ST. CLAIR COUNTY INTERVENTION ACADEMY

ANNUAL FINANCIAL STATEMENTS

For the year ended June 30, 2026

ST. CLAIR COUNTY INTERVENTION ACADEMY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
St. Clair County Intervention Academy
Port Huron, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the St. Clair County Intervention Academy (the "Academy"), as of and for the year ended June 30, 2026 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 and the General Fund of the St. Clair County Intervention Academy as of June 30, 2026 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

To the Board of Trustees
St. Clair County Intervention Academy

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events considered in the aggregate that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

To the Board of Trustees
St. Clair County Intervention Academy

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2026 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Port Huron, Michigan
October 8, 2026

This section of the St. Clair County Intervention Academy's (the "Academy") annual financial report presents our discussion and analysis of the Academy's performance during the year ended June 30, 2026. Please read in conjunction with the Academy's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

The Academy's financial statements are presented as a "special purpose unit" since it is engaged to provide a single program, namely, to teach adjudicated students. As a result, the fund financial statements and the district-wide financial statements are combined by using a columnar format that reconciles individual line items of the fund financial data to the district-wide data in a separate column. These statements are organized so the reader can understand the Academy financially as a whole. These statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Reporting the Academy as a Whole - District-wide Financial Statements.

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The statement of net position and the statement of activities report information on the Academy as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Academy's net position – the difference between assets and liabilities, as reported in the statement of net position – as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating result. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the students and faculty, to assess the overall health of the Academy.

Reporting the Academy's Fund Financial Statements

Unlike the district-wide financial statements, the General Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the amount of spendable resources available at the end of the year. Such information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and the General Fund financial statements in reconciliations presented in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

The Academy As A Whole

Recall that the statement of net position provides the perspective of the Academy as a whole. Table I provides a summary of the Academy's net position:

Table I

	June 30, 2026	June 30, 2025	Variance
Assets:			
Current and other assets	$ 1,353,950	$ 1,360,631	$ (6,681)
Capital assets	120,501	189,171	(68,670)
Total assets	1,474,451	1,549,802	(75,351)
Liabilities:			
Current liabilities	43,895	29,684	14,211
Long-term liabilities	42,244	61,453	(19,209)
Total liabilities	86,139	91,137	(4,998)
Net position:			
Net investment in capital assets	78,257	127,718	(49,461)
Unrestricted	1,310,055	1,330,947	(20,892)
Total net position	$ 1,388,312	$ 1,458,665	$ (70,353)

The above analysis focuses on the net position (see Table I). The change in net position (see Table II) of the Academy's governmental activities is discussed below. The Academy's net position was $1,388,312 at June 30, 2026, which represents the accumulated results of all past years of operations. Net investment in capital assets of $78,257 represent the original costs of the capital assets less accumulated depreciation/ amortization. The remaining net position of $1,310,055 is unrestricted. Net position decreased by $70,353 as a result of reduced funding. The following table analyzes these activities.

The results of the operations of the Academy are reported in the statement of activities (see Table II), which shows the changes in net position.

Table II

	For the year ended June 30, 2026	2025	Variance
Revenues:			
Local sources	$ 50,026	$ 45,780	$ 4,246
State source	560,806	527,239	33,567
Federal sources	74,464	205,057	(130,593)
Interdistrict sources	-	10,935	(10,935)
Total revenues	685,296	789,011	(103,715)
Expenses:			
Instruction	369,444	300,296	69,148
Supporting services	313,541	367,016	(53,475)
Debt service	3,994	5,167	(1,173)
Depreciation/amortization	68,670	91,853	(23,183)
Total expenses	755,649	764,332	(8,683)
Change in net position	(70,353)	24,679	(95,032)
Beginning Net Position	1,458,665	1,433,986	24,679
Ending Net Position	$ 1,388,312	$ 1,458,665	$ (70,353)

The Academy experienced a decrease in net position of $70,353. Revenues decreased by $103,715 primarily to the end of ESSER Funding.

The Academy's General Fund

	For the year ended June 30, 2026	2025	Variance
Revenues	$ 685,296	$ 789,011	$ (103,715)
Expenses:	706,188	764,332	(58,144)
Change in net position	(20,892)	24,679	(45,571)
Beginning Fund Balance	1,330,947	1,306,268	24,679
Ending Fund Balance	$ 1,310,055	$ 1,330,947	$ (20,892)

As the Academy completed this year, the Academy reported an ending fund balance of $1,310,055, a decrease of $20,892 or 1.6% from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITY

At June 30, 2026, the Academy had $120,501 invested in capital assets in its governmental activities (net of depreciation) representing a decrease of $68,670 from 2025 for depreciation/amortization.

Additional information on the Academy's capital assets can be found in Note 5 to the financial statements.

The Academy's long-term liability includes a subscription-based IT arrangement. The balance at June 30, 2026 was $42,244, compared to $61,453 at June 30, 2025. The only activity during the year was a payment based on the contract.

Additional information on the Academy's long-term liability can be found in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2026-2027 school year, the budget is being based on 42 students with estimated revenues over expenditures of $695. Revenues are estimated at $853,414, an increase of $168,118 from 2026 actual revenues which had 40 actual students. Expenditures are estimated at $852,719, an increase of $146,531 from 2026 actual.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Academy's grantors, customers and investors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department, 7877 Stead, Utica, MI 48317 or at (586) 731-5300.

ST. CLAIR COUNTY INTERVENTION ACADEMY
BALANCE SHEET/STATEMENT OF NET POSITION
June 30, 2026

	General Fund	Adjustments (Note 2)	Governmental Activities
ASSETS			
Cash and cash equivalents	$ 1,177,416	$ -	$ 1,177,416
Due from other governmental units	175,544	-	175,544
Prepaids	990	-	990
Capital assets (net of accumulated depreciation/amortization) -			
Assets being depreciated/amortized	-	120,501	120,501
Total assets	$ 1,353,950	120,501	1,474,451
LIABILITIES			
Accounts payable	$ 43,895	-	43,895
Non-current liabilities -			
Due within one year	-	20,457	20,457
Due in more than one year	-	21,787	21,787
Total liabilities	43,895	42,244	86,139
FUND BALANCE			
Nonspendable - prepaids	990	(990)	-
Unassigned	1,309,065	(1,309,065)	-
Total fund balance	1,310,055	(1,310,055)	-
Total liabilities and fund balance	$ 1,353,950		
NET POSITION			
Net investment in capital assets		78,257	78,257
Unrestricted		1,310,055	1,310,055
Total net position		$ 1,388,312	$ 1,388,312

ST. CLAIR COUNTY INTERVENTION ACADEMY
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES
For the year ended June 30, 2026

	General Fund	Adjustments (Note 2)	Governmental Activities
REVENUES			
Local sources	$ 50,026	$ -	$ 50,026
State sources	560,806	-	560,806
Federal sources	74,464	-	74,464
Total revenues	685,296	-	685,296
EXPENDITURES/EXPENSES			
Instruction	369,444	-	369,444
Support services	313,541	-	313,541
Debt service	23,203	(19,209)	3,994
Depreciation/amortization expense	-	68,670	68,670
Total expenditures/expenses	706,188	49,461	755,649
Net change in fund balance/net position	(20,892)	(49,461)	(70,353)
Fund balance/net position at beginning of year	1,330,947	127,718	1,458,665
Fund balance/net position at end of year	$ 1,310,055	$ 78,257	$ 1,388,312

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The St. Clair County Intervention Academy (the "Academy") was formed as a charter school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on June 24, 2004.

In connection, the Academy has entered into a contract with the Port Huron Area School District beginning July 1, 2012 through June 30, 2022. This contract was renewed in June 2022 and extended to 2027. The contract requires the Academy to act exclusively as a governmental agency and to not undertake any actions inconsistent with its status as an entity authorized to receive State School Aid funds pursuant to the State Constitution. The Port Huron Area School District Board of Education is the chartering agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws.

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. This criteria includes significant operational financial relationships that determine which of the governmental organizations are part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. Based on this criteria, the Academy had no component units.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The General Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they can be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they can be normally 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Assets, Liabilities, and Net Position or Fund Balance

Cash and cash equivalents - The Academy's cash is cash on hand, savings, demand deposits, and an investment trust account.

Receivables - All receivables are shown net of allowance for uncollectible accounts. At June 30, 2026, there is no allowance for uncollectible accounts.

Prepaids - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the district-wide financial statements and in the General Fund financial statements.

Capital Assets - Capital assets consist of furniture and other equipment and are recorded in the district-wide financial statements. Capital assets are defined by the Academy as assets with an estimated useful life in excess of one year and an initial individual cost of $2,000 or more with the exception of computers, which are capitalized without consideration of a minimum cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The furniture and equipment are depreciated on a straight-line method over the estimated useful life of 3-10 years.

Subscription-Based Information Technology Arrangements - The Academy is a subscriber of various IT arrangements covered under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Academy recognizes an intangible right-to-use SBITA asset and a liability (if applicable) in the government-wide financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The Academy uses the interest rate charged by the subscription provider as the discount rate. When the interest rate charged by the subscription provider is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for SBITA's.

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

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

SBITA assets are reported with other capital assets and SBITA liabilities, if any, are reported with long-term obligations on the statement of net position.

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

Fund Balance - In the General Fund financial statements, fund balance is reported in one or more of the following classifications:

Nonspendable Fund Balance – the portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted Fund Balance – the portion of fund balance that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance – the portion of fund balance that is set aside for a specific purpose by the Academy itself, using the highest level of decision-making authority (Board of Trustees) by the passage of a resolution.

Assigned Fund Balance – the portion of fund balance that reflects the Academy's intended use of resources; currently, the Board of Trustees has the ability to set aside funds.

Unassigned Fund Balance – the portion of fund balance in the General Fund that cannot be classified into one of the four categories above.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When different classifications of fund balance are present, it is the Academy's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

Estimates - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued the following statement that could have an impact on the Academy's financial statements when adopted. The Academy is currently evaluating the implications of this pronouncement.

In December 2025, GASB issued Statement No. 105, *Subsequent Events.* The objective of this statement is to improve the financial reporting requirements for subsequent events. The statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement describes when financial statement are considered "available" and requires that the date through which subsequent events have been evaluated be disclosed. This statement also clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. This statement is effective for the Academy's fiscal year ending June 30, 2027.

NOTE 2 - RECONCILIATIONS OF DISTRICT-WIDE AND GENERAL FUND FINANCIAL STATEMENTS

A. Explanation of differences between the balance sheet and the district-wide statement of net position (Page 8).

Fund balance - general fund	$ 1,310,055
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the general fund.	
Add - capital assets	371,907
Deduct - accumulated depreciation	(251,406)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the General Fund.	
SBITA liability	(42,244)
Net position	$ 1,388,312

B. Explanation of differences between the statement of revenues, expenditures, and change in fund balance of the General Fund and the district-wide statement of activities (Page 9).

Net change in fund balance - general fund	$ (20,892)
The governmental fund statements report capital outlay as expenditures; however, in the district-wide statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.	
Deduct - depreciation/amortization	(68,670)
The issuance of long-term debt provides current financial resources to the General Fund, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.	
Principal payments on long-term liabilities	19,209
Change in net position	$ (70,353)

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

The Academy's Chief Administrative Officer and Business Manager prepare and submit the proposed operating budget prior to June 1 for the fiscal year commencing July 1. Prior to June 30, the proposed budget is presented to the Board of Trustees. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is legally enacted through the passage of a Board Resolution. After the budget is adopted, all amendments must be approved by the Board.

The budget is adopted and shown in the basic financial statements at the functional level on a basis consistent with U.S. generally accepted accounting principles. The Academy does not employ encumbrance accounting as an extension of formal budgetary integration. All amounts appropriated lapse at year end.

NOTE 4 - DEPOSITS AND INVESTMENTS

Carrying Amount

As of June 30, 2026, the carrying amount of the Academy's deposits and investments is as follows, which are all reported as cash and cash equivalents on the balance sheet/ statement of net position:

Cash on hand	$ 400
Deposits with financial institutions	89,511
Investment - investment trust fund	1,087,505
	$ 1,177,416

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 to it. Michigan Public Acts authorize school districts in Michigan to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations with an office in Michigan. The Academy does not have a deposit policy for custodial credit risk.

As of June 30, 2026, the carrying amount of the Academy's deposits was $89,511 and the bank balance was $95,129 which is insured by depository insurance.

Investments

The Academy has an investment policy specifying the types of authorized investments. The policy authorizes the Academy to invest surplus funds in the following types of investments:

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

a) Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

b) Certificates of deposit issued by a financial institution or share certificates of a state or federal credit union that is a financial institution.

c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

d) Securities issued or guaranteed by agencies or instrumentalities of the United States government.

e) United States government or federal agency obligation repurchase agreements.

f) Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.

g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by the Academy.

h) Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by the Academy.

i) Certificates of deposit issued in accordance with the following conditions:

   i. The funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.

   ii. The financial institution arranges for the investment of the funds in certificates of deposit in one or more insured depository institutions, as defined in 12 USC 1813, or one or more insured credit unions, as defined in 12 USC 1752, for the account of the Academy.

   iii. The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.

   iv. The financial institution acts as custodian for the Academy with respect to each certificate of deposit.

   v. At the same time that the funds of the Academy are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially invested by the Academy through the financial institution.

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - Investment

Credit risk - investment is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Academy utilized MILAF, a comprehensive cash management service program developed exclusively for Michigan school districts and municipalities. MILAF is not subject to regulatory oversight and is not registered within the SEC, however, does issue a separate financial statement which can be obtained at www.milaf.org. MILAF is rated AAAm by Standard & Poors. The portfolio is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant share value of $1.00. Redemptions prior to 14 days may be subject to penalty. MILAF invests primarily in U.S. governmental securities, commercial paper, and repurchase agreements. MILAF is considered a money market fund, as defined by the GASB, and as such is recorded at amortized cost, which approximates fair value. The fair value of the Academy's investment is the same as the value of the pool shares. This fund is not subject to the fair value disclosure. As of June 30, 2026, the Academy has $1,087,505 (fair value) in the external investment pool.

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the Academy for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Capital assets, being depreciated:				
Furniture and equipment	$ 226,418	$ -	$ -	$ 226,418
Right-to-use - SBITAs	145,489	-	-	145,489
	371,907	-	-	371,907
Less - accumulated depreciation/ amortization for:				
Equipment	124,540	39,572	-	164,112
Right-to-use - SBITAs	58,196	29,098	-	87,294
	182,736	68,670	-	251,406
Total capital assets, net depreciation/amortization	$ 189,171	$ (68,670)	$ -	$ 120,501

Depreciation/amortization expense was $68,670 for the year ended June 30, 2026.

NOTE 6 - LONG-TERM LIABILITIES/SUBSCRIPTIONS

The following is a summary of changes in the long-term debt (including current portions) for the year ended June 30, 2026:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Governmental activities:					
Other direct borrowings - Subscriptions	$ 61,453	$ -	$ 19,209	$ 42,244	$ 20,457

The Academy obtains the right to use vendors' information technology software through long-term contracts. Payments are generally fixed annually.

Subscription asset activity of the Academy is included in Note 5.

Future principal and interest payment requirements related to the Academy's subscription liability at June 30, 2026 are as follows:

Year Ending	Principal	Interest	Total
2027	$ 20,457	$ 2,746	$ 23,203
2028	21,787	1,416	23,203
	$ 42,244	$ 4,162	$ 46,406

NOTE 7 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for each of these types of losses; however, the Academy would be responsible should the limits of coverage be exceeded.

NOTE 8 - ADMINISTRATION/OPERATIONAL CONTRACT(S) AND RELATED PARTY TRANSACTIONS

The Academy pays Port Huron Area School District three percent of state aid as administrative fees. The total administrative fees was $12,842 for the year ended June 30, 2026. Of that amount, $3,920 was payable at June 30, 2026.

NOTE 8 - ADMINISTRATION/OPERATIONAL CONTRACT(S) AND RELATED PARTY TRANSACTIONS (Continued)

The Academy entered into an agreement with The Romine Group, Inc., to provide a variety of services including financial management, educational programs, education consulting, and teacher training. For the year ended June 30, 2026, the total for these services was $90,000 for financial management services and $441,376 for educational services. Of these amounts, $39,070 was payable at June 30, 2026.

NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2026, the Academy implemented GASB Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets*. Statement 103 addressed and required improvements to the Academy's Management's Discussion & Analysis and Budgetary Comparison Schedule to include variances between the original and amended budget and actual results, along with including explanations of significant variances to be presented in the notes to RSI. Statement No. 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure. Neither statement had an effect on beginning fund balance or net position.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY INTERVENTION ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended June 30, 2026

	Original Budget	Amended Budget	Variance of Amended Budget Over (Under) Original Budget	Actual	Variance of Actual Over (Under) Amended Budget
REVENUES					
Local sources	$ 39,500	$ 51,028	$ 11,528	$ 50,026	$ (1,002)
State sources	581,640	560,805	(20,835)	560,806	1
Federal sources	71,081	72,502	1,421	74,464	1,962
Total revenues	692,221	684,335	(7,886)	685,296	961
EXPENDITURES					
Instruction -					
Added needs	376,431	378,891	2,460	369,444	(9,447)
Support services -					
Pupil	800	1,229	429	-	(1,229)
Instructional staff	144,775	144,733	(42)	148,146	3,413
General administration	13,800	14,380	580	11,876	(2,504)
Business	109,100	109,860	760	108,316	(1,544)
Operation and maintenance	40,900	44,902	4,002	45,203	301
Debt service	-	23,204	23,204	23,203	(1)
Total expenditures	685,806	717,199	31,393	706,188	(11,011)
Net change in fund balance	6,415	(32,864)	(39,279)	(20,892)	11,972
Fund balance at beginning of year	1,330,947	1,330,947	-	1,330,947	-
Fund balance at end of year	$ 1,337,362	$ 1,298,083	$ (39,279)	$ 1,310,055	$ 11,972

ST. CLAIR COUNTY INTERVENTION ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2026

	Over (under)
BUDGETARY REVENUES	
Differences - original budget to amended budget:	
Local sources - Interest rates during the fiscal year exceeded conservative expectations.	$ 11,528
State sources - Strict District Academy estimated pupils reduced to actual state allocation.	(20,835)
BUDGETARY EXPENDITURES	
Differences - original budget to amended budget:	
Debt service - budget increased to account for GASB 96 SBITA payment.	23,204
Differences - amended budget to actual:	
Instruction-added needs - Actual employee wage and benefit costs less than projections.	(9,447)

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

To the Board of Trustees
St. Clair County Intervention Academy
Port Huron, 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 and the General Fund of the St. Clair County Intervention Academy (the "Academy") as of and for the year ended June 30, 2026; and the related notes to the financial statements which collectively comprise the Academy's basic financial statements and have issued our report thereon dated October 8, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or 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 have not been identified.

To the Board of Trustees

St. Clair County Intervention Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Clair County Intervention Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Port Huron, Michigan
October 8, 2026