Fiscal Year
2024-2025

CHARTER SCHOOL FINANCIAL SOLVENCY REPORT

LAKE SUPERIOR
STATE UNIVERSITY
CHARTER SCHOOLS

Bay City Academy

Annual Financial Score

(out of 25 possible)

Solvency

3	Current Ratio
3	Fund Balance
6	Enrollment Variance
3	Unrestricted Days Cash

Total: 15/15

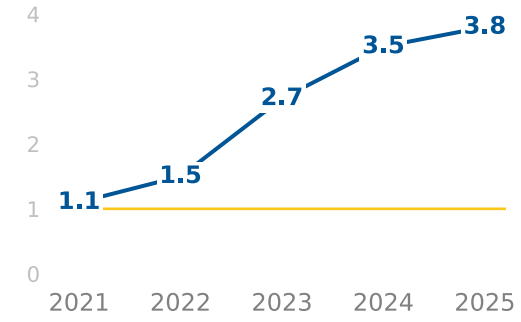
Compliance

2	Completeness, Accuracy & Timeliness
1	Audit Opinion
2	Bulletin 1022, Findings or Recommendations
3	Deficit Fund Balance
2	Budgetary Control

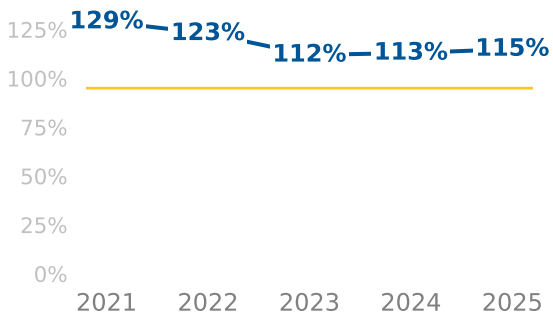
Total: 10/10

Financial Solvency - 5 Year Trends

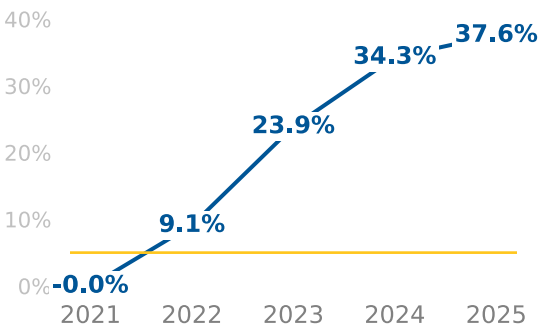
Current Ratio



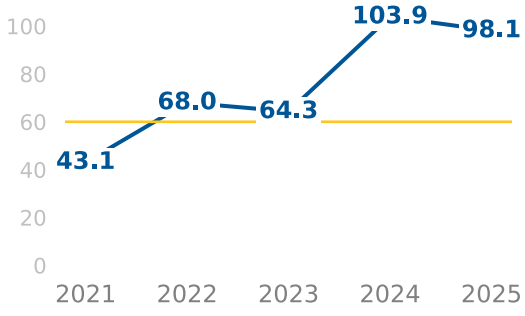
Budgeted Enrollment Variance



Fund Balance ≥ 5%



Unrestricted Days Cash



It is the intent of Lake Superior State University (LSSU) to ensure that all of the Academies authorized under a charter contract with LSSU are meeting certain expectations. These expectations cover many broad areas including financial solvency which is the subject of this report.

Below is a table summarizing LSSU's financial solvency and sustainability ratio expectations compared to the actual performance of the Academy:

	LSSU EXPECTATION	ACADEMY SCORE
Current Ratio	3	3
Fund Balance ≥ 5%	3	3
Budgeted Enrollment Variance	6	6
Unrestricted Days Cash	3	3
Total	**15**	**15**

The Academy's quarterly financial statements, annual audit submitted via Epicenter, State of Michigan count data and the budgetary comparison schedule from the Academy's annual audit were used to obtain data for the actual performance of the Academy. The Academy's score was produced using the parameters contained in the attached explanatory information document. Documentation and data used to compile this report and an explanatory information document are attached. If any further information is needed please contact the Finance Specialist of the LSSU Charter Schools Office, 906-635-2279.

Please see attached Explanatory Information for Financial Solvency for more additional information and scoring.

Notes:

Keep up the good work!

District Code: 09903

Bay City Academy Ratio Analysis

Change in Net Assets/Fund Balance Analysis

General Fund

	Revenues	Expenses	Change	Net Assets	Net Assets as % of Revenue
1st Qtr	1,461,866	1,078,646	383,220	2,944,431	
2nd Qtr	2,243,529	1,745,188	498,341	3,058,134	
3rd Qtr	2,122,885	2,075,934	46,951	2,606,744	
4th Qtr	1,901,030	2,502,157	(601,127)	1,958,666	
Total	7,729,310	7,401,925	327,385	2,887,178	37%
Audit	7,729,929	7,386,852	343,077	2,904,291	38%

Enrollment Variance

	Budget	Actual	Variance	Percentage
Fall	487	558	71	115%

Bay City Academy Ratio Analysis

Profitability Ratios

General Fund

	CA	CL	Current	Budgeted Revenue	Rev % of Budgeted	Budgeted Expenses	% of Budg
1st Qtr	3,451,623	507,192	6.81	6,069,782	24%	5,911,193	18.2%
2nd Qtr	4,182,655	741,302	5.64	6,790,421		6,387,491	
3rd Qtr	3,793,040.00	304,734.00	12.45				
4th Qtr	3,939,653	1,051,057	3.75	7,028,099	27%	6,978,824	35.9%
Audit	3,929,888	1,025,597	3.83	6,922,840	112%	6,876,431	107.4%

Cash Flow Analysis

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Audit
Cash & Equav.		2,287,998	1,956,475.00	1,986,074	1,986,077
Trend Cash Flow		2,287,998	(331,523)	(29,599)	
Unrestricted Cash		2,287,998	1,956,475.00	1,986,074	1,986,077
Unrestricted Days Cash	-	113	96	98	98.13627

Reset Funds

Explanatory Section:

Current Ratio: Current Assets/Current Liabilities. This number should be >1.0 and is in indication of how well liabilities are satisfied with assets.

% of Budget: Actual expenditures/Budgeted Expenditures. This number should be comparable to the % of the Fiscal Year that has elapsed. For example: 1st Quarter expenditures should be roughly equal to 25% of the Budgeted Expenditures for the Fiscal Year.

Enroll. Variance: The actual fall enrollment compared to the budgeted projection of enrollment, expressed as a percentage.

Unrestrt. Days Cash: Indicates how many days a school can pay its expenses without another inflow of cash. Should be between 30-60 days with positive trend

Notes:

It is the intent of Lake Superior State University (LSSU) to ensure that all of the Academies authorized under a charter contract with LSSU are meeting certain expectations. These expectations cover many broad areas including financial compliance which is the subject of this report.

Below is a table summarizing LSSU's financial compliance expectations compared to the actual performance of the Academy:

	LSSU EXPECTATION	ACADEMY SCORE
Completeness, Accuracy & Timeliness	2	2
Audit Opinion	1	1
Bulletin 1022, Findings or Recommendations	2	2
Deficit Fund Balance	3	3
Budgetary Control	2	2
Total	**10**	**10**

The Academy's quarterly financial statements submitted via Epicenter, the Academy's annual audit and/or discussions with the Academy's finance personnel were used to obtain data for the Actual performance of the Academy. The Academy's score was produced using the parameters contained in the attached explanatory information document. Documentation and data used to compile this report and an explanatory information document are attached. If any further information is needed please contact the Finance Specialist of the LSSU Charter Schools Office, 906-635-2279.

Please see attached Explanatory Information for Financial Compliance for more additional information and scoring.

Notes:

Keep up the good work!

	Due Date	Override Due Date	Days Late
Quarterly Financial Statement - 4th Quarter	8/14/2024 23:59		SubmittedOnTime
Budget - Revision Resolution	9/30/2024 23:59		SubmittedOnTime
Financial Audit	11/1/2024 23:59		SubmittedOnTime
Financial Audit Letter to Those Charged with Governance	11/1/2024 23:59		SubmittedOnTime
Financial Information Database (FID)	11/1/2024 23:59		SubmittedOnTime
Quarterly Financial Statement - 1st Quarter	11/14/2024 23:59		SubmittedOnTime
Financial Audit Response to Letter to Those Charged with Governance	12/13/2024 23:59		SubmittedOnTime
Budget - Revision Resolution	1/31/2025 23:59		SubmittedOnTime
Quarterly Financial Statement - 2nd Quarter	2/13/2025 23:59		SubmittedOnTime
Financial Audit Letter of Engagement	3/31/2025 23:59		SubmittedOnTime
Budget - Revision Resolution	4/30/2025 23:59	5/9/2025 23:59	SubmittedOnTime
Quarterly Financial Statement - 3rd Quarter	5/15/2025 23:59		SubmittedOnTime
Budget - Public Hearing Notice	6/30/2025 23:59		SubmittedOnTime
Budget - Revision Resolution	6/30/2025 23:59		SubmittedOnTime
Budget - Timeline	6/30/2025 23:59		SubmittedOnTime

Current Ratio - is a measure of how efficiently short term obligations can be paid with short term assets; it is calculated by taking current assets (from the governmental funds) divided by current liabilities (from the governmental funds). The ratio is mainly used to give an idea of the entity's ability to pay back its short-term liabilities (payroll and payables) with its short-term assets (cash or receivables). The higher the current ratio, the more capable the entity is of paying its obligations. A ratio under 1.0 suggests that the entity would be unable to pay off its obligations if they came due at that point. While a ratio of < 1.0 shows the entity may not be in good financial health, it does not necessarily mean that it will go bankrupt. As the Academy's Authorizer LSSU has an expectation that the Current Ratio should be ≥ 1.0. If the Academy has a Current Ratio <1.0 it could mean that the Academy may not have the resources to pay upcoming obligations such as payroll or accounts payables; a Current Ratio <0.9 is considered a serious financial risk.

DEFICIENT		APPROACHING		MEETING	
Less than 0.9	[0]	At least .9 and less than 1. 0	[1]	1.0 or Higher	[3]

Unrestricted Days Cash- is a ratio designed to indicate how many days a school can pay its expenditures without another inflow of cash. The ratio gives an idea of whether or not the Academy has sufficient cash to meet its cash obligations. As the Academy's Authorizer LSSU has an expectation that Unrestricted Day's Cash should be ≥60 Days.

DEFICIENT		APPROACHING		MEETING	
Less than 15 Days	[0]	At least 15 and less than 60	[1]	60 Days or more	[3]

Budgeted Enrollment Variance - is the difference (as a percentage) between the Academy's enrollment projection for the original budget compared to the actual (fall) enrollment from the State of Michigan's CEPI database. Generally a large portion of an Academy's revenue is State Aid, which is calculated by a pre-set foundation amount per pupil attending the Academy. If the number of pupils decreases so will the State Aid, which will decrease the Academy's revenue. It is imperative that the Academy try to retain as many pupils as possible. As the Academy's Authorizer LSSU has an expectation that the Enrollment Variance should be ≥ 95% of the original projected enrollment used for the original budget. If the Academy has an Enrollment Variance < 85% it can indicate serious financial stress because funding for the original budget is no longer available.

DEFICIENT		APPROACHING		MEETING	
Less than 80%	[0]	At least 80% and less than 95%	[3]	95% or More	[6]

Fund Balance - the State of Michigan expects that the Academy's General Fund, Fund Balance (total of all categories) amount to ≥5% of the Academies current fiscal year's General Fund revenues. Public Acts 109-114 of 2015 (also known as the "Early Warning Laws") address the details of this requirement. As the Academy's Authorizer LSSU has an expectation that the General Fund, Fund Balance will amount to ≥ 5% of the General Fund's current year's revenues.

DEFICIENT		APPROACHING		MEETING	
0.9% or Less	[0]	Between 0.9% and 5%	[1]	5% or More	[3]

Completeness, Accuracy & Timeliness: all documentation submitted by the Academy should be complete, accurate and on time. As the Academy's Authorizer LSSU has an expectation that all documents submitted are complete, accurate and submitted within the established due dates.

Any rejections for incomplete or inaccurate items or instances of tardiness will negatively affect the Academy's score.

DEFICIENT	APPROACHING	MEETING
More than two rejections for incompleteness, inaccuracy or instances of tardiness. [0]	Two rejections either for incompleteness inaccuracy or instances of tardiness. [1]	One rejection either for incompleteness, inaccuracy or instances of tardiness. [2]

Audit Opinion: should be unqualified (unmodified) by the Academy's independent external auditor; any deviation will negatively affect the Academy's score. As the Academy's Authorizer LSSU has an expectation that the Audit Opinion will only be reported as unqualified (unmodified).

DEFICIENT	APPROACHING	MEETING
Other than Unqualified. [0]	N/A	Unqualified. [1]

Bulletin 1022, Findings & Comments or Recommendations: Bulletin 1022 (the Michigan Public School Accounting Manual) is required by the State of Michigan; if items are detected in financial documentation submitted by the Academy contrary to Bulletin 1022 it will negatively affect the Academy's score. Findings are separately stated in the Audit Report. The "Letter to Those Charged with Governance" letter, addresses any comments or recommendations made by the Academy's independent external auditor. Any findings and/or repeat (from year to year) comments or recommendations will negatively affect the Academy's score. As the Academy's Authorizer LSSU has an expectation that the Academy will not have any instances of noncompliance with Bulletin 1022, there will be no findings or comments/recommendations in the Letter to Those Charged With Governance.

DEFICIENT	APPROACHING	MEETING
Two or more, either instances of noncompliance or Findings or Comments [0]	One instance of noncompliance or a Finding or Comment [1]	No instances of noncompliance or one Finding or Comment [2]

Deficit Fund Balance: deficits are prohibited by the State of Michigan; any deficits indentified in the annual audit will negatively affect the Academy's score. Deficit Fund Balance(s) may result in additional reporting to the State of Michigan, including but not limited to, a Deficit Elimination Plan. As the Academy's Authorizer LSSU has an expectation that no funds have a Deficit Fund Balance.

DEFICIENT	APPROACHING	MEETING
One or more deficit fund balances. [0]	N/A	No deficits [3]

Budgetary Control and Variances - the Academy should be aware of how close Academy's operations compare to budgeted amounts for both revenue and expenditures; any necessary amendments should be made in a timely manner. The MPSAM and the Uniform Budgeting & Accounting Act (UBAA) state:

"...the legislative body of the local unit shall amend the general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined." MCL 141.437, 17(1)

"Except as otherwise provided in section 19, an administrative officer of the local unit shall not incur an expenditure against an appropriation account in excess of the amount appropriated by the legislative body." MCL 141.438, 17(3)

The CSO allows a 1% variance between the Academy's actual revenues and expenditures and the Final Amended Budget; any variance greater than 1% is considered a violation of the UBAA, and a budget amendment should be made before year end. For example, if some pipes break during the winter and emergency repairs need to be made, the proper budgetary expenditure line should be increased with a budget amendment to allow for the increase in expenditures. As the Academy's Authorizer LSSU expects all variances between budgeted items and Academy's operations to be ≤ 1% in both revenues (revenues cannot be below budget by >1%) and expenditures (expenditures cannot be above budget by >1%).

DEFICIENT		APPROACHING		MEETING	
3% or More	[0]	Between 2% and 3%	[1]	2% or Less	[2]

MISSION

To ensure quality oversight and support to our authorized charter academies resulting in students who are prepared for the next phase of life whether it be attending college, the military or entering the work force.

VISION

We envision an educational system in Michigan that provides families with diverse educational opportunities that allow each child to flourish and find his/her place in the global community.

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