

# **da Vinci Schools**

Financial Report  
With Supplemental Information

Year Ended June 30, 2025

<b>Independent Auditors' Report .....</b>	<b>i – iii</b>
---	----------------

<b>Management's Discussion and Analysis .....</b>	<b>iv-ix</b>
---	--------------

## **Basic Financial Statements**

### Academy-Wide Financial Statements:

Statement of Net Position .....	1
Statement of Activities .....	2

### Fund Financial Statements:

#### Governmental Funds:

Balance Sheet .....	3
Reconciliation of the Fund Balances on the Balance Sheet of Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6

Notes to Financial Statements .....	7-22
-------------------------------------	------

## **Required Supplementary Information**

Budgetary Comparison Schedule - General Fund .....	23
Schedule of the Academy's Proportionate Share of the Net Pension Liability of the MPSERS Plan .....	24
Schedule of the Academy's Pension Contributions to the MPSERS Plan .....	25
Schedule of the Academy's Proportionate Share of the Net OPEB (Asset)/ Liability of the MPSERS Plan .....	26
Schedule of the Academy's OPEB Contributions to the MPSERS Plan .....	27
Notes to Required Supplementary Information Pension and OPEB Schedules .....	28

<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>29-30</b>
--	--------------



**WILLIS & JURASEK**

CPAs AND CONSULTANTS

## **Independent Auditors' Report**

Board of Directors  
da Vinci Schools  
Jackson, Michigan

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of da Vinci Schools (the Academy), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of da Vinci Schools, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of da Vinci Schools, 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 da Vinci Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of da Vinci Schools' 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 da Vinci Schools' 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, budgetary comparison information, and certain pension and OPEB 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, which 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 15, 2025, on our consideration of da Vinci Schools' 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 da Vinci Schools' 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 da Vinci Schools' internal control over financial reporting and compliance.

Sincerely,

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

October 15, 2025

**da Vinci Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2025

---

As the administration of da Vinci Schools, County of Jackson, State of Michigan ("the Academy"), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2025.

**Financial Highlights**

- The assets of the Academy exceeded its liabilities at the close of the most recent fiscal year by \$56,719.
- The Academy's total net position increased by \$951,271. The increase represents the degree to which increases in ongoing revenues exceeded increases in ongoing expenditures.
- The General Fund had a net change in fund balance of \$86,874. At the end of the year, the total fund balance for the General Fund was \$2,059,048 or approximately 31 percent of the total General Fund expenditures.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Academy financially as a whole. The Academy-wide Financial Statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the Academy's governmental funds – the General Fund, the Capital Improvement Fund, and the Student Activities Fund.

**Reporting the Academy as a Whole**

**The Statement of Net Position and Statement of Activities** – One of the most important questions asked about the Academy's finances is, "Is the Academy better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the Academy's financial statements, report information about the Academy as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the Academy using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations. However, the Academy's goal is to provide services to our students, not to generate profits, as private-sector corporations do. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The Statement of Net Position and Statement of Activities present information about the following:

**Governmental Activities** – All of the Academy's basic services are considered to be governmental activities, including instruction, support services, community services, and transfers to other local Academies. Intergovernmental revenues, (unrestricted and restricted State Aid), and charges for services finance most of these activities.

These two statements report the Academy's net position and changes to net position for the year. The change in net position provides the reader a tool to assist in determining whether the Academy's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as economic conditions in the State, political conditions at the State Capitol, student enrollment growth, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the Academy.

The Academy-wide financial statements can be found on pages 1 and 2 of this report.

**da Vinci Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2025

---

**Reporting the Academy's Most Significant Funds**

**Fund Financial Statements** – The fund financial statements provide detailed information about the most significant funds – not the Academy as a whole. The fund financial statements begin on page 3 and provide detailed information about the most significant funds. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Accounting Manual*. The Academy has only one type of fund, the governmental funds.

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

**Governmental Funds** – All of the Academy's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the Academy's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

**Additional Information** – The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Financial Statements can be found on pages 7 – 22 of this report.

**da Vinci Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2025

---

**Government-Wide Financial Analysis**

The government-wide financial analysis focuses on the net position and changes in net position of the Academy's governmental activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the Academy's net position as of June 30, 2025 and 2024:

	<b><u>Governmental Activities</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Assets:</b>		
Current assets	\$ 4,075,796	\$ 3,207,499
Non-current assets	6,170,347	5,997,147
Total assets	<u>10,246,143</u>	<u>9,204,646</u>
 <b>Deferred Outflows of Resources</b>	 <u>2,867,906</u>	 <u>3,635,830</u>
 <b>Liabilities:</b>		
Current liabilities	839,075	1,079,657
Non-current liabilities	8,680,180	10,206,418
Total liabilities	<u>9,519,255</u>	<u>11,286,075</u>
 <b>Deferred Inflows of Resources</b>	 <u>3,538,075</u>	 <u>2,448,953</u>
 <b>Net Position:</b>		
Invested in capital assets, net of related debt	3,912,471	3,539,240
Restricted	9,738	10,051
Unrestricted	(3,865,490)	(4,443,843)
Total net position	<u>\$ 56,719</u>	<u>\$ (894,552)</u>

The above analysis focuses on the net position. The change in net position of the Academy's governmental activities is discussed below. The net position differs from fund balances and a reconciliation of such appears on page 4.

A portion of the Academy's net position reflects its investment in capital assets (i.e. land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The Academy uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Academy's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**da Vinci Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2025

The following is a summary of the changes in net position for the years ended June 30, 2025 and 2024:

	<b><u>Governmental Activities</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Revenues:</b>		
Program revenues:		
Operating grants	\$ 2,936,939	\$ 2,392,253
General revenues:		
State of Michigan unrestricted State Aid	4,080,325	4,428,712
Unrestricted investment earnings	17,487	36,127
Other general revenues	30,123	42,670
Gain (loss) on asset disposal	(14,402)	(417,758)
Total revenues	<u>7,050,472</u>	<u>6,482,004</u>
<b>Functions/Program Expenses:</b>		
Instruction	2,784,296	2,852,653
Support services	2,892,105	3,019,888
Community services	29,393	39,384
Student activities	12,330	12,550
Interest	88,022	117,700
Depreciation (unallocated)	293,055	229,914
Total expenses	<u>6,099,201</u>	<u>6,272,089</u>
<b>Changes in Net Position</b>	951,271	209,915
<b>Net Position Beginning of Year</b>	<u>(894,552)</u>	<u>(1,104,467)</u>
<b>Ending Net Position</b>	<u>\$ 56,719</u>	<u>\$ (894,552)</u>

The Academy's net position increased by \$951,271 during the current fiscal year. The change in net position differs from the change in fund balances and reconciliation appears on page 6.

Since unrestricted State Aid constitutes the vast majority of the Academy's operating revenue sources, the Board of Directors and Administration must annually evaluate the needs of the Academy and balance those needs with State-prescribed available unrestricted resources.

#### **General Fund Budgeting and Operating Highlights**

The Academy's budgets are prepared according to Michigan Law. The most significant budgeted fund was the General Fund.

During the fiscal year ended June 30, 2025, the Academy amended the budget of this major governmental fund as needed. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements.

The General Fund actual revenues and other financing sources were \$6,845,085. That amount is below the amended budget estimate of \$6,873,833 and above the original budget of \$6,574,645. Revenue budgets were amended during the year to reflect additional state aid revenue and the use of additional federal funds.

**da Vinci Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2025

---

The actual expenditures and other financing uses of the General Fund were \$6,758,211, which is below the amended budget estimate of \$7,105,842 and below the original budget of \$7,583,867. The General Fund budgeted expenditures were reduced during the year to reflect lower staffing costs than originally anticipated.

These actual revenue and expenditure amounts created a net change in fund balance of \$86,874 and an ending fund balance of \$2,059,048.

**Capital Asset and Debt Administration**

**Capital Assets** – At the end of the fiscal year 2025, the Academy had \$6,840,184 invested in land, buildings, furniture and equipment. On this amount, \$669,837 in depreciation and amortization has been taken over the years. We currently have a net book value of \$6,170,347.

	<b><u>Governmental Activities</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Land	\$ 672,445	\$ 672,445
Buildings	5,031,604	5,031,604
Vehicles	28,520	38,966
Furniture and equipment	780,211	321,554
Right-to-use buses	303,447	303,447
Right-to-use SBITAs	23,957	64,457
Total capital assets	6,840,184	6,432,473
Less accumulated depreciation/amortization	669,837	435,326
Net capital assets	<u>\$ 6,170,347</u>	<u>\$ 5,997,147</u>

Fixed asset additions during the year consisted of a new playground, security and building improvements, cafeteria tables, and chromebooks.

**Long-term Debt** – At the end of the fiscal year, the Academy had the following long-term debt outstanding:

	<b><u>Governmental Activities</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Bank loan	\$ 2,206,468	\$ 2,282,432
Leases	51,408	175,475
Compensated absences	117,412	-
Total	<u>\$ 2,375,288</u>	<u>\$ 2,457,907</u>

Debt decreased by \$200,031 of payments on the bank loan and leases and the District implemented a new policy for paid leave time in the current year creating a new liability.

**da Vinci Schools**  
Management's Discussion and Analysis  
Year Ended June 30, 2025

---

**Economic Factors and Next Year's Budgets and Rates**

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

- Due to maintaining a substantial fund balance, the Academy, will again not have to borrow from the State Aid Note program for the 2025-2026 school year.

The following assumptions were made in preparing the Academy's original budget for the 2025-2026 fiscal year:

- Foundation allowance of \$9,608 which remains the same as the 24/25 year.
- Conservative enrollment projections of 407 students in K-12.
- State aid membership count based on 90% September and 10% prior February blend.
- Significant reduction of the categorical funding from the State.

**Requests for Information**

This financial report is designed to provide a general overview of da Vinci Schools' finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Kristi Neelis  
Superintendent  
da Vinci Schools  
2800 Springport Road  
Jackson, MI 49202  
Phone: 517.796.0031  
Fax: 517.796.0320

**da Vinci Schools**  
Statement of Net Position  
June 30, 2025

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,737,384
Due from other governmental units	1,159,694
Prepaid expenses	20,783
Net OPEB asset	1,157,935
Capital assets net of accumulated depreciation and amortization	6,170,347
Total assets	<u>10,246,143</u>
<b>Deferred Outflows of Resources:</b>	
Pension related	2,413,789
OPEB related	454,117
Total deferred outflows of resources	<u>2,867,906</u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	545,259
Unearned revenue	293,816
Long-term liabilities:	
Due within one year:	
Loans and leases	123,379
Accrued interest	2,871
Compensated absences	11,741
Due in more than one year:	
Loans and leases	2,134,497
Compensated absences	105,671
Net pension liability	6,302,021
Total liabilities	<u>9,519,255</u>
<b>Deferred Inflows of Resources:</b>	
Pension related	2,060,758
OPEB related	1,477,317
Total deferred inflows of resources	<u>3,538,075</u>
<b>Net Position:</b>	
Net investment in capital assets	3,912,471
Restricted for:	
Student activities	9,738
Net other post-employment benefits	1,157,935
Unrestricted	(5,023,425)
Total net position	<u>\$ 56,719</u>

**da Vinci Schools**  
Statement of Activities  
Year Ended June 30, 2025

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		<b>Governmental Activities</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Net (Expenses) Revenues and Change in Net Position</b>
<b>Primary Government</b>				
Governmental activities:				
Instruction	\$ 2,784,296	\$ -	\$ 1,902,610	\$ (881,686)
Support services	2,892,105	-	999,931	(1,892,174)
Community services	29,393	-	22,467	(6,926)
Student activities	12,330	-	11,931	(399)
Interest on long-term debt	88,022	-	-	(88,022)
Depreciation and amortization	293,055	-	-	(293,055)
Total governmental activities	<u>\$ 6,099,201</u>	<u>\$ -</u>	<u>\$ 2,936,939</u>	<u>(3,162,262)</u>
<b>General Revenues:</b>				
State aid not restricted to specific purposes				4,080,325
Unrestricted investment earnings				17,487
Other				30,123
Gain (loss) on asset disposal				(14,402)
Total general revenues				<u>4,113,533</u>
<b>Change in Net Position</b>				951,271
<b>Net Position - Beginning of Year</b>				<u>(894,552)</u>
<b>Net Position - End of Year</b>				<u>\$ 56,719</u>

**da Vinci Schools**  
Balance Sheet  
Governmental Funds  
June 30, 2025

		<b>Nonmajor</b>		<b>Total Governmental Funds</b>
		<b>Capital Improvements Fund</b>	<b>Student Activities Fund</b>	
<b><u>Assets</u></b>	<b><u>General Fund</u></b>			
Cash and cash equivalents	\$ 1,717,646	\$ 10,000	\$ 9,738	\$ 1,737,384
Due from other governments	1,159,694	-	-	1,159,694
Prepaid expenditures	20,783	-	-	20,783
Total assets	<u>\$ 2,898,123</u>	<u>10,000</u>	<u>\$ 9,738</u>	<u>\$ 2,917,861</u>
 <b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 37,335	\$ -	\$ -	\$ 37,335
Unearned revenue	293,816	-	-	293,816
Salaries payable and related	507,924	-	-	507,924
Total liabilities	<u>839,075</u>	<u>-</u>	<u>-</u>	<u>839,075</u>
 <b>Fund Balances:</b>				
Nonspendable:				
Prepaid expenditures	20,783	-	-	20,783
Restricted:				
Student activities	-	-	9,738	9,738
Committed for capital projects	-	10,000	-	10,000
Assigned for subsequent year expense	302,836	-	-	302,836
Unassigned	1,735,429	-	-	1,735,429
Total fund balances	<u>2,059,048</u>	<u>10,000</u>	<u>9,738</u>	<u>2,078,786</u>
Total liabilities and fund balances	<u>\$ 2,898,123</u>	<u>\$ 10,000</u>	<u>\$ 9,738</u>	<u>\$ 2,917,861</u>

## da Vinci Schools

### Reconciliation of the Fund Balances on the Balance Sheet of Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position June 30, 2025

---

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 2,078,786</b>
---	---------------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

The cost of the capital assets is	\$ 6,840,184	
Accumulated depreciation and amortization is	<u>(669,837)</u>	6,170,347

Some assets are not current resources and therefore are not reported in the reported in the Governmental Funds Balance Sheet:

Noncurrent assets at year-end consist of:

Net OPEB asset	1,157,935
----------------	-----------

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Loans payable	(2,206,468)	
Leases payable	(51,408)	
Compensated absences	(117,412)	
Accrued interest payable	(2,871)	
Net pension liability	<u>(6,302,021)</u>	(8,680,180)

Deferred inflows and outflows related to long-term pension/OPEB assets/liabilities are long-term and thus, no reported in the funds.

Deferred outflows related to net pension liability	2,413,789	
Deferred inflows related to net pension liability	(2,060,758)	
Deferred outflows related to net OPEB asset/liability	454,117	
Deferred inflows related to net OPEB asset/liability	<u>(1,477,317)</u>	<u>(670,169)</u>

<b>Total Net Position - Governmental Activities</b>	<b>\$ <u>56,719</u></b>
---	-------------------------

**da Vinci Schools**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2025

		<b>Nonmajor</b>		
		<b>Capital</b>	<b>Student</b>	<b>Total</b>
	<b>General Fund</b>	<b>Improvements</b>	<b>Activities Fund</b>	<b>Governmental</b>
		<b>Fund</b>		<b>Funds</b>
<b>Revenues:</b>				
Local sources	\$ 95,399	\$ -	\$ 12,017	\$ 107,416
State sources	6,127,901	-	-	6,127,901
Federal sources	487,379	-	-	487,379
Interdistrict and other	134,406	-	-	134,406
Total revenues	<u>6,845,085</u>	<u>-</u>	<u>12,017</u>	<u>6,857,102</u>
<b>Expenditures:</b>				
Instruction	2,963,814	-	-	2,963,814
Support services	3,460,562	-	-	3,460,562
Student activities	-	-	12,330	12,330
Community services	29,393	-	-	29,393
Debt service:				
Principal and interest	288,144	-	-	288,144
Capital outlay	6,298	-	-	6,298
Total expenditures	<u>6,748,211</u>	<u>-</u>	<u>12,330</u>	<u>6,760,541</u>
<b>Revenues Over (Under) Expenditures</b>	<u>96,874</u>	<u>-</u>	<u>(313)</u>	<u>96,561</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	10,000	-	10,000
Transfers out	(10,000)	-	-	(10,000)
Total other financing sources (uses)	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	86,874	10,000	(313)	96,561
<b>Fund Balances - Beginning of Year</b>	<u>1,972,174</u>	<u>-</u>	<u>10,051</u>	<u>1,982,225</u>
<b>Fund Balances - End of Year</b>	<u>\$ 2,059,048</u>	<u>\$ 10,000</u>	<u>\$ 9,738</u>	<u>\$ 2,078,786</u>



## da Vinci Schools

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2025

---

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>96,561</b>
--	-----------	---------------

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 depreciation and amortization:

The amount by which net capital expenditures of \$480,657 exceed depreciation and amortization of \$293,055 in the current period.	187,602
--	---------

Governmental funds report the entire net sales price (proceeds) from the sale of assets as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of assets.

Loss on asset disposa	(14,402)
-----------------------	----------

Accrued interest is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid

91
----

Governmental funds report loan proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of loan principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

Repayments:

Loans and leases	200,031
------------------	---------

Some expenses reported in the Statement of Activites do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in compensated absences	(117,412)
--------------------------------	-----------

Governmental funds report the required pension and OPEB contributions for the current fiscal year as expenditures. The Statement of Activities reports the fully accrued pension and OPEB expenses based upon a September year-end to coincide with the State of Michigan's fiscal year.

Changes in pension related liabilities and deferrals	\$	208,971	
Changes in OPEB related assets/liabilities and deferrals		<u>389,829</u>	
			<u>598,800</u>

<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>951,271</u></b>
--	-----------	-----------------------

## **Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of da Vinci Schools (“the Academy”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Academy’s accounting policies are described below.

### **Reporting Entity**

The Academy was established under the provisions of the State of Michigan as a Public Academy. Public School Academies are formed pursuant to the Michigan School Code of 1976 as amended by Act Number 416 of the Public Acts of 1994; Act Number 416 became effective March 30, 1995. The Academy has contracted with Central Michigan University’s Board of Trustees to charter a Public Academy. The Academy operates under an appointed Board of Directors and provides education needs for grades K – 12.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Academy’s reporting entity, and which organizations are legally separate, component units of the Academy. Based on the application of the criteria, the Academy does not contain any component units.

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

#### **Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements** - The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy’s government-wide activities are considered governmental activities. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position presents all governmental activities on a consolidated basis. The Statement of Net Position reports all assets and liabilities including those of a long-term nature. The net difference is reported as net position. Net position is categorized as net investment in capital assets, restricted net position, and unrestricted net position. It is the Academy’s policy to allocate resource outlays first to restricted net position with the remainder allocated to unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments and other items not properly included among program revenues are reported instead as general revenue. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

**Fund-Based Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, severance pay, claims, and judgments are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds; issuance of long-term debt and acquisitions of lease and SBITA assets are reported as other financing sources.

Unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure reimbursing grants are recognized when the qualifying expenditures have been incurred, eligibility requirements have been met, and receipt of monies is expected within the current availability period (60 days post year-end). All other revenue items are considered to be available only when cash is received by the government.

The Academy reports the following major governmental fund:

**General Fund** – The General Fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

**Capital Improvements Fund** – The Capital Improvements Fund is used to accumulate resources for capital purchases or improvements. The board transferred funds from the General Fund in the current year to begin accumulating resources for ongoing maintenance and improvements.

**Special Revenue Fund** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes (not including expendable trusts or major capital projects). The Academy maintains the Student Activities Fund.

**Revenue, Assets, Liabilities, and Net Position or Equity**

**State Revenue** – The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from State 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 school districts and academies based on information supplied by the school districts and academies. For the year ended June 30, 2025, 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 six mills 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<sup>th</sup> is reported as due from other governmental units.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**State Revenue (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 categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The Academy reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost. As of year-end, the Academy held no investments.

State statutes authorize the Academy to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

Receivables are shown net of an allowance for uncollectible amounts. The Academy has determined the uncollectible amounts are immaterial and no provision has been recorded.

**Capital Assets** - Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental activities column in the Academy-wide financial statements. The government defines capital assets as assets with an initial individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Academy does not have infrastructure type assets.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**Capital Assets (Continued)** – Right-to-use assets, if any, are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Fixed assets are depreciated using the straight-line method over the following useful lives:

Building and improvements	50 years
Furniture and equipment	5-20 years
Vehicles	10 years
Right-to-use - leased buses	3 years
Right-to-use - SBITAs	3 years

**Compensated Absences** - The Academy recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

**Long-Term Obligations** – In the Academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy currently reports deferred outflows of resources related to the net pension liability and the net OPEB asset/liability. The Academy also reports deferred outflows of resources for pension and OPEB contributions made subsequent to the plan measurement date which will be recognized in the following year. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Academy currently reports deferred inflows of resources related to its net pension liability and net OPEB asset/liability. These future resources will be amortized and recognized over a time period established by the actuary and relate to differences between actuarial estimates and actual results.

**Defined Benefit Pension Plan** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public Employee's Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related investments are reported at fair value. See Note 10 for detailed information.

## **Note 1 – Summary of Significant Accounting Policies (Continued)**

### **Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**Postemployment Benefits Other Than Pensions** – For purposes of measuring the net OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related investments are reported at fair value. See Note 10 for detailed information.

**Fund Equity** – The Academy has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this guidance, fund balances of governmental funds are categorized according to five defined categories of fund balance.

These categories consist of *nonspendable* amounts which are legally or contractually required to be maintained intact; *restricted* amounts that are constrained for specific purposes set by external parties or law; *committed* amounts that are constraints set by the highest decision making authority (the School Board) through adoption of a resolution and may only be removed by the School Board through a rescindment resolution; *assigned* amounts that have an intended purpose but require no formal specific action; and *unassigned* amounts which are the residual of the other categories and have no specific purpose. It is the Academy's policy to generally use fund balance in order according to the hierarchy of fund balance categories, from restricted down to unassigned.

**Leases & SBITAs** – The Academy recognizes lease and subscription-based information technology arrangements (SBITA) liabilities and intangible right-to-use assets in the government-wide financial statements with an initial individual value of \$10,000 or more.

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

Key estimates and judgments related to leases and SBITAs include how the Academy determines (1) the discount rate it uses to discount the expected lease or SBITA payments to present value, (2) lease/SBITA terms, and (3) lease/SBITA payments.

- The Academy uses the interest rate charged by the lessor or service provider as the discount rate. When the interest rate charged by the lessor or service provider is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITAs.
- The lease or SBITA term includes the noncancelable period of the lease or SBITA. Lease/SBITA payments included in the measurement of the lease or SBITA liability are composed of fixed asset payments and any 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 or SBITA liabilities and remeasures lease or SBITA assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease or SBITA liabilities.

Lease and SBITA assets are reported with other capital assets, and lease and SBITA liabilities, if any, are reported with long-term obligations on the Statement of Net Position.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Revenue, Assets, Liabilities, and Net Position or Equity (Continued)**

**Use of Estimates** - 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 expenditures. 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.

**Note 2 – Stewardship, Compliance, and Accountability**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at fiscal year-end. The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. 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.
2. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the *Uniform Budgeting and Accounting Act* (P.A. 621 of 1978). 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, for the General Fund are noted in the required supplementary information section.
3. The Superintendent is authorized to transfer 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.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to the end of the fiscal year.

**Note 3 – Deposits and Investments**

At year-end, the Academy's deposits were reported in the basic financial statements in the following categories:

	<b>Governmental Activities</b>
Cash and cash equivalents	<u><u>\$ 1,737,384</u></u>
The breakdown for deposits for the Academy is as follows:	
Deposits (checking and savings accounts)	<u><u>\$ 1,737,384</u></u>

**da Vinci Schools**  
Notes to Financial Statements

**Note 3 – Deposits and Investments (Continued)**

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned. The Academy has not adopted and State law does not require a policy for deposit custodial credit risk. As of year-end, approximately \$1,490,000 of the Academy's bank balance of approximately \$1,740,000 was uninsured and uncollateralized.

**Note 4 – Receivables**

Receivables at year-end consist mainly of amounts due from other governmental units and more specifically, the Michigan Department of Education. Receivables at year-end totaled \$1,159,694.

**Note 5 – Capital Assets**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Year-End Balance</b>
Assets not being depreciated:				
Land	\$ 672,445	\$ -	\$ -	\$ 672,445
Subtotal	672,445	-	-	672,445
Capital assets being depreciated/amortized:				
Buildings and improvements	5,031,604	-	-	5,031,604
Vehicles	38,966	22,000	(32,446)	28,520
Furniture and equipment	321,554	458,657	-	780,211
Right-to-use buses	303,447	-	-	303,447
Right-to-use SBITAs	64,457	-	(40,500)	23,957
Subtotal	5,760,028	480,657	(72,946)	6,167,739
Accumulated depreciation/amortization:				
Buildings and improvements	58,265	125,697	-	183,962
Vehicles	18,494	3,897	(18,044)	4,347
Furniture and equipment	167,376	54,326	-	221,702
Right-to-use buses	138,047	101,149	-	239,196
Right-to-use SBITAs	53,144	7,986	(40,500)	20,630
Subtotal	435,326	293,055	(58,544)	669,837
Net capital assets being depreciated/ amortized	5,324,702	187,602	(14,402)	5,497,902
Net capital assets	\$ 5,997,147	\$ 187,602	\$ (14,402)	\$ 6,170,347

Total depreciation/amortization for the fiscal year was \$293,055. The Academy has determined it is impractical to allocate depreciation among governmental activities.



**da Vinci Schools**  
Notes to Financial Statements

**Note 6 – Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the entirety of unearned revenue related to grant and categorical aid payments received prior to meeting all eligibility requirements. This amount totaled \$293,816.

**Note 7 – Long-Term Debt**

The Academy issues notes and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment and right-to-use assets. General obligation bonds are direct obligations and pledge the full faith and credit of the Academy. Other long-term obligations include net pension and OPEB assets/liabilities. See Note 10 for further details regarding the net pension and OPEB assets/liabilities.

Long-term obligation activity can be summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Governmental activities					
Leases	\$ 175,475	\$ -	\$ 124,067	\$ 51,408	\$ 43,889
Bank loan	2,282,432	-	75,964	2,206,468	79,490
Compensated absences	-	117,412	-	117,412	11,741
Total governmental activities	<u>\$ 2,457,907</u>	<u>\$ 117,412</u>	<u>\$ 200,031</u>	<u>\$ 2,375,288</u>	<u>\$ 135,120</u>

Leases payable consist of:

Lease payable to Hoekstra Leasing for a bus due in monthly installments of \$3,782 including interest at 4.75%; matures August, 2026	<u>\$ 51,408</u>
Total leases payable	<u>\$ 51,408</u>

Annual debt service requirements to maturity on the above leases payable are as follows:

	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 43,889	\$ 1,495	\$ 45,384
2027	7,519	45	7,564
Total	<u>\$ 51,408</u>	<u>\$ 1,540</u>	<u>\$ 52,948</u>

Bank loan consists of:

\$2,355,000 bank loan due in monthly installments of \$15,216 through May 20, 2028, remaining balance due June 20, 2028; interest at 4.75%	<u>\$ 2,206,468</u>
--	---------------------

**da Vinci Schools**  
Notes to Financial Statements

**Note 7 – Long-Term Debt (Continued)**

Annual debt service requirements to maturity on the above bank loan are as follows:

	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 79,490	\$ 103,098	\$ 182,588
2027	83,349	99,239	182,588
2028	<u>2,043,629</u>	<u>95,333</u>	<u>2,138,962</u>
Total	<u>\$ 2,206,468</u>	<u>\$ 297,670</u>	<u>\$ 2,504,138</u>

**Note 8 – Federal and State Grants**

The Academy has received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

**Note 9 – Risk Management**

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

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions**

**Organization**

**Pension/OPEB Plan Description** – The Academy participates in the Michigan Public School Employees' Retirement System ("MPERS" or "the System"), a State-wide, cost-sharing, multiple-employer defined benefit public employee retirement plan governed by the State of Michigan. The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees, and covers substantially all employees of the Academy. There are currently approximately 688 participating employers in the System which meets the definition of a qualified pension trust fund under Section 401(a) of the Internal Revenue Code. In addition, the System maintains a health plan ("OPEB") which provides postemployment healthcare benefits to all eligible retirees as an elective option including health, prescription drug, dental, and vision coverage.

The System was originally created under Public Act 136 of 1945, recodified, and currently operates under the provisions of Public Act 300 of 1980, as amended. Section 25 of this Act establishes a governing board and its authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor plus the State Superintendent of Instruction, who serves as an ex-officio member.

The System is administered by the Office of Retirement Services within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Organization (Continued)**

**Pension/OPEB Plan Description (Continued)** - The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Annual Comprehensive Financial Report and are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools). Information provided in this report includes financial data, actuarial assumptions data, and detailed information about the pension plan and OPEB plan fiduciary net positions.

**Pension Benefits Provided** - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. Depending upon the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Based on current benefit provisions, new hires can opt between two plans. The first plan, called Pension Plus 2, is a hybrid plan that contains a pension component with a required employee contribution and flexible, transferrable defined contribution tax deferred investment account component that contains a 50/50 contribution share rate between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. The second option is a Defined Contribution plan under which a participant receives a 4% employer contribution to a tax-deferred 401(k) account and can choose to make employee contributions up to the maximum allowed per IRS regulations to a tax-deferred 457 account.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's right to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**OPEB Benefits Provided** – Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008 (Basic, MIP-Fixed, and MIP Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of OPEB, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the MPSERS, who earned service credit in the twelve months ending September 3, 2012 or were on an approved professional service or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Organization (Continued)**

**OPEB Benefits Provided (Continued)** – Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

**Pension/OPEB Plan Contributions** – Public Act 300 of 1980, as amended, requires contributions from both the participating employers and the active plan members. The Academy, as a participating employer, is required to contribute amounts necessary to finance the coverage of pension and OPEB benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school's contribution is expected to finance the costs of benefits earned by employees (plan members) during the year, with an additional amount paid in to finance a portion of the unfunded actuarial accrued liability. Required employer pension contributions are comprised of pension normal cost, pension unfunded actuarial accrued liability (UAAL), and pension early retirement incentive contributions. Required employer pension contributions also include the UAAL rate stabilization contributions. Required employer OPEB contributions are comprised of OPEB normal cost and OPEB UAAL.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability will be amortized over a declining period ending September 30, 2038.

**Pension Plan Contributions** – The schedule below summarizes employee pension contribution rates in effect for fiscal year ended September 30, 2024:

<b><u>Benefit Type</u></b>	<b><u>Member Rates</u></b>	<b><u>Employer Rates</u></b>	<b><u>Status</u></b>
Basic (Defined Benefit)	0.0% - 4.0%	13.90% - 23.03%	Closed
MIP (Defined Benefit)	3.0% - 7.0%	13.90% - 23.03%	Closed
Pension Plus (Hybrid)	3.0% - 6.4%	19.17%	Closed
Pension Plus 2 (Hybrid)	6.2%	20.10%	Open
Defined Contribution	0.0%	13.90%	Open

Employer contributions range from 13.90% to 23.03% for the plan year ended September 30, 2024 and are determined based on employee elections. The Academy's required and actual contributions to the plan for the year ended September 30, 2024 were \$1,076,211. The Academy's required and actual pension contributions include an allocation of \$514,318 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2024.

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Organization (Continued)**

**OPEB Contributions** – OPEB employee contribution rates in effect for the fiscal year ended September 30, 2024 range from 0% - 3%. Employer contributions range from 0.00% to 8.31% for the plan year ended September 30, 2024 and are determined based on employee elections. Required contributions to the OPEB plan from the Academy were \$225,079 for the year ended September 30, 2024. The Academy's required and actual OPEB contributions include an allocation of \$0 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2024.

**Pension/OPEB Assets/Liabilities, Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB**

**Proportionate Share of Academy's Net Pension Liability** - At June 30, 2025, the Academy reported a liability of \$6,302,021 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2023. The Academy's proportionate share of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of statutorily required pension contributions from all applicable employers during the measurement period. At September 30, 2024, the Academy's proportionate share was .02574143 percent, an increase of .00181035 percent from its proportion measured as of September 30, 2023.

**Pension Expense** - For the year ended June 30, 2025, the Academy's pension expense was \$903,594, inclusive of payments to fund the MPSERS UAAL stabilization rate.

**Proportionate Share of Academy's Net OPEB Asset/Liability** - At June 30, 2025, the Academy reported an asset of \$1,157,935 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2023. The Academy's proportionate share of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of statutorily required OPEB contributions from all applicable employers during the measurement period. At September 30, 2024, the Academy's proportionate share was .02690122 percent, an increase of .00115988 percent from its proportion measured as of September 30, 2023.

**OPEB Expense** - For the year ended June 30, 2025, the Academy had an OPEB benefit of \$353,353, exclusive of payments to fund the MPSERS UAAL stabilization rate.

**da Vinci Schools**  
Notes to Financial Statements

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Pension/OPEB Assets/Liabilities, Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB (Continued)**

**Deferred Outflows and Deferred Inflows** - At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
	<b><u>Pension</u></b>	<b><u>OPEB</u></b>	<b><u>Pension</u></b>	<b><u>OPEB</u></b>
Difference between expected and actual experience	\$ 170,978	\$ -	\$ 68,472	\$ 1,227,058
Changes of assumptions	657,023	252,910	461,739	29,070
Net difference between projected and actual earnings on pension/OPEB plan investments	-	-	1,202,693	219,210
Changes in proportion and differences between the Academy's contributions and its proportionate share of contributions	735,623	185,714	21,308	1,979
Academy contributions subsequent to the measurement date	850,165	15,493	306,546	-
<b>Total</b>	<b><u>\$ 2,413,789</u></b>	<b><u>\$ 454,117</u></b>	<b><u>\$ 2,060,758</u></b>	<b><u>\$ 1,477,317</u></b>

\$850,165 reported as deferred outflows of resources related to pensions resulting from Academy employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

\$15,493 reported as deferred outflows of resources related to OPEB resulting from Academy employer contributions subsequent to the measurement date, will be recognized as an increase/reduction of the net OPEB asset/liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions and OPEB will be recognized in pension/OPEB expense as follows:

<b>Year Ended</b>		
<b><u>June 30</u></b>	<b><u>Pension</u></b>	<b><u>OPEB</u></b>
2026	\$ 100,053	\$ (330,676)
2027	257,510	(199,141)
2028	(291,186)	(205,189)
2029	(256,965)	(184,484)
2030	-	(98,846)
Thereafter	-	(20,357)

**Payables to the Pension/OPEB Plan** - The Academy reported an accrued pension/OPEB plan payable at June 30, 2025 of \$89,664. This amount represents employee withholdings and the employer amount payable for wages earned at June 30, 2025 but not yet paid. The Academy is current on all required pension and OPEB plan payments. Amounts accrued at year-end represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPERS unfunded actuarial accrued liability (UAAL).

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Actuarial Assumptions**

**Actuarial Valuations and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A summary of actuarial assumptions as of the latest actuarial valuation follows:

Valuation date	September 30, 2023
Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans	6.00%, net of investment expenses
Pension Plus Plan and Pension Plus 2 Plan	6.00%, net of investment expenses
OPEB	6.00%, net of investment expenses
Projected salary increases	2.75 – 11.55%, including wage inflation at 2.75%
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Cost of living pension adjustments	3.0% annual non-compounded for MIP members
Mortality: Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010
Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees:	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions (OPEB) – applies to individuals hired before September 4, 2012:	
Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees electing two person coverage are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	Of those opting out, 75% of male and 60% of female future retirees who elect coverage are assumed to elect coverage for 1 or more dependents.

Additional assumption information includes the following:

- Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension/OPEB asset/liability as of September 30, 2024 is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Actuarial Assumptions (Continued)**

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years – 4.4612 for pension plan employers and 6.2834 for OPEB plan employers.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Rate of Return on Plan Assets** – The long-term expected rate of return on pension/OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension/OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return*</u></b>
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0%	9.0%
International equity pools	15.0%	6.5%
Fixed income pools	13.0%	2.2%
Real estate and infrastructure pools	10.0%	7.1%
Absolute return pools	9.0%	5.2%
Real return/opportunistic pools	10.0%	6.9%
Short-term investment pools	2.0%	1.4%
Total	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.3% inflation.

**Rate of Return** – For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension/OPEB plan investments, net of pension/OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate** - Discount rate of 6.00% were used to measure the total pension and OPEB assets/liabilities, respectively (6.00% for the Pension Plus plan and 6.00% for the Pension Plus 2 plan). These discount rates were based on the long-term expected rates of return on pension and OPEB plan investments of 6.00% (6.00% for Pension Plus plan and 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine these discount rates assumed that future plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on these assumptions, the pension/OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension/OPEB plan investments was applied to all periods of projected benefits payments to determine the total pension/OPEB assets/liabilities.



**Note 10 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)**

**Actuarial Assumptions (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the Academy's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

<u><b>Current Single Discount Rate</b></u>		
<u><b>1% Decrease 5.00%</b></u>	<u><b>Assumption 6.00%</b></u>	<u><b>1% Increase 7.00%</b></u>
<u><b>\$9,238,831</b></u>	<u><b>\$6,302,021</b></u>	<u><b>\$3,856,562</b></u>

**Sensitivity of the Net OPEB (Asset)/Liability to Changes in the Discount Rate** - The following table presents the Academy's proportionate share of the net OPEB (asset)/liability calculated using the discount rate of 6.20%, as well as what the Academy's proportionate share of the net OPEB (asset)/liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u><b>1% Decrease 5.00%</b></u>	<u><b>Current Discount Rate 6.00%</b></u>	<u><b>1% Increase 7.00%</b></u>
<u><b>(\$894,862)</b></u>	<u><b>(\$1,157,935)</b></u>	<u><b>(\$1,385,390)</b></u>

**Sensitivity of the Net OPEB (Asset)/Liability to Changes in the Healthcare Cost Trend Rate** - The following table presents the Academy's proportionate share of the net OPEB (asset)/liability calculated using the assumed healthcare cost trend rates, as well as what the Academy's proportionate share of the net OPEB (asset)/liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

<u><b>1% Decrease</b></u>	<u><b>Current Healthcare Cost Trend Rate</b></u>	<u><b>1% Increase</b></u>
<u><b>(\$1,385,393)</b></u>	<u><b>(\$1,157,935)</b></u>	<u><b>(\$913,989)</b></u>

## **Required Supplementary Information**

**da Vinci Schools**  
 Budgetary Comparison Schedule - General Fund  
 Year Ended June 30, 2025

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Local sources	\$ 100,858	\$ 116,645	\$ 95,399	\$ (21,246)
State sources	5,988,502	6,120,977	6,127,901	6,924
Federal sources	350,882	501,808	487,379	(14,429)
Interdistrict and other	134,403	134,403	134,406	3
Total revenues	<u>6,574,645</u>	<u>6,873,833</u>	<u>6,845,085</u>	<u>(28,748)</u>
<b>Expenditures:</b>				
Instruction:				
Basic programs	2,701,699	2,145,311	2,031,085	114,226
Added needs	793,049	964,417	932,729	31,688
Support services:				
Pupil	533,888	461,467	457,788	3,679
Instructional staff	240,702	195,625	195,855	(230)
General administration	432,772	410,903	396,994	13,909
School administration	667,995	643,981	620,273	23,708
Business	310,641	311,248	187,647	123,601
Operation & maintenance	1,182,839	1,213,667	1,169,796	43,871
Pupil transportation	431,349	389,516	350,080	39,436
Technology	86,662	83,889	82,079	1,810
Athletic activities	11,288	50	50	-
Community service	34,193	29,190	29,393	(203)
Debt service	155,964	190,280	288,144	(97,864)
Capital outlay	826	56,298	6,298	50,000
Total expenditures	<u>7,583,867</u>	<u>7,095,842</u>	<u>6,748,211</u>	<u>347,631</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(1,009,222)</u>	<u>(222,009)</u>	<u>96,874</u>	<u>318,883</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(10,000)	(10,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<b>Net Changes in Fund Balance</b>	<u>(1,009,222)</u>	<u>(232,009)</u>	<u>86,874</u>	<u>\$ 318,883</u>
<b>Fund Balance - Beginning of Year</b>	<u>1,972,174</u>	<u>1,972,174</u>	<u>1,972,174</u>	
<b>Fund Balance - End of Year</b>	<u>\$ 962,952</u>	<u>\$ 1,740,165</u>	<u>\$ 2,059,048</u>	

**da Vinci Schools**

Schedule of the Academy's Proportionate Share of the Net Pension Liability of the MPSERS Plan  
Last Ten Fiscal Years (Amounts Determined as of Each Plan Year Ended September 30)

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Academy's proportion of net pension liability (%)	<u>0.02574143%</u>	<u>0.02393108%</u>	<u>0.02812900%</u>	<u>0.02196590%</u>	<u>0.02051007%</u>	<u>0.01931732%</u>	<u>0.01894346%</u>	<u>0.01784785%</u>	<u>0.01613189%</u>	<u>0.01608112%</u>
Academy's proportionate share of net pension liability	<u>\$ 6,302,021</u>	<u>\$ 7,745,549</u>	<u>\$ 8,579,640</u>	<u>\$ 5,200,517</u>	<u>\$ 7,045,432</u>	<u>\$ 6,397,247</u>	<u>\$ 5,694,746</u>	<u>\$ 4,625,137</u>	<u>\$ 4,024,775</u>	<u>\$ 3,927,818</u>
Academy's covered payroll	<u>\$ 2,954,691</u>	<u>\$ 2,627,882</u>	<u>\$ 2,205,815</u>	<u>\$ 2,069,007</u>	<u>\$ 1,924,316</u>	<u>\$ 1,718,040</u>	<u>\$ 1,682,116</u>	<u>\$ 1,595,354</u>	<u>\$ 1,368,877</u>	<u>\$ 1,369,517</u>
Academy's proportionate share of net pension liability as a percentage of its covered payroll	<u>213.29%</u>	<u>294.74%</u>	<u>388.96%</u>	<u>251.35%</u>	<u>366.13%</u>	<u>372.36%</u>	<u>338.55%</u>	<u>289.91%</u>	<u>294.02%</u>	<u>286.80%</u>
Plan fiduciary net position as a percentage of total pension liability	<u>74.44%</u>	<u>65.91%</u>	<u>60.77%</u>	<u>72.60%</u>	<u>59.72%</u>	<u>60.31%</u>	<u>62.36%</u>	<u>64.21%</u>	<u>63.27%</u>	<u>63.17%</u>

**da Vinci Schools**

Schedule of the Academy's Pension Contributions to the MPSERS Plan  
Last Ten Fiscal Years (Amounts Determined as of Each Year Ended June 30)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required pension contributions	\$ 1,077,953	\$ 1,081,706	\$ 1,079,806	\$ 784,516	\$ 646,176	\$ 557,953	\$ 514,183	\$ 474,928	\$ 419,811	\$ 372,102
Pension contributions in relation to statutorily required contributions	<u>1,077,953</u>	<u>1,081,706</u>	<u>1,079,806</u>	<u>784,516</u>	<u>646,176</u>	<u>557,953</u>	<u>514,183</u>	<u>474,928</u>	<u>419,811</u>	<u>372,102</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	<u>\$ 2,795,604</u>	<u>\$ 2,941,651</u>	<u>\$ 2,518,499</u>	<u>\$ 2,182,333</u>	<u>\$ 1,998,648</u>	<u>\$ 1,898,424</u>	<u>\$ 1,673,330</u>	<u>\$ 1,667,979</u>	<u>\$ 1,576,600</u>	<u>\$ 1,387,095</u>
Pension contributions as a percentage of covered payroll	<u>38.56%</u>	<u>36.77%</u>	<u>42.87%</u>	<u>35.95%</u>	<u>32.33%</u>	<u>29.39%</u>	<u>30.73%</u>	<u>28.47%</u>	<u>26.63%</u>	<u>26.83%</u>

**da Vinci Schools**

Schedule of the Academy's Proportionate Share of the Net OPEB (Asset)/Liability of the MPSERS Plan  
Last Eight Fiscal Years (Amounts Determined as of September 30)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Academy's proportion of net OPEB (asset)/liability (%)	<u>0.02690122%</u>	<u>0.02574134%</u>	<u>0.02235248%</u>	<u>0.02237155%</u>	<u>0.02142068%</u>	<u>0.01950218%</u>	<u>0.01964863%</u>	<u>0.01798093%</u>
Academy's proportionate share of net OPEB (asset)/liability	<u>\$ (1,157,935)</u>	<u>\$ (145,618)</u>	<u>\$ 473,440</u>	<u>\$ 341,474</u>	<u>\$ 1,147,563</u>	<u>\$ 1,399,817</u>	<u>\$ 1,561,860</u>	<u>\$ 1,592,296</u>
Academy's covered payroll	<u>\$ 2,954,691</u>	<u>\$ 2,627,882</u>	<u>\$ 2,205,815</u>	<u>\$ 2,069,007</u>	<u>\$ 1,924,316</u>	<u>\$ 1,718,040</u>	<u>\$ 1,682,116</u>	<u>\$ 1,595,354</u>
Academy's proportionate share of net OPEB (asset)/liability as a percentage of its covered payroll	<u>-39.19%</u>	<u>-5.54%</u>	<u>21.46%</u>	<u>16.50%</u>	<u>59.63%</u>	<u>81.48%</u>	<u>92.85%</u>	<u>99.81%</u>
Plan fiduciary net position as a percentage of total OPEB (asset)/liability	<u>143.08%</u>	<u>105.04%</u>	<u>83.09%</u>	<u>87.33%</u>	<u>59.44%</u>	<u>48.46%</u>	<u>42.95%</u>	<u>36.39%</u>

**da Vinci Schools**  
Schedule of the Academy's OPEB Contributions to the MPSERS Plan  
Last Eight Fiscal Years (Amounts Determined as of June 30)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required OPEB contributions	\$ 40,983	\$ 228,134	\$ 194,697	\$ 176,290	\$ 159,438	\$ 149,944	\$ 135,037	\$ 129,260
OPEB contributions in relation to statutorily required contributions	<u>40,983</u>	<u>228,134</u>	<u>194,697</u>	<u>176,290</u>	<u>159,438</u>	<u>149,944</u>	<u>135,037</u>	<u>129,260</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll (OPEB)	<u>\$ 2,795,604</u>	<u>\$ 2,941,651</u>	<u>\$ 2,518,499</u>	<u>\$ 2,182,333</u>	<u>\$ 1,998,648</u>	<u>\$ 1,898,424</u>	<u>\$ 1,673,330</u>	<u>\$ 1,667,979</u>
OPEB contributions as a percentage of covered payroll	<u>1.47%</u>	<u>7.76%</u>	<u>7.73%</u>	<u>8.08%</u>	<u>7.98%</u>	<u>7.90%</u>	<u>8.07%</u>	<u>8.39%</u>

## da Vinci Schools

### Notes to Required Supplementary Information Pension and OPEB Schedules Year Ended June 30, 2025

---

**Changes of Benefit Terms:** There were no changes of benefit terms in 2024.

**Changes of Assumptions:** For the State's fiscal year ended September 30, 2024:

The recognition period for liabilities, an average of the expected remaining service lives of all employees, changed to 4.4612 from 4.4406 for pension plan employers and to 6.2834 from 6.5099 for OPEB plan employers.

The healthcare cost trend rate was adjusted as follows:

Pre-65: From 7.50% to 7.25% for Year 1

Post-65: From 6.25% to 6.50% for Year 1





# WILLIS & JURASEK

CPAS AND CONSULTANTS

**Independent Auditors' 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***

Board of Education  
da Vinci Schools  
Jackson, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of da Vinci Schools as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise da Vinci Schools' basic financial statements, and have issued our report thereon dated October 15, 2025.

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

In planning and performing our audit of the financial statements, we considered da Vinci Schools' 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 da Vinci Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of da Vinci Schools' 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 da Vinci Schools' 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.

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

October 15, 2025