gov/documents/appendix_33974_7.pdf.

More district financial information can be found online at https://www.mischooldata.org/DistrictSchoolProfiles/FinancialInformation/FinancialSummary.aspx

Educational Service Provider: Operating Expenditures

School District: Mill Creek Academy (28905) **Fiscal Year:** 2025-2026



Business Services (25x)
Central & Other Support Services (28x, 291, 292, 295, 299)
General Administration (23x)
Instructional Expenditures (1xx, 293)
Instructional Staff Support Services (22x)
Operations and Maintenance (26x)
Pupil Support Services (21x)
School Administration (24x)
Transportation (27x)

Educational Service Provider Operating Expenditures		
Instructional Expenditures (1xx, 293)	**$1,660,255**	**81.06%**
Pupil Support Services (21x)	**$113,431**	**5.54%**
Instructional Staff Support Services (22x)	**$22,591**	**1.10%**
General Administration (23x)	**$0**	**0.00%**
School Administration (24x)	**$251,849**	**12.30%**
Business Services (25x)	**$0**	**0.00%**
Operations and Maintenance (26x)	**$0**	**0.00%**
Transportation (27x)	**$0**	**0.00%**
Central & Other Support Services (28x, 291, 292, 295, 299)	**$0**	**0.00%**
Total Operating Expenditures from ESP	**$2,048,126**	**100.00%**
Total from ESP file	**$2,048,126**	**100.0%**

Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. The ESP operational expenditure costs reported to the charts above are based on function codes as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the function codes listed in the charts above may be found in the Manual available at: http://www.michigan.gov/documents/appendix_33974_7.pdf.

More district financial information can be found online at https://www.mischooldata.org/DistrictSchoolProfiles/FinancialInformation/FinancialSummary.aspx

Check #	Date	Run	Type	Status	Vendor	Name	Invoice Description	Amount
001303	10/07/2026	AP	Check	Open	000030	ESS Midwest, Inc.	10/9/26	1,796.87
001304	10/07/2026	AP	Check	Open	000104	Genesee Intermediate School D..	Shared Schools Opens Services contra..	475.00
001305	10/07/2026	AP	Check	Open	000105	Kristin Harrelson	Reimburse Classroom Store	140.81
001306	10/07/2026	AP	Check	Open	000069	Nate Plum	Reimburse assessment Supplies	64.87
001307	10/07/2026	AP	Check	Open	000103	Patrick Pasik	Reimburse Teaching Supplies	209.70
001308	10/07/2026	AP	Check	Open	000044	The Place	Name Plate	35.00
001309	10/13/2026	AP	Check	Open	000009	Chalk, Naomi	Field Trip Reimbursement	24.00
001310	10/13/2026	AP	Check	Open	000103	Patrick Pasik	Reimburse teaching supplies	78.36
001311	10/21/2026	AP	Check	Open	000002	Grand Traverse Band	7/1-9/30/26	1,295.44
001312	10/21/2026	AP	Check	Open	000101	Maner Conterisan	2026 Audit	10,504.00
001313	10/21/2026	AP	Check	Open	000081	UHY Advisor, INC	Consultation work September 2026	3,820.00
001317	10/28/2026	AP	Check	Open	000030	ESS Midwest, Inc.	10/26/26	1,878.57
001318	10/28/2026	AP	Check	Open	000003	Jane Bruso	Reimburse Readnquiz	60.00
001319	10/28/2026	AP	Check	Open	000085	Jeanie Send	Reimburse IMSE Lab Subscription	125.00
001320	10/28/2026	AP	Check	Open	000086	Jennifer Drewanz	Reimburse ReadnQuiz	60.00
001321	10/28/2026	AP	Check	Open	000004	Jennifer Haggerty	Reimburse Library books/Supplies	292.98
001322	10/28/2026	AP	Check	Open	000100	Professional Building Services	September Custodial Services	4,574.30
001323	10/28/2026	AP	Check	Open	000060	Scholastic Book Fairs	MCA Book Fair	895.56

Total of All Checks	26,330.46
Less Voids	0.00
Grand Total	26,330.46

Check Summary

Check Status	Count	Amount
Open	18	26,330.46
Cleared	0	0.00
Void	0	0.00
Total	18	26,330.46

MILL CREEK ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mill Creek Academy

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Mill Creek Academy, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Mill Creek 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 Mill Creek Academy, as of June 30, 2026, and the respective changes in financial position, thereof 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 Mill Creek 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 Mill Creek 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 Mill Creek 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 Mill Creek Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 13, 2026 on our consideration of Mill Creek Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Mill Creek 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 Mill Creek Academy's internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 13, 2026

MILL CREEK ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help the Academy's residents and other readers understand what the financial statements and notes in this financial report say about the Academy's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Academy's finances.

If you have any questions about this report or need any additional information, please contact Business Services Office, Mill Creek Academy, 9039 Old M-72, Williamsburg, Michigan 49690.

OVERVIEW OF THE FINANCIAL STATEMENTS

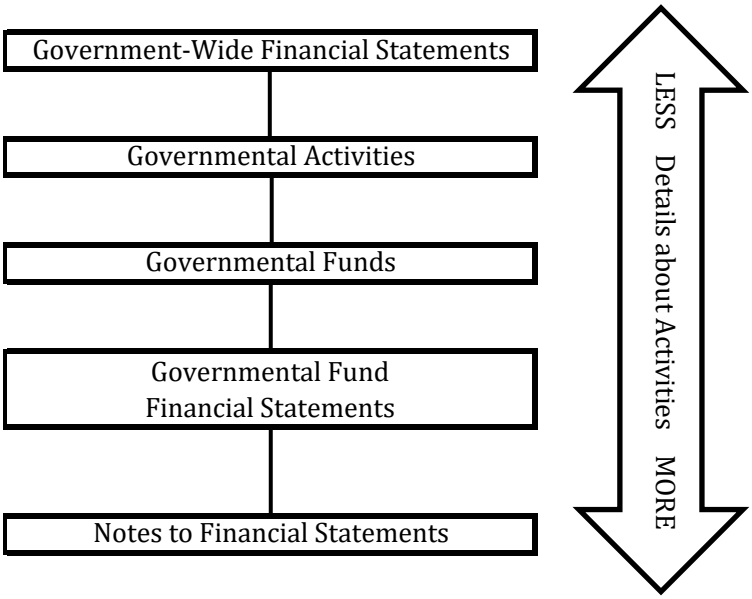
The Academy's financial report contains basic financial statements. Those financial statements present the Academy's finances at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the Academy's governmental activities. (See the diagram in Figure A-1.)

- *Governmental Activities* comprise of the Academy's most basic functions, such as instruction and support services. Governmental activities are primarily funded by state aid and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the Academy's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Academy reports one group of funds:

- *Governmental Fund Financial Statements* report all of the governmental activities. In addition to the Academy's main operating fund - the general fund - those financial statements report a special revenue fund that tracks the use of committed funding.

Figure A-1. Contents of the Academy's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the Academy's finances as reported in the financial statements. The information in the notes is as important to understanding the Academy's finances as the information in the financial statements. The Academy uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the Academy's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the Academy controls, from short-term assets like cash and cash equivalents to long-term assets like building leases.

- *Liabilities* - amounts the Academy owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt.

- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as long term obligations, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing debt or selling equipment, as well as principal and interest payments on debt and spending on construction.

Figure A-2 Types of Information Reported in the Academy's Financial Statements

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and basis of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE ACADEMY'S FINANCES

Table A-1
Mill Creek Academy's Net Position

	2026	2025	Dollar Change	Total Percent Change
Assets				
Current assets	$ 1,156,187	$ 2,458,159	$ (1,301,972)	-53.0%
Capital assets	241,157	321,542	(80,385)	-25.0%
Total assets	1,397,344	2,779,701	(1,382,357)	-49.7%
Liabilities				
Long-term liabilities	250,363	327,023	(76,660)	-23.4%
Other liabilities	590,299	2,403,592	(1,813,293)	-75.4%
Total liabilities	840,662	2,730,615	(1,889,953)	-69.2%
Net position:				
Net investment in capital assets	(9,206)	(5,481)	(3,725)	68.0%
Unrestricted	565,888	54,567	511,321	937.1%
Total net position	$ 556,682	$ 49,086	$ 507,596	1034.1%

Table A-1 shows that as of June 30, 2026, the Academy's total net position - assets minus - liabilities was $556,682, an increase of $507,596 or 1,034.1% compared with 2025. This increase is primarily due to a $511,321 or 937.1% increase in unrestricted net position. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. Increase in operating grants and contributions due to additional state categorical grants.
2. Increase in other revenue sources which accounts for lease forgiveness and local contributions.
3. Increase expenses due to growth of the Academy.

Table A-2
Changes in Mill Creek Academy's Net Position

	2026	2025	Dollar Change	Total Percentage Change
Revenues				
Program revenues				
Operating grants and contributions	$ 462,567	$ 237,852	$ 224,715	94.5%
General revenues				
State sources	2,269,877	2,335,955	(66,078)	-2.8%
Intermediate sources	35,954	-	35,954	100.0%
Investment earnings	20,527	4,108	16,419	399.7%
Other	330,967	-	330,967	100.0%
Total revenues	3,119,892	2,577,915	541,977	21.0%
Expenses				
Instruction	1,894,537	1,779,211	115,326	6.5%
Support services	612,317	652,807	(40,490)	-6.2%
Community services	570	2,330	(1,760)	-75.5%
Student/school activities	22,103	-	22,103	100.0%
Payments to other public schools	2,384	-	2,384	100.0%
Interest on long term debt	-	14,096	(14,096)	-100.0%
Amortization (unallocated)	80,385	80,385	-	0.0%
Total expenses	2,612,296	2,528,829	83,467	3.3%
Change in net position	507,596	49,086	$ 458,510	934.1%
Net Position - beginning of year	49,086	-		100.0%
Net position - end of year	$ 556,682	$ 49,086		1034.1%

Increase in Operating Grants and Contributions

The increase in operating grants and contributions is primarily attributable to higher state categorical grant funding received during the year, particularly under Sections 27L, 35M, 31N, and 51c. These additional state allocations increased grant revenue and contributed to the overall growth in operating grants and contributions compared to the prior year.

Increase in Other Revenue Sources

The increase in other revenue sources relates primarily to the waiving of prior year and current year lease obligation from the lessor, as well as the return of the management fee paid in the prior year. These items are reported as other revenue.

Increase in Expenses

The increase in expenses is primarily attributable to additional expenditures associated with expanded grant-funded programs resulting from increased state categorical funding during the year. In addition, as a growing Academy, the School experienced higher personnel, instructional, and student support costs necessary to accommodate increasing enrollment and expand educational services. These factors contributed to the overall increase in expenditures compared to the prior year.

GOVERNMENTAL FUNDS

The Academy reports one major fund individually in the governmental fund financial statements. This fund is the general fund. Most of the discussion regarding governmental activities is equally applicable to the finances of this governmental fund. However, certain factors that are relevant to the Academy's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund	
	2026	2025
REVENUES	$ 2,990,463	$ 2,577,915
EXPENDITURES	2,509,808	2,925,275
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	480,655	(347,360)
OTHER FINANCING SOURCES		
Proceeds from lease	-	401,927
NET CHANGE IN FUND BALANCE	480,655	54,567
Fund balance - beginning of year	54,567	-
Fund balance - end of year	$ 535,222	$ 54,567

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short term perspective.

General Fund

The fund balance of the Academy's general fund increased by 880.9%. The increase in fund balance is attributable to an increase in revenues (previously discussed).

The overall fund balance at the end of June 30, 2026, represented approximately 21.3% of operating expenditures. Within fund balance, 100% of the balance is considered unassigned. None of the fund balance is considered either non-spendable, restricted, committed, or assigned for other items and is not readily available for use.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated amortization- decreased 25% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Mill Creek Academy's Capital Assets

	2026			2025	Total
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Percentage Change
Right to use - building	$ 401,927	$ 160,770	$ 241,157	$ 321,542	-25.0%

Net capital assets decreased during the year as a result of the annual amortization of the Academy's leased building right-to-use asset. This amortization expense reduces the asset's net book value over the term of the lease.

Long-term Obligation

Overall, the carrying value of the Academy's long-term obligations decreased by 23.4% from the prior year. See Table A-5 for the carrying value of the Academy's long-term obligations.

Table A-5
Mill Creek Academy's
Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
Notes from direct borrowings and direct placements	$ 250,363	$ 327,023	-23.4%

Long-term obligations decreased during the year as a result of Elk Rapids Public Schools (the lessor) forgiving the scheduled principal payment on the Academy's lease liability. This forgiveness of payment lowered the outstanding obligation and contributed to the overall decrease in long-term obligations.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- Per pupil state aid funding is the driving force behind the majority of the Academy's revenue, student enrollment strongly affects the budget. The Academy will continue to monitor its pupil count and any changes to state funding.

- Going into the third year of operations the Academy is anticipating the 2027 budget to add slightly to the fund balance. Through the first 2 years of operations the Academy's goal was to establish a solid fund balance for continuation of operations. At the end of 2026, the fund balance is 21% of expenditures. Looking into 2027, the Academy will closely monitor student counts, as this is the biggest driver of revenue. The Academy is not anticipating the one-time contribution that it received in the current year. The monitoring of expenditures will be key to ensure a balance budget.

BASIC FINANCIAL STATEMENTS

MILL CREEK ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Investments	$ 691,682
Intergovernmental receivable	464,505
Capital assets, net of accumulated amortization	241,157
TOTAL ASSETS	1,397,344
LIABILITIES	
Accounts payable	6,091
Due to other governments	482,900
Unearned revenue	101,308
Noncurrent liabilities	
Due within one year	79,961
Due in more than one year	170,402
TOTAL LIABILITIES	840,662
NET POSITION	
Net investment in capital assets	(9,206)
Unrestricted	565,888
TOTAL NET POSITION	$ 556,682

See accompanying notes to financial statements.

MILL CREEK ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 1,894,537	$ -	$ 307,959	$ (1,586,578)
Support services	612,317	-	102,653	(509,664)
Community services	570	-	-	(570)
Payments to other public schools	2,384	-	-	(2,384)
Student/school activities	22,103	-	51,955	29,852
Amortization (unallocated)	80,385	-	-	(80,385)
Total governmental activities	$ 2,612,296	$ -	$ 462,567	(2,149,729)
General revenues				
State sources				2,269,877
Intermediate sources				35,954
Investment earnings				20,527
Other				330,967
Total general revenues				2,657,325
CHANGE IN NET POSITION				507,596
NET POSITION, beginning of year				49,086
NET POSITION, end of year				$ 556,682

See accompanying notes to financial statements.

MILL CREEK ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Nonmajor Special Revenue Student/School Activities Fund	Total Governmental Funds
ASSETS			
Investments	$ 657,634	$ 34,048	$ 691,682
Intergovernmental receivables	464,505	-	464,505
TOTAL ASSETS	$ 1,122,139	$ 34,048	$ 1,156,187
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 6,091	$ -	$ 6,091
Due to other governments	479,518	3,382	482,900
Unearned revenue	101,308	-	101,308
TOTAL LIABILITIES	586,917	3,382	590,299
FUND BALANCES			
Committed for student/school activities	-	30,666	30,666
Unassigned	535,222	-	535,222
TOTAL FUND BALANCES	535,222	30,666	565,888
TOTAL LIABILITIES AND FUND BALANCES	$ 1,122,139	$ 34,048	$ 1,156,187

See accompanying notes to financial statements.

MILL CREEK ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total governmental fund balances		$ 565,888
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 are not reported in the funds:		
The cost of the capital assets is	$ 401,927	
Accumulated amortization is	(160,770)	
		241,157
Long-term obligations are not due and payable in the current period and are not reported in the funds:		
Direct borrowings and direct placements		(250,363)
Net position of governmental activities		$ 556,682

See accompanying notes to financial statements.

MILL CREEK ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Nonmajor Special Revenue Student/School Activities Fund	Total Governmental Funds
REVENUES			
Local sources	$ 274,020	$ 814	$ 274,834
State sources	2,627,536	-	2,627,536
Federal sources	52,953	-	52,953
Intermediate sources	35,954	-	35,954
Student/school activities	-	51,955	51,955
TOTAL REVENUES	2,990,463	52,769	3,043,232
EXPENDITURES			
Current			
Instruction	1,894,537	-	1,894,537
Support services	612,317	-	612,317
Community service	570	-	570
Payments to other school districts	2,384	-	2,384
Student/school activities	-	22,103	22,103
TOTAL EXPENDITURES	2,509,808	22,103	2,531,911
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	480,655	30,666	511,321
FUND BALANCE			
Beginning of year	54,567	-	54,567
End of year	$ 535,222	$ 30,666	$ 565,888

See accompanying notes to financial statements.

MILL CREEK ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net change in fund balances total governmental fund	$	511,321
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as amortization.		
Amortization expense		(80,385)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:		
Lease liability forgiveness		76,660
Change in net position of governmental activities	$	507,596

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mill Creek Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Elk Rapids Public Schools is the authorizing governing body for the Academy to charter the public school through June 2029. Board members are approved by the authorizing governing body, which has responsibility and control over all activities related to public school education within the Academy. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. *Governmental activities* normally are supported by intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is the major governmental fund.

The Academy reports the following *Major Governmental Fund*:

> The *General Fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy.

The Academy reports the following *Other Nonmajor Fund*:

> The *Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its student/school activities in the special revenue fund.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-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 provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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 generally 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school academies based on information supplied by the Academies. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Investments

In accordance with Michigan Compiled Laws, the Academy is authorized to invest in the following investment vehicles:

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

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which includes the right of use building are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets of the Academy are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Right to use - building	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

Net Position Flow Assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Leases

The Academy is a lessee for a noncancelable lease for a building. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Leases (continued)

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

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

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

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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 or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 2 - INVESTMENTS

As of June 30, 2026, the Academy had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2026, the Academy had no deposits that were subject to this risk.

NOTE 2 - INVESTMENTS (continued)

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Academy will do business.

Interest Rate Risk

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (years)
MILAF External Investment Pool - CMC	$ 691,682	N/A

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	$ 691,682	AAAm	Standard & Poor's

Foreign Currency Risk

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

NOTE 2 - INVESTMENTS (continued)

Fair Value Measurement

The Academy is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Academy's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Academy voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the Academy is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	$ 691,682

The investments referred to above have been reported in the investments caption on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2026.

	Primary Government
Investments	$ 691,682

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2026 consist of the following:

Governmental units	
State aid	$ 442,649
Federal revenue	4,175
Intermediate sources	17,681
	$ 464,505

No allowance for doubtful accounts is considered necessary.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Governmental activities				
Capital assets, being amortized				
Right to use - building	$ 401,927	$ -	$ -	$ 401,927
Accumulated amortization				
Right to use - building	80,385	80,385	-	160,770
Net governmental capital assets	$ 321,542	$ (80,385)	$ -	$ 241,157

Amortization for the fiscal year ended June 30, 2026 amounted to $80,385. The Academy determined that it was impractical to allocate amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the Academy for the year ended June 30, 2026:

	Notes from Direct Borrowing and Direct Placement
Balance, July 1, 2025	$ 327,023
Deletions	(76,660)
Balance, June 30, 2026	250,363
Less due within one year	79,961
Due in more than one year	$ 170,402

Long-term obligations at June 30, 2026 are comprised of the following issues:

Direct Borrowing and Direct Placement	
During the 2025 fiscal year, the Academy entered into a five-year lease agreement as lessee for the use of a building. The Academy is required to make annual payments totaling $89,000 through June 30, 2029, including an interest rate of 4.44%.	$ 250,363

The Academy's outstanding notes from direct borrowings and direct placements related to governmental activities of $250,363 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding, including interest as of June 30, 2026, are as follows:

Year Ending June 30,	Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2027	$ 79,961	$ 9,039	$ 89,000
2028	83,405	5,595	89,000
2029	86,997	2,003	89,000
	$ 250,363	$ 16,637	$ 267,000

Interest expense for the year ended June 30, 2026 was $0 as the debt was forgiven by the lessor.

NOTE 6 - OVERSIGHT FEES

The Academy pays an administrative oversight fee of 3% of its unrestricted state school aid to Elk Rapids Schools as set forth by contract, to reimburse the Board of Education for the cost of execution of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy's compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2026, the Academy incurred $0 of expenses for oversight fees as this was forgiven by Elk Rapids Schools.

NOTE 7 - PURCHASED SERVICES

The Academy leases all employee services from Elk Rapids Schools. Salaries, retirement, social security, health insurance, and unemployment taxes are the responsibility of Elk Rapids Schools.

NOTE 8 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Academy participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The Academy pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage.

In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance.

NOTE 8 - RISK MANAGEMENT (continued)

The Academy continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2026, or any of the prior three years.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments 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 expenditures that may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

NOTE 10 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, the Academy implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENT

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

MILL CREEK ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ -	$ 182,047	$ 182,047	$ 274,020	$ 91,973
State sources	2,506,501	2,640,823	134,322	2,627,536	(13,287)
Federal sources	35,108	49,037	13,929	52,953	3,916
Intermediate sources	71,102	36,680	(34,422)	35,954	(726)
TOTAL REVENUES	2,612,711	2,908,587	295,876	2,990,463	81,876
EXPENDITURES					
Instruction					
Basic programs	1,580,739	1,624,581	(43,842)	1,624,615	(34)
Added needs	177,962	287,474	(109,512)	269,922	17,552
Total instruction	1,758,701	1,912,055	(153,354)	1,894,537	17,518
Support services					
Pupil	85,160	112,851	(27,691)	113,620	(769)
Instructional staff	132,629	26,411	106,218	29,689	(3,278)
General administration	91,269	51,709	39,560	42,218	9,491
School administration	269,628	268,678	950	257,744	10,934
Business services	6,220	-	6,220	5,443	(5,443)
Operation and maintenance	266,274	153,004	113,270	149,994	3,010
Central support services	2,830	13,578	(10,748)	13,609	(31)
Total support services	854,010	626,231	227,779	612,317	13,914
Community Service	-	570	(570)	570	-
Payments to other public schools	-	2,195	(2,195)	2,384	(189)
TOTAL EXPENDITURES	2,612,711	2,541,051	71,660	2,509,808	31,243
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	367,536	367,536	480,655	113,119
Beginning of year	54,567	54,567	-	54,567	-
End of year	$ 54,567	$ 422,103	$ 367,536	$ 535,222	$ 113,119

MILL CREEK ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Academy does not utilize encumbrance accounting.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the budgetary comparison schedule.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The final budget was approved prior to June 30, 2026, year-end.

MILL CREEK ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2026

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
Local sources	$ 182,047	When the original budget was adopted it was not anticipated receiving any local sources of revenue. The final budget was amended for local contributions received for the refunding of previously paid lease obligations and management fees.
State sources	134,322	The final budget was amended to account for additional state grants that were not known when the original budget was approved.
Intermediate sources	(34,422)	The final budget was amended to reflect less funding than what was anticipated from NWEd when the original budget was approved.
EXPENDITURES		
Instruction - Basic	(43,842)	The original budget was amended to properly reflect the salaries and benefits.
Instruction - Added needs	(109,512)	Additional salaries and benefits increase from the shifting from support services as well as to properly reflect actual salaries and benefits.
Support - Instructional staff	106,218	The shifting of positions that were original budgeted in support services to instruction.
Support - General administration	39,560	The original budget reflected anticipated management fees which ultimately the Academy was relieved from paying when the final budget was approved.
Support - Operation and maintenance	113,270	The original budget included lease payments in which the Academy was relieved from paying when the final budget was approved.

Significant Variances Between Final Budget and Actual

	Variance	Explanation
REVENUES		
Local sources	$ 91,973	The final budget reflected one year of forgiveness of the lease obligation while the actual reflects two years.

Maner Costerisan

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

To the Board of Directors
Mill Creek Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Mill Creek Academy, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Mill Creek Academy's basic financial statements, and have issued our report thereon dated October 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mill Creek Academy'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mill Creek Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Mill Creek Academy's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mill Creek Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Maner Costerisan PC

Lansing, Michigan
October 13, 2026

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October 13, 2026

To the Board of Directors of the
Mill Creek Academy

We have audited the financial statements of the governmental activities and the major fund of Mill Creek Academy for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on September 18, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mill Creek Academy are described in Note 1 to the financial statements. As described in Note 10 to the financial statements, the Academy adopted Governmental Accounting Standards Board (GASB) Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by Mill Creek Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's estimate of the discount rate used for leases, the lease term, and lease payments/receipts is based on the Mill Creek Academy's incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

We evaluated the key factors and assumptions used to develop this accounting estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Directors of Mill Creek Academy and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

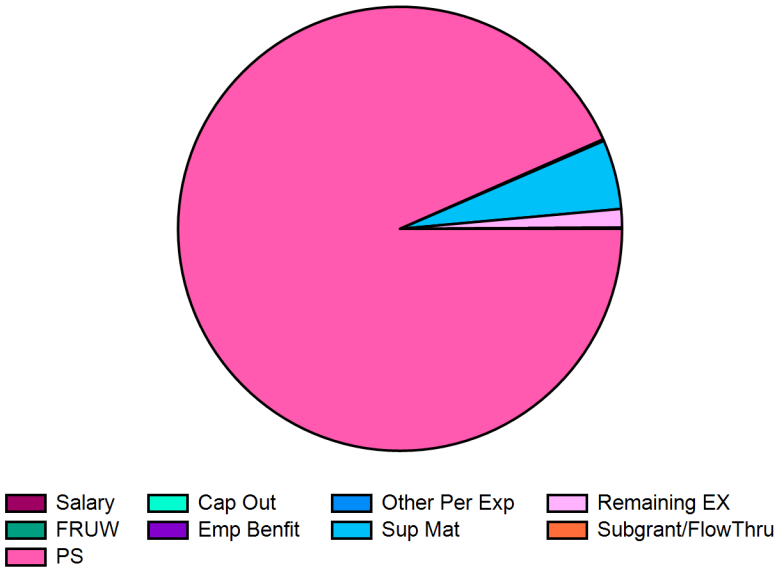
Lansing, Michigan

Budget Transparency Report: Personnel Expenditures

School District: Mill Creek Academy (28905)

Fiscal Year: 2025-2026

Fund: General Fund (11)



Personnel Expenditures		
Salary (1xxx)	$0	0.00%
Employee Insurance Benefits (21xx)	$0	0.00%
FICA/Retirement/Unemployment/WC (28xx)	$0	0.00%
Other Personnel Expenditures (22xx - 24xx, 29xx)	$0	0.00%
Total Personnel Expenditures	$0	0.00%

Remaining Expenditures		
Professional and Technical Purchased Services (31xx)	$2,259,303	90.02%
Client/Pupil Transportation Purchased Services (33xx)	$0	0.00%
Other Purchased Services (32xx, 34xx - 4xxx)	$84,686	3.37%
Supplies and Materials (5xxx)	$126,752	5.05%
Capital Outlay (6xxx)	$3,080	0.12%
Other Expenditures (7xxx)	$33,604	1.34%
Payments to Other Public School Districts(82xx)	$0	0.00%
Fund Modifications (81xx)	$0	0.00%
Subgrantee/Flow-Through Distributions(83xx,85xx)	$2,384	0.09%
Other Transactions (89xx)	$0	0.00%
Total General Fund Expenditures	$2,509,809	100.00%

Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. As one example; many districts outsource some or all educational functions to other entities. As a result, the district may not incur direct employee salary and benefits for certain functions. The costs instead will appear in the purchased service category. While a district that hires its entire staff as district employees will include all the associated costs under a combination of salary and benefit ccounts.

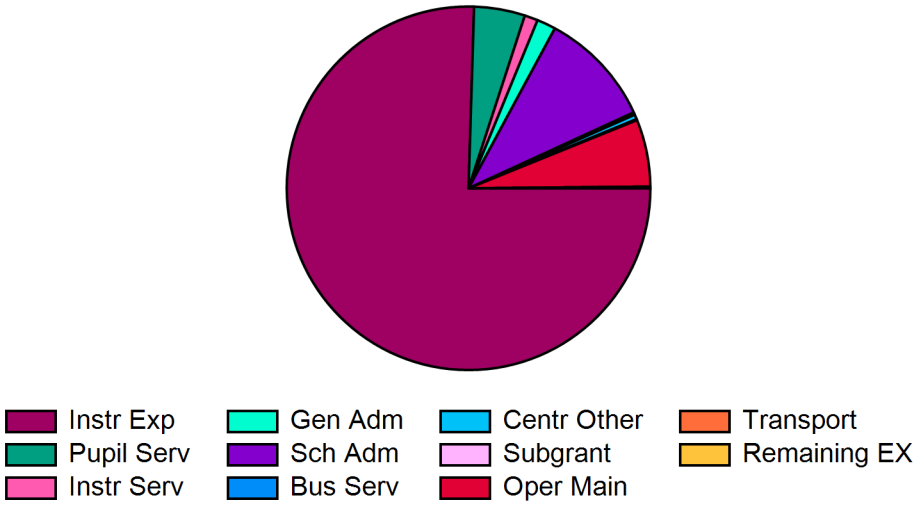
The personnel expenditure costs reported to the charts above are based on object codes as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the object codes listed in the charts above may be found in the Manual available at: https://www.michigan.gov/mde/services/financial-management/state-aid/publications/michigan-public-school-accounting-manual.

Budget Transparency Report: Operating Expenditures

School District: Mill Creek Academy (28905)

Fiscal Year: 2025-2026

Fund: General Fund (11)



Operating Expenditures		
Instructional Expenditures (1xx,293)	$1,894,536	75.49%
Pupil Support Services (21x)	$113,619	4.53%
Instructional Staff Support Services (22x)	$29,689	1.18%
General Administration (23x)	$42,217	1.68%
School Administration (24x)	$257,748	10.27%
Business Services (25x)	$5,443	0.22%
Operations and Maintenance (26x)	$149,994	5.98%
Transportation (27x)	$0	0.00%
Central & Other Support Services (28x, 291,292,295,296,298,299)	$10,529	0.42%
Total Current Operating Expenditures	$2,503,775	99.85%

Remaining Expenditures		
Community Services (3xx)	$570	0.02%
Facilities Acquisitions (45x), Debt Service (51x) and Capital Outlay	$3,080	0.12%
Subgrantee/Flow-Through Distributions (41x-44x)	$2,384	0.09%
Other Transactions (49x)	$0	0.00%
Fund Modification (6xx)	$0	0.00%
Total General Fund Expenditures	$2,509,809	100.00%

Budget Transparency Report: Operating Expenditures

School District: (28905) **Fiscal Year:** 2025-2026

Fund: General Fund (11)

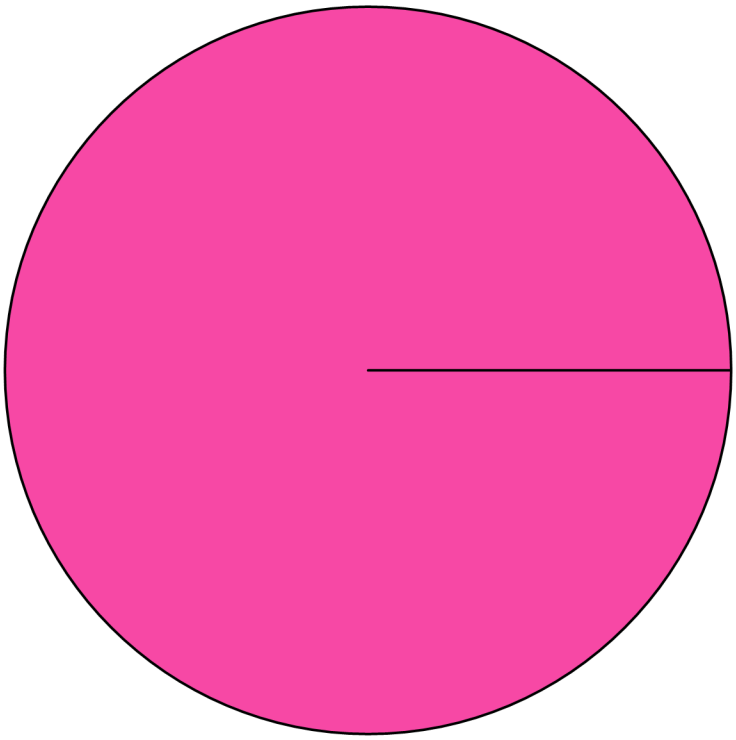
Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. The operational expenditure costs reported to the charts above are based on function codes as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the object codes listed in the charts above may be found in the Manual available at: https://www.michigan.gov/mde/services/financial-management/state-aid/publications/michigan-public-school-accounting-manual.

Please note that Capital Outlay, an object category, was extracted from functional categories and reported with Facilities Acquisitions and Debt Service.

Educational Service Provider: Transparency Expenditure Report

School District: Mill Creek Academy (28905) **Fiscal Year:** 2025-2026



Salaries (1xxx)
Employee Benefits (2xxx)
Rentals (42xx)
Purchased Services (3xxx)
Repairs & Maintenance (41xx)
Supplies and Materials (5xxx)
Capital Outlay (6xxx)
Other Expenditures, Dues and Fees (74xx)

Educational Service Provider Expenditures		
Salaries (1xxx)	**$0**	**0.00%**
Employee Benefits (2xxx)	**$0**	**0.00%**
Rentals (42xx)	**$0**	**0.00%**
Purchased Services (3xxx)	**$2,048,126**	**100.00%**
Repairs & Maintenance (41xx)	**$0**	**0.00%**
Supplies and Materials (5xxx)	**$0**	**0.00%**
Capital Outlay (6xxx)	**$0**	**0.00%**
Other Expenditures, Dues and Fees (74xx)	**$0**	**0.00%**
Total from above	**$2,048,126**	**100.00%**
Total expenditures reported in ESP file	**$2,048,126**	**100.0%**

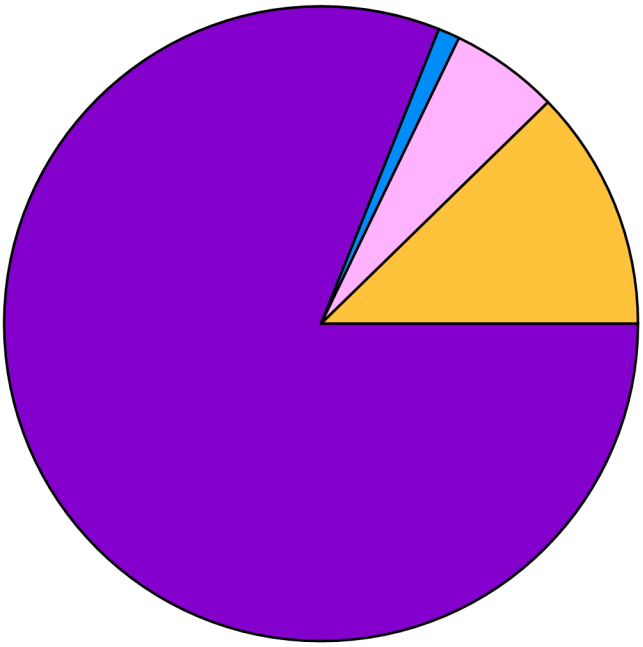
Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. The ESP expenditure costs reported to the charts above are based on objects codes in the ESP file as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the object codes listed in the charts above may be found in the Manual available at: http://www.michigan.gov/documents/appendix_33974_7.pdf.

More district financial information can be found online at https://www.mischooldata.org/DistrictSchoolProfiles/FinancialInformation/FinancialSummary.aspx

Educational Service Provider: Operating Expenditures

School District: Mill Creek Academy (28905) **Fiscal Year:** 2025-2026



Business Services (25x)
Central & Other Support Services (28x, 291, 292, 295, 299)
General Administration (23x)
Instructional Expenditures (1xx, 293)
Instructional Staff Support Services (22x)
Operations and Maintenance (26x)
Pupil Support Services (21x)
School Administration (24x)
Transportation (27x)

Educational Service Provider Operating Expenditures		
Instructional Expenditures (1xx, 293)	**$1,660,255**	**81.06%**
Pupil Support Services (21x)	**$113,431**	**5.54%**
Instructional Staff Support Services (22x)	**$22,591**	**1.10%**
General Administration (23x)	**$0**	**0.00%**
School Administration (24x)	**$251,849**	**12.30%**
Business Services (25x)	**$0**	**0.00%**
Operations and Maintenance (26x)	**$0**	**0.00%**
Transportation (27x)	**$0**	**0.00%**
Central & Other Support Services (28x, 291, 292, 295, 299)	**$0**	**0.00%**
Total Operating Expenditures from ESP	**$2,048,126**	**100.00%**
Total from ESP file	**$2,048,126**	**100.0%**

Report based on district's 2026 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. The ESP operational expenditure costs reported to the charts above are based on function codes as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380.1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the function codes listed in the charts above may be found in the Manual available at: http://www.michigan.gov/documents/appendix_33974_7.pdf.

More district financial information can be found online at https://www.mischooldata.org/DistrictSchoolProfiles/FinancialInformation/FinancialSummary.aspx

Board of Education Finance Report

Financial Highlights

Thursday, November 12, 2026

Significant Accounts Payable Paid (All Funds)		
Amount	**Vendor**	**Description**
$3,675.44	ESS Midwest, Inc.	10/9/26 - 10/26/26 Substitute Teachers
$475.00	Genesee ISD	Schools Open Service Contract 26/27
$1,295.44	Grand Traverse Band	Utility Payment - Water
$10,504.00	Maner Conterisan	2026 Audit
$3,820.00	UHY Advisor, Inc.	September 2026 Consultation
$4,574.30	Professional Building Services	September 2026 Custodial Services

Total Accounts Payable Paid by Fund		
$ 31,418.49	11	General Fund
$1,684.67	29	School Activities
$ 33,103.16		**Total bills to be ratified**

Significant Revenues Received:		
Amount	**Vendor**	**Description**
$1,825.79	MILAF	October 2026 Investment Earnings
$1,467.00	Scholastic Book Fair	October 2026 Book Fair
$1,190.00	Parents/Community Members	Play/Musical Ticket Sales
$10,000.00	Private Donation	2026 Private Donation

Total Deposits by Fund		
$2,565.57	11	General Fund
20,885.48	29	School Activities
$ 23,451.05		**Total Deposits**

	General Fund				
	2026-2027		10/31/26		10/31/25
	Adopted Budget	% of Budget	Fiscal-To-Date		Last Year Fiscal-to Date
REVENUES					
Local Revenues	$ 20,500	0%	$ 13,038	63.60%	$ 8,661
State Revenues	2,551,541	0%	230,949	9.05%	201,298
Federal Revenues	58,013	0%	1,833	3.16%	(45,073)
Received from Other Districts/ISD	30,200	0%		0.00%	674
Other Revenues/Transfer From ERS		0%		0%	
A - Total Revenues	**$ 2,660,254**	0.00%	**$ 245,820**	0%	**$ 165,559**
EXPENDITURES					
Instruction					
Basic	1,582,520	0%	$ 36,095	2.28%	$ 242,665
Added Needs	326,141	0%	1,344	0.41%	25,364
Support Services					
Pupil Support Services	117,600	0%	109	0.09%	10,938
Instructional Support Services	33,050	0%	8,967	27.13%	2,461
General Administration	56,100	0%	21,807	38.87%	5,393
School Administration	271,105	0%	761	0.28%	45,224
Business Services	14,957	0%	11,600	77.56%	
Operation & Maintenance	165,705	0%	36,321	21.92%	40,104
Pupil Transportation	-	0%	-	0%	-
Other Central Services	10,500	0%	4,003	38.12%	13,380
Athletic Activities	-	0%	-	0%	-
Community Activities	500	0%	-	0.00%	(1,760)
Payments to Other Schools/Other Transactions	3,000	0%	137	4.57%	-
B - Total Expenditures	**$ 2,581,178**	0.00%	**$ 121,143**	0%	**$ 383,769**
Revenues Over(Under) Expenditures (A - B)	$ 79,076		$ 124,677		$ (218,210)
C - Other Transactions					
Sale of Capital Assets	-		-		-
Transfers In/(Out)	-				
Transfer to MCA	-		-		-
Net Change in Fund Balance	79,076		124,677		(218,210)
FUND BALANCE					
D - Prior Year Ending Fund Balance	**$ 422,103**		**$ 422,103**		
Ending Fund Balance, Budgeted (A-B+C+D)	**$ 501,179**		**$ 546,780**		
Less: Non-Spendable/Assigned Funds					
Non-Spendable, Prepaid Expenditures	-		-		
Unassigned, Fund Balance	**$ 501,179**		**$ 546,780**		
	19.4%				

Board Finance Report

Fiscal Year 2026 - 2027

Revenue Budget Category Explanations

Local Revenues

Property Taxes
Investment Earnings
Athletic Gate Fees
Athletic Participation Fees
Private/Local Donations
Miscellaneous Income

State Revenues

State Aid Payment from the State of Michigan
State Aid grants passed thru NorthWest Education Services
Other State grants from other State Agencies

Federal Revenues

Federal Grants (Mostly Title grants)
Federal Portion of Medicaid Services

Revenues From Other Districts/ISD

Special Ed Headlee payment from Northwest Education Services
Other Grants/Payments from Northwest Education Services
Grants/Payments from other School Districts

Other Revenues

Other Revenues Items/Adjustments

Board Finance Report

Fiscal Year 2026 - 2027

Budget Category Explanations

Basic Programs

Teacher & Aide salary and benefits
Instructional software
Academics tool including classrooms and supplies & tools
Teacher travel
Student Enrichment for arts, drama, music

Added Programs Includes

Special Education Teacher & Aide salary and benefits
Instructional software
Academics tool including classrooms and supplies & tools
Teacher travel
Student Enrichment for arts, drama, music

Pupil Support Services

Includes services not directly related to the core curriculum of instructions
Guidance Counselor

Instructional Staff

Professional Development
Library

General Administration

Minimal payment to board members
Payments for legal, audit and election services

School Administration

All costs associated with Principal, administrative assistants
Travel, supplies

Business

Business Services
Summer Tax Collection Fees

Operations & Maintenance

Custodial
Operations

Transportation

Transportation Director, Mechanic, Bus Fleet
Mechanic
Bus Fleet

Central Services

Technology Coordinator
Connectivity

Athletic Activities

Athletic Director
Coaches
Officials
Athletic Expenses

Community Services

Auditorium Director
Sunshine Club

Outgoing Transfers and Other Transactions

Transfer to Other Funds