

**WYOMING PUBLIC SCHOOLS**  
**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary and  
additional supplementary information)  
**YEAR ENDED JUNE 30, 2013**



## C O N T E N T S

	<u>Page</u>
<b>Independent auditor's report.....</b>	4 - 6
<b>Management's Discussion and Analysis .....</b>	7 - 12
<b>Basic financial statements .....</b>	13
Government-wide financial statements	
Statement of net position.....	14
Statement of activities.....	15
Fund financial statements	
Balance sheet - governmental funds .....	16 - 17
Statement of revenues, expenditures and changes in fund balances - governmental funds.....	18 - 19
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities.....	20
Fiduciary funds	
Statement of fiduciary net assets and liabilities .....	21
Notes to financial statements.....	22 - 48
<b>Required supplementary information.....</b>	49
Budgetary comparison schedule - general fund.....	50

## C O N T E N T S

	<u>Page</u>
<b>Additional supplementary information .....</b>	<b>51</b>
General fund	
Schedule of revenues and other financing sources.....	52
Schedule of expenditures .....	53
Nonmajor governmental fund types	
Combining balance sheet .....	54
Combining statement of revenues, expenditures, and changes in fund balances .....	55
Debt service funds	
Combining balance sheet .....	56
Combining statement of revenues, expenditures and changes in fund balances .....	57
Long-term debt	
Bonded debt .....	58 - 61
Schedule of expenditures of federal awards .....	62 - 66
Notes to schedule of expenditures of federal awards .....	67
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> .....	68 - 69
Report on compliance for each major federal program and on internal control over compliance required by OMB Circular A-133 .....	70 - 71
Schedule of findings and questioned costs .....	72 - 73
Corrective action plan.....	74
Schedule of prior year audit findings.....	75 - 76

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Wyoming Public Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming Public Schools, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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*, issue by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 Wyoming Public Schools as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 11 to the financial statements, Wyoming Public Schools implemented Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, and Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wyoming Public Schools basic financial statements. The additional supplementary information, as identified in the table of contents, and schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2013 on our consideration of Wyoming Public 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 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 Wyoming Public Schools' internal control over financial reporting and compliance.

*Maner Costerman PC*

September 23, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Wyoming Public Schools' ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2013. Please read it in conjunction with the District's financial statements which immediately follow this section.

### **FINANCIAL OVERVIEW**

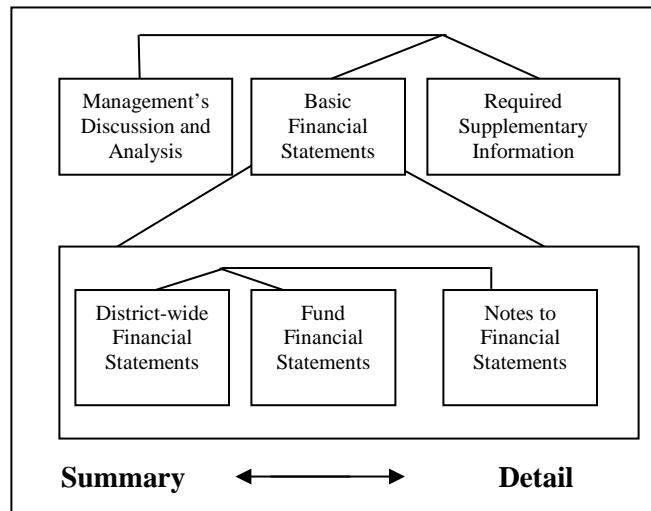
- The District's general fund financial situation improved from the 2012 fiscal year to 2013.
- For the 2012-13 school year, fund balance in the general fund was increased by \$166,965.
- During the 2012-13 school year compared to 2011-12, general fund revenues decreased by \$868,504 (1.839 percent), while expenditures decreased by \$518,884 (1.11 percent).
- Student enrollment decreased by 57 students from October of 2011 to October of 2012. This represents a decline of approximately 1.2 percent from the October 2011 figure.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide notes to financial statements.
- The governmental funds statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**Figure A-1**  
**Organization of Wyoming Public Schools'**  
**Annual Financial Report**



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-2**  
**Major Features of District-Wide and Fund Financial Statements**

	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, Wyoming's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

## DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the District's assets, deferred outflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources and liabilities is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

District-wide financial statements:

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying debt, and its capital projects fund) or to show that it is properly using certain revenues (like school lunch).

The District has two kinds of funds.

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.
- Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's combined net position was more on June 30, 2013 than the year before, increasing by \$1,068,705 to \$5,719,377.

**Table A-3**  
**Wyoming Public Schools Net Position**

	2013	Restated 2012
<b>Assets:</b>		
Current and other assets	\$ 12,833,764	\$ 13,285,863
Capital assets	40,065,660	41,037,746
Total assets	<u>52,899,424</u>	<u>54,323,609</u>
Deferred outflows of resources	922,314	1,015,330
<b>Liabilities:</b>		
Long-term liabilities outstanding	41,067,267	45,412,372
Other liabilities	7,035,094	5,275,895
Total liabilities	<u>48,102,361</u>	<u>50,688,267</u>
<b>Net position:</b>		
Net investment in capital assets	1,632,191	(721,665)
Restricted for debt service	-	45,400
Restricted for food service	188,264	244,498
Unrestricted	<u>3,898,922</u>	<u>5,082,439</u>
Total net position	<u><u>\$ 5,719,377</u></u>	<u><u>\$ 4,650,672</u></u>

	2013	Restated 2012
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 807,224	\$ 874,876
Federal and state categorical grants	13,794,505	14,765,673
General revenues:		
Property taxes	10,457,148	10,973,666
Investment	8,556	53,998
State aid - unrestricted	27,671,869	25,868,255
Federal sources - unrestricted	-	1,239,220
Other	<u>1,259,296</u>	<u>1,125,257</u>
Total revenues	<u>53,998,598</u>	<u>54,900,945</u>
<b>Expenses:</b>		
Instruction	29,519,302	29,100,009
Support services	17,060,879	16,962,634
Community services	134,006	116,032
Outgoing transfers and other transactions	1,218,279	1,203,414
Food services	2,681,353	2,323,843
Loss on sale of capital assets	-	2,264,520
Interest on long-term debt	<u>1,871,056</u>	<u>1,997,521</u>
Total expenses	<u>52,484,875</u>	<u>53,967,973</u>
<b>Special item:</b>		
Loss on impairment and disposal of capital assets	<u>(445,018)</u>	-
Change in net position	<u>\$ 1,068,705</u>	<u>\$ 932,972</u>

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

For the District as a whole its *combined* fund balance, is \$5,690,952 compared to \$6,899,423 in 2012. The fund balance decreased by \$1,208,471 for the year, primarily due to a decrease of \$1,017,338 in the capital projects fund.

### **General Fund and Budget Highlights**

During the 2012-13 fiscal year the original district budget was amended once to reflect changes which affected the District. The final budget was amended to show a current year fund balance of \$4,723,130 while the actual fund balance for the year was \$5,169,246. The better-than-anticipated final result was due largely to budgeted funds going unspent at the building and departmental levels and the timing of expenses incurred.

At June 30, 2013, the District's fund balance in the general fund was \$5,169,246. Remaining fund balance represented 11.17 percent of 2012-13 general fund expenditures.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's capital assets are as follows:

Table A-5  
Wyoming Public Schools' Capital Assets

	2013			2012
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 708,581	\$ -	\$ 708,581	\$ 569,711
Land improvements	3,758,321	2,727,029	1,031,292	1,247,467
Buildings and additions	69,616,797	32,415,024	37,201,773	38,045,369
Furniture and equipment	5,320,530	4,818,704	501,826	586,248
Transportation equipment	2,089,720	1,467,532	622,188	588,951
Total	<u>\$ 81,493,949</u>	<u>\$ 41,428,289</u>	<u>\$ 40,065,660</u>	<u>\$ 41,037,746</u>

## **LONG-TERM DEBT**

At June 30, 2013, the District had approximately \$41.1 million in long-term obligations which included \$39,355,783 in outstanding bonded debt. The bonded debt obligation was reduced during the year as \$3,302,635 of previously outstanding bonds were redeemed. In addition to the bonded debt, the District has obligations for accumulated compensated absences and termination benefits estimated at roughly \$1.7 million at the end of the fiscal year. More detailed information is available in Note 5 to the financial statements.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The District must compete for students with neighboring Districts due to schools of choice laws in Michigan. Part of attracting and retaining students is providing attractive and up-to-date facilities. The District is seeking a significant investment from taxpayers in November of 2013 that would allow for additions, upgrades and renovations across all operating school buildings. A failure of that millage request could impair the District's ability to successfully attract new students, as neighboring communities and Districts have been able to update their facilities recently.
- The State of Michigan has experienced some positive economic momentum in the last year or two. It is yet to be seen if that growth will (1) continue and (2) translate into additional, sustainable revenue for the School Aid Fund. The District can manage expenses-and has done so quite effectively-but the District has no control over its revenue allocation from the State. Continuing to operate with little or no increase in per pupil revenue will be difficult without beginning to deplete the District's modest cash reserves.
- The District settled three-year contracts with its two bargaining units in the spring of 2013. The contracts were fair and affordable and put the District in solid control of costs moving forward. The three-year duration (through August of 2016) will provide a period of certainty for the District and its bargaining unit employees.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Director of Finance's office at Wyoming Public Schools, 3575 Gladiola Avenue SW, Wyoming, MI 49519.

## **BASIC FINANCIAL STATEMENTS**

**WYOMING PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>Governmental activities</b>
<b>ASSETS:</b>	
Cash	\$ 4,057,345
Receivables:	
Accounts receivable	15,040
Taxes receivable	2,769
Intergovernmental	7,923,844
Due from student activities	4,006
Inventories	64,121
Prepays	369,940
Land contract receivable	396,699
Capital assets not being depreciated	708,581
Capital assets, net of accumulated depreciation	<u>39,357,079</u>
<b>TOTAL ASSETS</b>	<u>52,899,424</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred charge on refunding	<u>922,314</u>
<b>LIABILITIES:</b>	
Accounts payable	442,658
Accrued salaries and related items	3,478,170
Intergovernmental	2,038,394
Accrued interest	291,750
Unearned revenue	784,122
Noncurrent liabilities:	
Due within one year	3,460,250
Due in more than one year	<u>37,607,017</u>
<b>TOTAL LIABILITIES</b>	<u>48,102,361</u>
<b>NET POSITION:</b>	
Net investment in capital assets	1,632,191
Restricted for:	
Food service	188,264
Unrestricted	<u>3,898,922</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,719,377</u>

**WYOMING PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants	
<b>Governmental activities:</b>				
Instruction	\$ 29,519,302	\$ 35,880	\$ 9,906,459	\$ (19,576,963)
Support services	17,060,879	461,658	1,557,138	(15,042,083)
Community services	134,006	-	-	(134,006)
Outgoing transfers and other transactions	1,218,279	-	-	(1,218,279)
Food services	2,681,353	309,686	2,325,308	(46,359)
Interest on long-term debt	<u>1,871,056</u>	<u>-</u>	<u>5,600</u>	<u>(1,865,456)</u>
Total governmental activities	<u><u>\$ 52,484,875</u></u>	<u><u>\$ 807,224</u></u>	<u><u>\$ 13,794,505</u></u>	<u><u>(37,883,146)</u></u>
<b>General revenues:</b>				
Property taxes, levied for general purposes				5,685,908
Property taxes, levied for debt service				4,771,240
Investment earnings				8,556
State sources				27,671,869
Other				<u>1,259,296</u>
Total general revenues				<u>39,396,869</u>
<b>Special item:</b>				
Loss on impairment and disposal of capital assets				<u>(445,018)</u>
<b>CHANGE IN NET POSITION</b>				
NET POSITION, beginning of year (as restated)				<u>4,650,672</u>
NET POSITION, end of year				<u><u>\$ 5,719,377</u></u>

**WYOMING PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General Fund	Capital Projects Fund	Total nonmajor funds	Total governmental funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,159,479	\$ 369,168	\$ 528,698	\$ 4,057,345
Receivables:				
Property taxes receivable	2,769	-	-	2,769
Accounts receivable	14,345	695	-	15,040
Land contract receivable	-	396,699	-	396,699
Intergovernmental	7,879,941	-	43,903	7,923,844
Due from other funds	230,269	-	73,855	304,124
Due from student activities	4,006	-	-	4,006
Inventories	34,223	-	29,898	64,121
Prepays	219,940	-	150,000	369,940
<b>TOTAL ASSETS</b>	<b>\$ 11,544,972</b>	<b>\$ 766,562</b>	<b>\$ 826,354</b>	<b>\$ 13,137,888</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 176,577	\$ 228,261	\$ 37,820	\$ 442,658
Accrued salaries and related items	3,457,811	-	20,359	3,478,170
Intergovernmental	1,947,826	-	90,568	2,038,394
Due to other funds	13,855	47,150	243,119	304,124
Unearned revenue	776,888	-	7,234	784,122
<b>TOTAL LIABILITIES</b>	<b>6,372,957</b>	<b>275,411</b>	<b>399,100</b>	<b>7,047,468</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - Land Contract	-	396,699	-	396,699
Unavailable revenue - Property Taxes	2,769	-	-	2,769
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,769</b>	<b>396,699</b>	<b>-</b>	<b>399,468</b>

See notes to financial statements.

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total nonmajor funds</b>	<b>Total governmental funds</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	34,223	-	29,898	64,121
Prepays	219,940	-	150,000	369,940
Restricted for:				
Debt service	-	-	59,092	59,092
Food service	-	-	188,264	188,264
Assigned for:				
Capital projects	-	94,452	-	94,452
Subsequent years expenditures	290,912	-	-	290,912
Unassigned	4,624,171	-	-	4,624,171
<b>TOTAL FUND BALANCES</b>	<b>5,169,246</b>	<b>94,452</b>	<b>427,254</b>	<b>5,690,952</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,544,972</b>	<b>\$ 766,562</b>	<b>\$ 826,354</b>	<b>\$ 13,137,888</b>
<b>Total governmental fund balances</b>				<b>\$ 5,690,952</b>
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred charge on refunding, net of amortization				922,314
The land contract receivable generated from the sale of property is recognized as revenue on the Statement of Activities in the year of sale.				396,699
Capital assets used in governmental activities are not financial resources and are not reported in the funds				
The cost of the capital assets is			\$ 81,493,949	
Accumulated depreciation is			(41,428,289)	
				40,065,660
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Bonds payable				(39,355,783)
Compensated absences and termination benefits				(1,711,484)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(291,750)
Unavailable revenue at June 30, 2013, expected to be collected after September 1, 2013				2,769
<b>Net position of governmental activities</b>				<b>\$ 5,719,377</b>

See notes to financial statements.

**WYOMING PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 5,683,139	\$ -	\$ 4,771,240	\$ 10,454,379
Tuition	35,880	-	-	35,880
Investment earnings	5,154	709	2,693	8,556
Food sales, athletics, and community service	36,510	-	309,686	346,196
Other	<u>1,419,504</u>	<u>132,043</u>	<u>711</u>	<u>1,552,258</u>
Total local sources	7,180,187	132,752	5,084,330	12,397,269
State sources	30,373,049	-	199,829	30,572,878
Federal sources	4,945,646	-	2,248,714	7,194,360
Incoming transfers and other	<u>3,860,749</u>	<u>-</u>	<u>-</u>	<u>3,860,749</u>
Total revenues	<u>46,359,631</u>	<u>132,752</u>	<u>7,532,873</u>	<u>54,025,256</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	28,190,418	-	-	28,190,418
Supporting services	16,767,486	-	-	16,767,486
Food service activities	-	-	2,425,867	2,425,867
Community service activities	115,416	-	-	115,416
Outgoing transfers and other transactions	1,218,279	-	-	1,218,279
Capital outlay	-	1,150,090	167,583	1,317,673

See notes to financial statements.

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>EXPENDITURES (Concluded)</b>				
Debt service:				
Principal repayment	\$ -	\$ -	\$ 3,302,635	\$ 3,302,635
Interest	-	-	1,894,887	1,894,887
Other	-	-	1,066	1,066
Total expenditures	<u>46,291,599</u>	<u>1,150,090</u>	<u>7,792,038</u>	<u>55,233,727</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>68,032</u>	<u>(1,017,338)</u>	<u>(259,165)</u>	<u>(1,208,471)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	98,933	-	-	98,933
Transfers out	-	-	(98,933)	(98,933)
Total other financing sources (uses)	<u>98,933</u>	<u>-</u>	<u>(98,933)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>166,965</u>	<u>(1,017,338)</u>	<u>(358,098)</u>	<u>(1,208,471)</u>
<b>FUND BALANCES:</b>				
Beginning of year	<u>5,002,281</u>	<u>1,111,790</u>	<u>785,352</u>	<u>6,899,423</u>
End of year	<u>\$ 5,169,246</u>	<u>\$ 94,452</u>	<u>\$ 427,254</u>	<u>\$ 5,690,952</u>

See notes to financial statements.

**WYOMING PUBLIC 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, 2013**

<b>Net change in fund balances total governmental funds</b>	\$ (1,208,471)
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.	
Depreciation expense	(1,859,006)
Capital outlay	1,331,938
Loss on impairment and disposal of capital assets	(445,018)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	315,581
Accrued interest payable, end of the year	(291,750)
Collections on the land contract receivable are revenues in the governmental funds, but decrease assets in the Statement of Net Position.	(29,427)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Payments on debt	3,302,635
Amortization of deferred loss on refunding	(93,016)
Amortization of bond premium	128,813
Amortization of bond discount	(12,490)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue - property taxes, beginning of the year	-
Unavailable revenue - property taxes, end of the year	2,769
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and termination benefits, beginning of the year	1,637,631
Accrued compensated absences and termination benefits, end of the year	(1,711,484)
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,068,705</u></b>

**WYOMING PUBLIC SCHOOLS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2013**

	<u>Agency fund</u>
<b>ASSETS:</b>	
Cash	<u>\$ 277,577</u>
<b>LIABILITIES:</b>	
Accounts payable	\$ 12,170
Accounts payable - primary government	4,006
Due to student and other groups	<u>261,401</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 277,577</u></b>

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

**B. Reporting Entity**

The Wyoming Public Schools (the “District”) is governed by the Wyoming Public Schools Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements.

**C. Basis of Presentation - Government-wide Financial Statements**

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

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

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Presentation - Fund Financial Statements (Concluded)**

The District reports the following major governmental funds:

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

The *capital projects fund* accounts for the transfers from the general fund and sales of capital assets for the acquisition of fixed assets.

**Other non-major funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service activities in the special revenue fund.

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Fiduciary Funds** account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

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

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

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Measurement Focus and Basis of Accounting**

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Measurement Focus and Basis of Accounting (Concluded)**

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

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

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

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

**F. Budgetary Information**

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Budgetary Information (Concluded)**

The District 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. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year end June 30, 2013. The District does not consider these amendments to be significant.

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

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

2. Investments

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. 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 District intends to hold the investment until maturity.

State statutes authorize the District 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 District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated fair 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 assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

4. Capital asset (Concluded)

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Buildings and additions	40 - 50 years
Furniture and equipment	3 - 10 years
Transportation equipment	5 - 10 years
Land Improvements	10 - 20 years

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues primarily from two sources: property taxes and receipts that exceeded 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

6. Net position flow assumption

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

7. Fund balance flow assumptions

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

8. Fund balance policies

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

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

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)**

8. Fund balance policies (Concluded)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of education has by resolution authorized the superintendent and finance director to assign fund balance. The board of education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**H. Revenues and Expenditures/Expenses**

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**H. Revenues and Expenditures/Expenses (Concluded)**

2. Property taxes (Concluded)

For the year ended June 30, 2013, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund:	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	5.85

3. Compensated absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The District had no investments at June 30, 2013.

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

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2013, the District did not have investments in commercial paper and corporate bonds.

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2013, \$4,684,583 of the District's bank balance of \$4,934,583 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$4,334,922.

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

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

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

At June 30, 2013, the carrying amount is as follows:

Deposits - including fiduciary funds of \$277,577	<u>\$ 4,334,922</u>
---	---------------------

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)**

The above amounts are reported in the financial statements as follows:

Fiduciary Fund		\$ 277,577
Government wide:		
Current assets:		
Cash		<u>4,057,345</u>
		<u><u>\$ 4,334,922</u></u>

**NOTE 3 - CAPITAL ASSETS**

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

	Balance July 1, 2012	Additions	Deletions (Reclassifications)	Balance June 30, 2013
Assets not being depreciated:				
Land	\$ 569,711	\$ 138,870	\$ -	\$ 708,581
Other capital assets:				
Land improvements	3,737,808	20,513	-	3,758,321
Buildings and additions	69,260,433	804,444	448,080	69,616,797
Furniture and equipment	5,180,106	213,393	72,969	5,320,530
Transportation equipment	1,935,002	154,718	-	2,089,720
Subtotal	<u>80,113,349</u>	<u>1,193,068</u>	<u>521,049</u>	<u>80,785,368</u>
Accumulated depreciation:				
Land improvements	2,490,341	236,688	-	2,727,029
Buildings and additions	31,215,064	1,222,876	22,916	32,415,024
Furniture and equipment	4,593,858	277,961	53,115	4,818,704
Transportation equipment	1,346,051	121,481	-	1,467,532
Total accumulated depreciation	<u>39,645,314</u>	<u>1,859,006</u>	<u>76,031</u>	<u>41,428,289</u>
Net capital assets being depreciated	<u>40,468,035</u>	<u>(665,938)</u>	<u>445,018</u>	<u>39,357,079</u>
Net governmental capital assets	<u><u>\$ 41,037,746</u></u>	<u><u>\$ (527,068)</u></u>	<u><u>\$ 445,018</u></u>	<u><u>\$ 40,065,660</u></u>

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS (Concluded)**

Depreciation expense was charged to programs of the District as follows:

Governmental activities:

Food service	\$ 92,951
Community service	18,590
Support services	446,161
Instruction	<u>1,301,304</u>
Total governmental activities	<u><u>\$ 1,859,006</u></u>

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2013 consist of the following:

	Governmental funds
Other intergovernmental units:	
State aid	\$ 6,130,668
Federal revenue	1,237,950
ISD and other	<u>555,226</u>
	<u><u>\$ 7,923,844</u></u>

Amounts due from other intergovernmental units include amounts due from federal, state and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

**NOTE 5 - LONG-TERM DEBT**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM DEBT (Continued)**

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2013:

	Accumulated compensated absences and termination benefits	Bonds and other debt	Total
Balance, July 1, 2012 (as restated)	\$ 1,637,631	\$ 42,774,741	\$ 44,412,372
Deletions	<u>73,853</u>	<u>(3,418,958)</u>	<u>(3,345,105)</u>
Balance, June 30, 2013	1,711,484	39,355,783	41,067,267
Due within one year	<u>110,250</u>	<u>3,350,000</u>	<u>3,460,250</u>
Total due in more than one year	<u>\$ 1,601,234</u>	<u>\$ 36,005,783</u>	<u>\$ 37,607,017</u>

Bonds payable at June 30, 2013 is comprised of the following issues:

2003 refunding bonds due in annual installments of \$75,000 to \$95,000 through May 1, 2022 with interest from 3.60% to 4.35%.	\$ 765,000
2005 refunding bonds due in annual installments of \$1,895,000 to \$1,900,000 through May 1, 2023 with interest of 5.00%.	18,965,000
2007 building and site bonds due in annual installments of \$775,000 to \$1,950,000 through May 1, 2022 with interest from 4.00% to 5.50%.	12,150,000
2009 refunding bonds due in annual installments of \$600,000 to \$815,000 through May 1, 2022 with interest from 2.75% to 3.75%.	6,280,000
Less unamortized discount	(132,090)
Plus: premium on bond refunding	<u>1,327,873</u>
Total general obligation debt	39,355,783
Obligation under contract for compensated absences and termination benefits	<u>1,711,484</u>
Total general long-term debt	<u><u>\$ 41,067,267</u></u>

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM DEBT (Concluded)**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2013, \$28,430,000 bonds outstanding are considered defeased.

The annual requirements to amortize debt outstanding as of June 30, 2013, including interest payments of \$9,699,398 are as follows:

Year ending June 30,	Principal	Interest	Amounts payable
2014	\$ 3,350,000	\$ 1,750,498	\$ 5,100,498
2015	3,495,000	1,605,410	5,100,410
2016	3,660,000	1,439,084	5,099,084
2017	3,835,000	1,264,454	5,099,454
2018	4,015,000	1,085,142	5,100,142
2019 - 2023	<u>19,805,000</u>	<u>2,554,810</u>	<u>22,359,810</u>
Discounts on bond refunding	38,160,000	9,699,398	47,859,398
Premium on bond refunding	(132,090)	-	(132,090)
Accumulated compensated absences and termination benefits	1,327,873	-	1,327,873
	<u>1,711,484</u>	<u>-</u>	<u>1,711,484</u>
	<u>\$ 41,067,267</u>	<u>\$ 9,699,398</u>	<u>\$ 50,766,665</u>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2013 are as follows:

Receivable fund	Payable fund
General fund	\$ 13,855
Special revenue	13,855
Debt service	60,000
	<u>183,119</u>
	<u>47,150</u>
<u>\$ 304,124</u>	<u>\$ 304,124</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS**

**Plan Description** - The District participates in the statewide Michigan Public School Employees' Retirement System (System) which is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Comprehensive Annual Financial Report. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (800) 381-5111. It is also available at <http://www.michigan.gov/orsschools>.

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 who serves as Executive Secretary to the System's Board, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

**Benefit Provisions - Pension**

***Introduction***

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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. A DB member or Pension Plus hybrid 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 rights 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.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)**

**Benefit Provisions - Pension (Continued)**

***Pension Reform 2010***

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

***Pension Reform 2012***

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension 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 December 1, 2012, subsequently amended to February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Option 1 - members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members: 4% contribution
- MIP-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 -members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)**

**Benefit Provisions - Pension (Concluded)**

Option 3 - members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their *total* years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus hybrid plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period to elect to opt out of the Pension Plus hybrid plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus hybrid plan. If they elect to opt out of the Pension Plus hybrid plan, their participation in the DC plan will be retroactive to their date of hire.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)**

**Funding Policy**

*Member Contributions*

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan Member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)**

***Employer Contributions***

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. For the period October 1 through September 30, the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPSERS"), which is administered by the State of Michigan. These contributions are required by law and are calculated by using the contribution rates and periods provided in the table below of the employees' wages. In addition, the District is required to match 50% up to 1% of the employee's contribution in the Pension Plus plan. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS were equal to the required contribution for those years.

The School District's contributions to MPSERS are as follows:

Fiscal Year Ending June 30,	Contributions to MPSERS
2013	\$ 5,980,167
2012	5,599,387
2011	4,992,215

Included in the amounts paid above, the District received \$459,395 of section 147(c) State Aid for the sole purpose of making supplemental payments to MPSERS. The District has recorded this amount as state revenue and additional pension expenditures/expenses for the year ended June 30, 2013.

PA 464 Retirees Returning to Work, effective December 27, 2012 also requires applicable employer contributions to the defined benefit and defined contribution plans. These amounts if any are included in the amounts paid above.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)**

		Fiscal Year 2013 Effective February 1, 2013						
Public School Employee	Pension Rates (FYE Sept. 30th)	Basic MIP	Pension Plus	Pension Plus PHF - First worked after 9/3/12	Pension Plus to DC with PHF First worked after 9/3/12	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
<b>Pension Contributions - Total Rate</b>								
Pension Normal Cost		2.43%	2.24%	2.24%	0.00%	0.00%	0.00%	2.43%
Pension UAL		11.42%	11.42%	11.42%	11.42%	11.42%	11.42%	11.42%
Pension Early Retirement Incentive		1.36%	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%
<b>Total</b>		<b>15.21%</b>	<b>15.02%</b>	<b>15.02%</b>	<b>12.78%</b>	<b>12.78%</b>	<b>12.78%</b>	<b>15.21%</b>
<b>Health Contributions - Total Rate</b>								
Health Normal Cost		0.93%	0.93%	0.00%	0.00%	0.93%	0.00%	0.00%
Health UAL		8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%
<b>Total</b>		<b>9.11%</b>	<b>9.11%</b>	<b>8.18%</b>	<b>8.18%</b>	<b>9.11%</b>	<b>8.18%</b>	<b>8.18%</b>
DC Employer Contributions		24.32%	24.13%	23.20%	20.96%	21.89%	20.96%	23.39%
<b>DC Contributions</b>								
Personal Healthcare Fund		0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
<b>Total</b>		<b>0.00%</b>	<b>1.00%</b>	<b>3.00%</b>	<b>5.00%</b>	<b>4.00%</b>	<b>6.00%</b>	<b>2.00%</b>
4 months ended 1/31/2013								
Public School Employee	Pension Rates (FYE Sept. 30th)	First worked before 7/1/10	First worked between 6/30/10 and 9/3/12	Pension Plus and First worked after 9/3/12	Elected DC and First worked after 9/3/12			
Pension Normal Cost (Prefunded)		3.47%	2.24%	2.24%	0.00%			
Pension Unfunded Accrued Liability		11.42%	11.42%	11.42%	11.42%			
Early Retirement Incentive Program		1.36%	1.36%	1.36%	1.36%			
<b>Pension Total Rate</b>		<b>16.25%</b>	<b>15.02%</b>	<b>15.02%</b>	<b>12.78%</b>			
Retiree Health Care Contribution (Cash basis)		0.93%	0.93%	0.00%	0.00%			
Surcharge due to Injunction		8.18%	8.18%	8.18%	8.18%			
<b>Health Total Rate</b>		<b>9.11%</b>	<b>9.11%</b>	<b>8.18%</b>	<b>8.18%</b>			
<b>Total</b>		<b>25.36%</b>	<b>24.13%</b>	<b>23.20%</b>	<b>20.96%</b>			
Fiscal Years 2012 and 2011								
Public School Employee	Pension Rates (FYE Sept. 30th)	FY 2011 - 2012		11 months ended 9/30/11		1 month ended 10/31/10		
Pension Normal Cost (Prefunded)		First worked before 7/1/10	First worked after 6/30/10	First worked before 7/1/10	First worked after 6/30/10	First worked before 7/1/10	First worked after 6/30/10	
Pension Unfunded Accrued Liability		3.47%	2.24%	3.74%	2.24%	3.74%	2.24%	
Early Retirement Incentive Program		12.49%	12.49%	8.42%	8.42%	8.42%	8.42%	
<b>Pension Total Rate</b>		0.00%	0.00%	N/A	N/A	N/A	N/A	
<b>Health Total Rate</b>		<b>15.96%</b>	<b>14.73%</b>	<b>12.16%</b>	<b>10.66%</b>	<b>12.16%</b>	<b>10.66%</b>	
Retiree Health Care Contribution (Cash basis)		5.50%	5.50%	5.50%	5.50%	7.25%	7.25%	
Surcharge due to Injunction		3.00%	3.00%	3.00%	3.00%	N/A	N/A	
<b>Total</b>		<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>7.25%</b>	<b>7.25%</b>	
		<b>24.46%</b>	<b>23.23%</b>	<b>20.66%</b>	<b>19.16%</b>	<b>19.41%</b>	<b>17.91%</b>	

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)**

**Benefit Provisions - Other Postemployment**

***Introduction***

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, is currently funded on a cash disbursement basis. Beginning fiscal year 2013, it will be funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, 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 health care 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 Other Postemployment Benefits, 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.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees. Dependents are eligible for health care coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

***Retiree Healthcare Reform of 2012***

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services 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 December 1, 2012.

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 will be deposited into their 401(k) accounts.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Concluded)**

**Benefit Provisions - Other Postemployment (Continued)**

Members who did not make an election before the deadline retain the subsidy benefit and continue making the 3% contribution toward retiree healthcare. Deferred or nonvested members on September 3, 2012 who are rehired on or after September 4, 2012, will contribute 3% contribution to retiree healthcare and will retain the subsidy benefit. Returning members who made the retirement healthcare election will retain whichever option they chose.

Those who elected to retain the premium subsidy continue to annually contribute 3% of compensation into the health care funding account. A member or former member age 60 or older, who made the 3% healthcare contributions but who does not meet eligibility requirements may request a refund of their contributions. Similarly, if a retiree dies before the total value of the insurance subsidy paid equals the total value of the contributions the member made, and there are no eligible dependents, the beneficiary may request a refund of unused funds. Refunds of member contributions to the healthcare funding account are issued as a supplemental benefit paid out over a 60 month period.

1. Retirees with at least 21 years of service, who terminate employment after October 31, 1980, with vested deferred benefits, are eligible for subsidized employer paid health benefit coverage.
2. A delayed subsidy applies to retirees who became a member of the retirement system before July 1, 2008 and who purchased service credit on or after July 1, 2008. Such individuals are eligible for premium subsidy benefits at age 60 or when they would have been eligible to retire without having made a service purchase, whichever comes first. They may enroll in the insurances earlier, but are responsible for the full premium until the premium subsidy begins.

Under Public Act 300 of 2012, the state no longer offers an insurance premium subsidy in retirement for public school employees who first work on or after September 4, 2012. Instead, all new employees will be placed into the Personal Healthcare Fund where they will have support saving for retirement healthcare costs in the following ways:

- They will be automatically enrolled in a 2% employee contribution into a 457 account as of their date of hire, earning them a 2% employer match into a 401(k) account.
- They will receive a credit into a Health Reimbursement Account (HRA) at termination if they have at least 10 years of service at termination. The credit will be \$2,000 for participants who are at least 60 years of age at termination or \$1,000 for participants who are less than 60 years of age at termination.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Concluded)**

**Benefit Provisions - Other Postemployment (Concluded)**

Participants in the Personal Healthcare Fund, who become disabled for any reason, are not eligible for any employer funded health insurance premium subsidy. If a PHF participant suffers a non-duty related death, his or her health benefit dependents are not eligible to participate in any employer funded health insurance premium subsidy. If a PHF participant suffers a duty death, the state will pay the maximum health premium allowed by statute for the surviving spouse and health benefit dependents. The spouses' insurance subsidy may continue until his or her death, the dependents' subsidy may continue until their eligibility ends (through marriage, age, or other event). Upon eligibility for a duty death benefit, the 2% employer matching contributions and related earnings in the PHF 401(k) are forfeited and the state will pay for the subsidy payments. The beneficiaries receive the member's personal contributions and related earnings in the PHF 457 account.

**Other Information**

On June 28, 2010, the Michigan Court of Claims issued an injunction in response to a challenge to the authority of the State to require employees who began working before July 1, 2010, to contribute 3% of reportable wages to the retiree health care trust at MPSERS. As a result, the State has adjusted the contribution rate due on employees' wages paid between November 1, 2010 and September 30, 2011 to 20.66% for members who first worked prior to July 1, 2010 and 19.16% for Pension Plus members. In March 2011, the Court of Claims granted the plaintiffs' motions for summary disposition finding that the mandatory 3% contribution violated both the U.S. and Michigan constitutions. The State appealed the ruling to the Michigan Court of Appeals. The Court of Appeals accepted the appeal and ordered an expedited review. The Court of Appeals also granted the State's motion for a stay of proceedings and ordered that the 3% deduction continue to be collected and placed into an escrow account until further order of the Court.

On August 16, 2012 the State of Michigan Court of Appeals affirmed the trial court's orders granting summary dispositions in favor of the plaintiffs in each of the cases before it, terminating the stay ordered by this Court on March 18, 2011. The State of Michigan has appealed the decision to the Michigan Supreme Court. The Office of Retirement Services is instructing Michigan public school employers to continue withholding the 3% contribution. Should the plaintiffs prevail, the escrowed funds will be returned to the employees.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees and natural disasters. The District is a member of the West Michigan Risk Management Trust (Trust), a self-insurance program with 32 districts pooling together to insure property, liability and auto exposures. Premiums from members of the Trust are arrived at through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,295,405, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained to place the responsibility for small charges with the members of the Trust.

The District is a member of the West Michigan Workers' Compensation Fund, a self-insurance program with 18 districts pooling together to insure workers' compensation and employers' liability exposures. The fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$2,130,907 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts.

The District carries commercial insurance for all other risks of loss, including employee life, health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**NOTE 9 - TRANSFERS**

The food service fund transferred \$98,933 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds.

**NOTE 10 - CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - NEW ACCOUNTING STANDARDS**

For the year end June 30, 2013 the District implemented the following new pronouncements:

GASB Statement 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

**Summary:**

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants  
AICPA Committee on Accounting Procedure

GASB Statements 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement 65 - *Items Previously Reported as Assets and Liabilities.*

**Summary:**

These Statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net position.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - NEW ACCOUNTING STANDARDS (Concluded)**

GASB Statement 65 also states that bond issuance costs should be expensed in the year which they are incurred. As a result, the remaining unamortized bond issuance costs were written off as of July 1, 2012. The restatement of the beginning of the year net position is follows:

	<u>Governmental Activities</u>
Net position as previously stated, July 1, 2012	\$ 4,932,898
Adoption of GASB 65	<u>(282,226)</u>
Net position as restated, July 1, 2012	<u><u>\$ 4,650,672</u></u>

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENT**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued by the GASB in June 2012 and will be effective for the District's 2015 fiscal year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WYOMING PUBLIC SCHOOLS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2013**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Local sources	\$ 7,465,212	\$ 7,458,656	\$ 7,180,187	\$ (278,469)
State sources	28,896,375	30,445,628	30,373,049	(72,579)
Federal sources	5,398,625	5,172,201	4,945,646	(226,555)
Incoming transfers and other	3,861,011	3,860,747	3,860,749	2
Total revenues	<u>45,621,223</u>	<u>46,937,232</u>	<u>46,359,631</u>	<u>(577,601)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	20,332,380	21,172,324	20,888,735	283,589
Added needs	7,999,647	7,125,635	7,053,273	72,362
Adult education	248,760	274,493	248,410	26,083
Total instruction	<u>28,580,787</u>	<u>28,572,452</u>	<u>28,190,418</u>	<u>382,034</u>
Supporting services:				
Pupil	2,992,128	2,978,049	2,959,200	18,849
Instructional staff	2,380,877	2,613,561	2,494,004	119,557
General administration	506,575	532,947	513,392	19,555
School administration	2,056,551	1,929,207	1,878,878	50,329
Business	345,926	368,145	368,101	44
Operation/maintenance	3,279,561	3,283,478	3,269,051	14,427
Pupil transportation	2,643,719	2,946,528	2,818,626	127,902
Central	1,536,479	1,666,833	1,614,499	52,334
Athletics	476,515	853,177	851,735	1,442
Total supporting services	<u>16,218,331</u>	<u>17,171,925</u>	<u>16,767,486</u>	<u>404,439</u>
Community services	141,688	119,288	115,416	3,872
Outgoing transfers and other transactions	1,080,241	1,472,718	1,218,279	254,439
Total expenditures	<u>46,021,047</u>	<u>47,336,383</u>	<u>46,291,599</u>	<u>1,044,784</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(399,824)</b>	<b>(399,151)</b>	<b>68,032</b>	<b>467,183</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	120,000	120,000	98,933	(21,067)
Total other financing sources	120,000	120,000	98,933	(21,067)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (279,824)</b>	<b>\$ (279,151)</b>	<b>166,965</b>	<b>\$ 446,116</b>
<b>FUND BALANCE:</b>				
Beginning of year			5,002,281	
End of year			<u>\$ 5,169,246</u>	

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**WYOMING PUBLIC SCHOOLS  
GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**YEAR ENDED JUNE 30, 2013**

	<u>Final budget</u>	<u>Actual</u>	<b>Variance with final budget</b>
<b>LOCAL SOURCES:</b>			
Property taxes	\$ 6,033,039	\$ 5,683,139	\$ (349,900)
Tuition	34,000	35,880	1,880
Investment earnings	5,000	5,154	154
Athletics	33,236	36,510	3,274
Other local revenue	<u>1,353,381</u>	<u>1,419,504</u>	<u>66,123</u>
<b>TOTAL LOCAL SOURCES</b>	<b><u>7,458,656</u></b>	<b><u>7,180,187</u></b>	<b><u>(278,469)</u></b>
<b>STATE SOURCES:</b>			
Foundation grant	26,052,012	26,311,334	259,322
Categorical	4,336,351	4,004,450	(331,901)
Other state revenue	<u>57,265</u>	<u>57,265</u>	<u>-</u>
<b>TOTAL STATE SOURCES</b>	<b><u>30,445,628</u></b>	<b><u>30,373,049</u></b>	<b><u>(72,579)</u></b>
<b>FEDERAL SOURCES:</b>			
Title I	2,103,172	2,000,095	(103,077)
Title II - improving teacher quality	290,218	195,262	(94,956)
IDEA special education	1,175,450	1,175,450	-
21st century	1,228,326	1,193,403	(34,923)
Other federal revenue	<u>375,035</u>	<u>381,436</u>	<u>6,401</u>
<b>TOTAL FEDERAL SOURCES</b>	<b><u>5,172,201</u></b>	<b><u>4,945,646</u></b>	<b><u>(226,555)</u></b>
<b>INCOMING TRANSFERS AND OTHER TRANSACTIONS:</b>			
Special education	3,329,012	3,329,026	14
Other	<u>531,735</u>	<u>531,723</u>	<u>(12)</u>
<b>TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS</b>	<b><u>3,860,747</u></b>	<b><u>3,860,749</u></b>	<b><u>2</u></b>
<b>TOTAL REVENUES</b>	<b><u>46,937,232</u></b>	<b><u>46,359,631</u></b>	<b><u>(577,601)</u></b>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>120,000</u>	<u>98,933</u>	<u>(21,067)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b><u>\$ 47,057,232</u></b>	<b><u>\$ 46,458,564</u></b>	<b><u>\$ (598,668)</u></b>

**WYOMING PUBLIC SCHOOLS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED JUNE 30, 2013**  
**(with comparative totals for the year ended June 30, 2012)**

	<b>Salaries</b>	<b>Employee benefits</b>	<b>Purchased services</b>	<b>Supplies and materials</b>	<b>Capital outlay</b>	<b>Other expenses</b>	<b>Totals</b>	
							<b>2013</b>	<b>2012</b>
<b>Instruction:</b>								
Elementary	\$ 7,117,273	\$ 3,517,205	\$ 202,573	\$ 292,808	\$ -	\$ -	\$ 11,129,859	\$ 10,146,025
Middle school	3,177,041	1,606,564	56,361	75,146	210	1,645	4,916,967	2,858,209
High school	2,947,112	1,431,681	197,029	129,712	51,181	5,969	4,762,684	6,777,650
Preschool	20,908	6,842	88	576	-	-	28,414	401,644
Summer school	17,743	5,401	27,667	-	-	-	50,811	106,510
Special education	2,370,793	1,213,162	53,992	31,731	-	1,246,881	4,916,559	5,317,412
Compensatory education	1,247,958	628,245	143,376	65,229	-	-	2,084,808	2,875,111
Vocational education	251	80	108	43,275	5,500	2,692	51,906	96,357
Adult education	174,760	65,501	1,062	7,087	-	-	248,410	248,321
Total instruction	17,073,839	8,474,681	682,256	645,564	56,891	1,257,187	28,190,418	28,827,239
<b>Supporting services:</b>								
Pupil services	451,780	223,606	34,238	7,634	-	2,241,942	2,959,200	2,945,117
Instructional staff services	958,870	413,293	264,210	491,112	328,914	37,605	2,494,004	2,177,206
General administration	253,694	114,569	125,209	7,949	-	11,971	513,392	513,107
School administration	1,179,081	682,219	4,610	12,968	-	-	1,878,878	2,190,650
Business services	212,260	125,235	1,770	773	170	27,893	368,101	423,150
Operations and maintenance	895,328	638,646	844,294	851,791	37,496	1,496	3,269,051	3,485,201
Transportation	533,274	353,973	293,647	281,031	154,718	1,201,983	2,818,626	2,651,338
Central services	534,486	303,907	449,318	51,680	274,741	367	1,614,499	1,521,207
Athletics	281,977	114,374	148,003	5,583	38,137	263,661	851,735	776,260
Total support services	5,300,750	2,969,822	2,165,299	1,710,521	834,176	3,786,918	16,767,486	16,683,236
Community services	1,701	553	96,355	7,463	-	9,344	115,416	96,594
Outgoing transfers and other transactions	-	-	-	-	132,845	1,085,434	1,218,279	1,203,414
Total expenditures	\$ 22,376,290	\$ 11,445,056	\$ 2,943,910	\$ 2,363,548	\$ 1,023,912	\$ 6,138,883	\$ 46,291,599	\$ 46,810,483

**WYOMING PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2013**

	Special revenue			<b>Total nonmajor funds</b>
	<b>Food service</b>	<b>Debt service</b>		
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 379,156	\$ 149,542	\$	528,698
Intergovernmental	43,785	118		43,903
Due from other funds	13,855	60,000		73,855
Prepays	150,000	-		150,000
Inventories	29,898	-		29,898
<b>TOTAL ASSETS</b>	<b>\$ 616,694</b>	<b>\$ 209,660</b>	<b>\$</b>	<b>826,354</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 37,820	\$ -	\$	37,820
Accrued salaries and related items	20,359	-		20,359
Intergovernmental	-	90,568		90,568
Due to other funds	183,119	60,000		243,119
Unearned revenue	7,234	-		7,234
<b>TOTAL LIABILITIES</b>	<b>248,532</b>	<b>150,568</b>	<b></b>	<b>399,100</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	29,898	-		29,898
Prepays	150,000	-		150,000
Restricted for:				
Debt service	-	59,092		59,092
Food service	188,264	-		188,264
<b>TOTAL FUND BALANCES</b>	<b>368,162</b>	<b>59,092</b>	<b></b>	<b>427,254</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 616,694</b>	<b>\$ 209,660</b>	<b>\$</b>	<b>826,354</b>

**WYOMING PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2013**

	<u>Special revenue</u>	<u>Total nonmajor funds</u>	
	<u>Food service</u>	<u>Debt service</u>	
<b>REVENUES:</b>			
Local sources:			
Property taxes	\$ -	\$ 4,771,240	\$ 4,771,240
Investment earnings	469	2,224	2,693
Food sales	309,686	-	309,686
Other	711	-	711
Total local sources	<u>310,866</u>	<u>4,773,464</u>	<u>5,084,330</u>
State sources	76,594	123,235	199,829
Federal sources	<u>2,248,714</u>	<u>-</u>	<u>2,248,714</u>
Total revenues	<u>2,636,174</u>	<u>4,896,699</u>	<u>7,532,873</u>
<b>EXPENDITURES:</b>			
Current:			
Food service activities	2,425,867	-	2,425,867
Capital outlay	167,583	-	167,583
Debt service:			
Principal repayment	-	3,302,635	3,302,635
Interest expense	-	1,894,887	1,894,887
Other expense	-	1,066	1,066
Total expenditures	<u>2,593,450</u>	<u>5,198,588</u>	<u>7,792,038</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>42,724</u>	<u>(301,889)</u>	<u>(259,165)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	<u>(98,933)</u>	<u>-</u>	<u>(98,933)</u>
Total other financing uses	<u>(98,933)</u>	<u>-</u>	<u>(98,933)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(56,209)</u>	<u>(301,889)</u>	<u>(358,098)</u>
<b>FUND BALANCES:</b>			
Beginning of year	<u>424,371</u>	<u>360,981</u>	<u>785,352</u>
End of year	<u>\$ 368,162</u>	<u>\$ 59,092</u>	<u>\$ 427,254</u>

**WYOMING PUBLIC SCHOOLS**  
**COMBINING DEBT SERVICE FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2013**

	<b>2003</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>	<b>Total</b>
					<b>Nonmajor</b>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 3,010	\$ 896	\$ 137,674	\$ 7,962	\$ 149,542
Intergovernmental	2	64	29	23	118
Due from other governmental funds	-	50,000	-	10,000	60,000
<b>TOTAL ASSETS</b>	<b>\$ 3,012</b>	<b>\$ 50,960</b>	<b>\$ 137,703</b>	<b>\$ 17,985</b>	<b>\$ 209,660</b>
<b>LIABILITIES:</b>					
Intergovernmental	\$ 1,775	\$ 49,613	\$ 21,854	\$ 17,326	\$ 90,568
Due to other funds	-	-	60,000	-	60,000
<b>TOTAL LIABILITIES</b>	<b>1,775</b>	<b>49,613</b>	<b>81,854</b>	<b>17,326</b>	<b>150,568</b>
<b>FUND BALANCES:</b>					
Restricted for debt service	1,237	1,347	55,849	659	59,092
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,012</b>	<b>\$ 50,960</b>	<b>\$ 137,703</b>	<b>\$ 17,985</b>	<b>\$ 209,660</b>

**WYOMING PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2013**

	<b>2003</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>	<b>1998 Durant</b>	<b>Total Nonmajor</b>
<b>REVENUES:</b>						
Local sources:						
Property taxes	\$ 96,974	\$ 2,788,602	\$ 1,152,779	\$ 732,885	\$ -	\$ 4,771,240
Interest	46	1,212	624	342	-	2,224
Total local revenue	97,020	2,789,814	1,153,403	733,227	-	4,773,464
State sources	-	-	-	-	123,235	123,235
Total revenues	97,020	2,789,814	1,153,403	733,227	123,235	4,896,699
<b>EXPENDITURES:</b>						
Redemption of bonds	70,000	1,865,000	700,000	550,000	117,635	3,302,635
Interest on bonded debt	33,130	1,041,500	590,744	223,913	5,600	1,894,887
Other	250	241	325	250	-	1,066
Total expenditures	103,380	2,906,741	1,291,069	774,163	123,235	5,198,588
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>						
	(6,360)	(116,927)	(137,666)	(40,936)	-	(301,889)
<b>FUND BALANCES:</b>						
Beginning of year	7,597	118,274	193,515	41,595	-	360,981
End of year	\$ 1,237	\$ 1,347	\$ 55,849	\$ 659	\$ -	\$ 59,092

**WYOMING PUBLIC SCHOOLS  
LONG TERM DEBT  
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2013**

2003 Refunding Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2014	3.60%	\$ 75,000	\$ 15,358	\$ 15,358	\$ 105,716
2015	3.60%	75,000	14,008	14,008	103,016
2016	3.85%	80,000	12,658	12,658	105,316
2017	3.85%	85,000	11,118	11,118	107,236
2018	4.00%	85,000	9,481	9,481	103,962
2019	4.00%	90,000	7,781	7,781	105,562
2020	4.35%	90,000	5,981	5,981	101,962
2021	4.35%	90,000	4,024	4,024	98,048
2022	4.35%	95,000	2,066	2,066	99,132
Total 2003 bonded debt		<u>\$ 765,000</u>	<u>\$ 82,475</u>	<u>\$ 82,475</u>	<u>\$ 929,950</u>

The above bonds dated March 1, 2003 were issued for the purpose of refunding a portion of the School District's outstanding school building and site bonds. The amount of the original bond issue was \$1,330,000.

**WYOMING PUBLIC SCHOOLS  
LONG TERM DEBT  
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2013**

**2005 Refunding Bonds**

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2014	5.00%	\$ 1,895,000	\$ 474,125	\$ 474,125	\$ 2,843,250
2015	5.00%	1,895,000	426,750	426,750	2,748,500
2016	5.00%	1,895,000	379,375	379,375	2,653,750
2017	5.00%	1,895,000	332,000	332,000	2,559,000
2018	5.00%	1,895,000	284,625	284,625	2,464,250
2019	5.00%	1,895,000	237,250	237,250	2,369,500
2020	5.00%	1,895,000	189,875	189,875	2,274,750
2021	5.00%	1,900,000	142,500	142,500	2,185,000
2022	5.00%	1,900,000	95,000	95,000	2,090,000
2023	5.00%	<u>1,900,000</u>	<u>47,500</u>	<u>47,500</u>	<u>1,995,000</u>
Total 2005 bonded debt		<u><u>\$ 18,965,000</u></u>	<u><u>\$ 2,609,000</u></u>	<u><u>\$ 2,609,000</u></u>	<u><u>\$ 24,183,000</u></u>

The above bonds dated March 23, 2005 were issued for the purpose of refunding a portion of the School District's outstanding school building and site bonds. The amount of the original bond issue was \$28,100,000.

**WYOMING PUBLIC SCHOOLS  
LONG TERM DEBT  
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2013**

**2007 School Building and Site Bonds**

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2014	4.000%	\$ 775,000	\$ 281,372	\$ 281,372	\$ 1,337,744
2015	5.500%	925,000	265,872	265,872	1,456,744
2016	5.500%	1,050,000	240,434	240,434	1,530,868
2017	5.000%	1,200,000	211,559	211,559	1,623,118
2018	4.000%	1,350,000	181,559	181,559	1,713,118
2019	4.500%	1,500,000	154,559	154,559	1,809,118
2020	4.750%	1,625,000	120,809	120,809	1,866,618
2021	4.375%	1,775,000	82,216	82,216	1,939,432
2022	4.450%	<u>1,950,000</u>	<u>43,387</u>	<u>43,387</u>	<u>2,036,774</u>
Total 2007 bonded debt		<u>\$ 12,150,000</u>	<u>\$ 1,581,767</u>	<u>\$ 1,581,767</u>	<u>\$ 15,313,534</u>

The above bonds dated May 1, 2007 were issued to be used for school building and site purposes. The amount of the original bond issue was \$14,865,000.

**WYOMING PUBLIC SCHOOLS  
LONG TERM DEBT  
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2013**

2009 Refunding Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2014	2.750%	\$ 605,000	\$ 104,394	\$ 104,394	\$ 813,788
2015	3.000%	600,000	96,075	96,075	792,150
2016	3.000%	635,000	87,075	87,075	809,150
2017	3.250%	655,000	77,550	77,550	810,100
2018	3.250%	685,000	66,906	66,906	818,812
2019	3.500%	705,000	55,775	55,775	816,550
2020	3.500%	770,000	43,438	43,438	856,876
2021	3.625%	810,000	29,963	29,963	869,926
2022	3.750%	<u>815,000</u>	<u>15,281</u>	<u>15,281</u>	<u>845,562</u>
Total 2009 bonded debt		<u>\$ 6,280,000</u>	<u>\$ 576,457</u>	<u>\$ 576,457</u>	<u>\$ 7,432,914</u>

The above bonds dated February 11, 2009 were issued for the purpose of refunding a portion of the School District's outstanding 1999 refunding bonds. The amount of the original bond issue was \$8,330,000.

**WYOMING PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2012	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2013
<b>U.S. Department of Agriculture:</b>								
Passed through Michigan Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance (Donated Foods):								
Entitlement	10.555		\$ 124,437	\$ -	\$ -	\$ 124,437	\$ 124,437	\$ -
Non-Cash Assistance Subtotal			124,437	-	-	124,437	124,437	-
Cash Assistance:								
National School Lunch Program - Breakfast	10.553	121970	69,540	-	-	69,540	69,540	-
National School Lunch Program - Breakfast	10.553	131970	571,259	-	-	571,259	571,259	-
			640,799	-	-	640,799	640,799	-
National School Lunch Program - Section 11	10.555	131960	1,116,081	-	-	1,116,081	1,116,081	-
National School Lunch Program - Section 11	10.555	121960	144,051	-	-	144,051	144,051	-
			1,260,132	-	-	1,260,132	1,260,132	-
Summer Food Service Program - Meals	10.559	120900-1012	21,837	-	-	62,193	21,837	40,356
Summer Food Service Program - Meals	10.559	120900-0912	-	33,708	78,433	-	33,708	-
Summer Food Service Program - Sponsor Administration	10.559	121900-1012	1,832	-	-	5,261	1,832	3,429
Summer Food Service Program - Sponsor Administration	10.559	121900-0912	-	2,845	6,607	-	2,845	-
			23,669	36,553	85,040	67,454	60,222	43,785
Cash Assistance Subtotal			1,924,600	36,553	85,040	1,968,385	1,961,153	43,785
Total Child Nutrition Cluster			2,049,037	36,553	85,040	2,092,822	2,085,590	43,785

The accompanying notes are an integral part of this schedule.

**WYOMING PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2012	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2013
<u>U.S. Department of Agriculture (Concluded):</u>								
Child Care Food Program	10.558	121920	\$ 9,026	\$ -	\$ -	\$ 9,026	\$ 9,026	\$ -
Child Care Food Program	10.558	131920	83,696	-	-	83,696	83,696	-
Child Care Food Program	10.558	122010	691	-	-	691	691	-
Child Care Food Program	10.558	132010	6,387	-	-	6,387	6,387	-
			99,800	-	-	99,800	99,800	-
Fresh Fruit and Vegetable Program	10.582	130950-1213	56,092	-	-	56,092	56,092	-
Total U.S. Department of Agriculture			2,204,929	36,553	85,040	2,248,714	2,241,482	43,785
<u>U.S. Department of Education:</u>								
Passed through Michigan Department of Education:								
Title I	84.010	121530-1112	2,055,273	319,654	1,331,407	161,075	480,729	-
Title I	84.010	131530-1213	2,073,238	-	-	1,839,020	1,434,021	404,999
			4,128,511	319,654	1,331,407	2,000,095	1,914,750	404,999
Total Title I			4,128,511	319,654	1,331,407	2,000,095	1,914,750	404,999

The accompanying notes are an integral part of this schedule.

**WYOMING PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2012	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2013
<b>U.S. Department of Education (Continued):</b>								
Passed through Michigan Department of Education (Continued):								
Title IIA	84.367	130520-1213	\$ 304,969	\$ -	\$ -	\$ 195,262	\$ 154,526	\$ 40,736
Title IIA	84.367	120520-1112	282,138	44,689	177,239	-	44,689	-
			<u>587,107</u>	<u>44,689</u>	<u>177,239</u>	<u>195,262</u>	<u>199,215</u>	<u>40,736</u>
Title III - Limited English Proficient Students	84.365A	130580-1213	97,567	-	-	88,550	68,662	19,888
Title III - Limited English Proficient Students	84.365A	120580-1112	299,210	51,029	295,032	-	51,029	-
Title III - Immigrant Students	84.365A	130570-1213	22,068	-	-	17,791	4,352	13,439
Title III - Immigrant Students	84.365A	120570-1112	49,098	13,364	27,030	-	13,364	-
			<u>467,943</u>	<u>64,393</u>	<u>322,062</u>	<u>106,341</u>	<u>137,407</u>	<u>33,327</u>
21st Century Community Learning Center - Other	84.287C	132110-E08010	672,966	-	-	648,454	483,550	164,904
21st Century Community Learning Center - Other	84.287C	132110-F09069	269,470	-	-	262,298	167,195	95,103
21st Century Community Learning Center - Other	84.287C	132110-G12065	270,000	-	-	266,761	151,614	115,147
21st Century Community Learning Center - Other	84.287C	122110-D07058	268,902	55,235	251,938	15,890	71,125	-
21st Century Community Learning Center - Other	84.287C	122110-E08010	672,965	149,749	-	-	149,749	-
21st Century Community Learning Center - Other	84.287C	122110-F09069	269,470	79,557	-	-	79,557	-
			<u>2,423,773</u>	<u>284,541</u>	<u>251,938</u>	<u>1,193,403</u>	<u>1,102,790</u>	<u>375,154</u>

The accompanying notes are an integral part of this schedule.

**WYOMING PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2012	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2013
<u><b>U.S. Department of Education (Concluded):</b></u>								
Passed through Michigan Department of Education (Concluded):								
Federal General Instr - Adult Education	84.002A	131130-131267	\$ 180,000	\$ -	\$ -	\$ 180,000	\$ 129,318	\$ 50,682
Federal General Instr - Adult Education	84.002A	121130-121267	180,000	40,597	174,967	-	40,597	-
English Literature	84.002A	131120-135667	76,000	-	-	76,000	50,805	25,195
English Literature	84.002A	121120-125667	38,000	8,745	38,000	-	8,745	-
			<u>474,000</u>	<u>49,342</u>	<u>212,967</u>	<u>256,000</u>	<u>229,465</u>	<u>75,877</u>
Total passed through Michigan Department of Education			<u>8,081,334</u>	<u>762,619</u>	<u>2,295,613</u>	<u>3,751,101</u>	<u>3,583,627</u>	<u>930,093</u>
Passed through Kent Intermediate School District (KISD):								
Special Education Cluster:								
I.D.E.A. - Flow Through	84.027	130450-1213	1,123,946	-	-	1,123,946	871,445	252,501
I.D.E.A. - Flow Through	84.027	120450-1112	1,177,857	270,798	1,177,857	-	270,798	-
			<u>2,301,803</u>	<u>270,798</u>	<u>1,177,857</u>	<u>1,123,946</u>	<u>1,142,243</u>	<u>252,501</u>
I.D.E.A. - Preschool	84.173	130460-1213	51,504	-	-	51,504	39,933	11,571
I.D.E.A. - Preschool	84.173	120460-1112	53,313	13,056	53,313	-	13,056	-
			<u>104,817</u>	<u>13,056</u>	<u>53,313</u>	<u>51,504</u>	<u>52,989</u>	<u>11,571</u>
Total Special Education Cluster			<u>2,406,620</u>	<u>283,854</u>	<u>1,231,170</u>	<u>1,175,450</u>	<u>1,195,232</u>	<u>264,072</u>
Total passed through Kent Intermediate School District			<u>2,406,620</u>	<u>283,854</u>	<u>1,231,170</u>	<u>1,175,450</u>	<u>1,195,232</u>	<u>264,072</u>
Total U.S. Department of Education			<u>10,487,954</u>	<u>1,046,473</u>	<u>3,526,783</u>	<u>4,926,551</u>	<u>4,778,859</u>	<u>1,194,165</u>

The accompanying notes are an integral part of this schedule.

**WYOMING PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2012	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2013
<b><u>U.S. Department of Health and Human Services:</u></b>								
Passed through Kent Intermediate School District (KISD):								
Medicaid Outreach	93.778	1213	\$ 19,095	\$ -	\$ -	\$ 19,095	\$ 19,095	\$ -
Total U.S. Department of Health and Human Services			19,095	-	-	19,095	19,095	-
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 12,711,978</b>	<b>\$ 1,083,026</b>	<b>\$ 3,611,823</b>	<b>\$ 7,194,360</b>	<b>\$ 7,039,436</b>	<b>\$ 1,237,950</b>

The accompanying notes are an integral part of this schedule.

**WYOMING PUBLIC SCHOOLS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

1. Basis of presentation - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Wyoming Public Schools under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Wyoming Public Schools, it is not intended to and does not present the net position or changes in net position of Wyoming Public Schools.
2. Summary of significant accounting policies - Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.
3. Title I (CFDA #84.010), National School Lunch (CFDA #10.553, #10.555, and #10.559), and Title III (CFDA #84.365A) were audited as the major programs, representing 58% of expenditures.
4. The threshold for distinguishing Type A and Type B programs was \$300,000.
5. Management has utilized the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.
6. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 4,945,646
Other nonmajor governmental fund	<u>2,248,714</u>
Total per financial statements	<u>\$ 7,194,360</u>
Total expenditures reported on the Schedule of Expenditures of Federal Awards	<u>\$ 7,194,360</u>

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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Wyoming Public Schools

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 Wyoming Public Schools as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Wyoming Public Schools basic financial statements and have issued our report thereon dated September 23, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wyoming Public Schools' internal control over financial reporting (internal control) to determine the 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 the Wyoming Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Wyoming Public 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 District'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wyoming Public 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 determination of financial statement amounts. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marey Costerman PC*

September 23, 2013

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Wyoming Public Schools

#### **Report on Compliance for Each Major Federal Program**

We have audited Wyoming Public Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wyoming Public Schools' major federal programs for the year ended June 30, 2013. Wyoming Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Wyoming Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wyoming Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wyoming Public Schools' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Wyoming Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as 2013-1.

### **Report on Internal Control Over Compliance**

Management of Wyoming Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wyoming Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wyoming Public Schools' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Maner Costain PC*

September 23, 2013

**WYOMING PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

---

**Section I - Summary of Auditor's Results**

---

***Financial Statements***

Type of auditor's report issued:	<i>Unmodified</i>		
Internal control over financial reporting:			
➤ Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
➤ Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No

***Federal Awards***

Internal control over major programs:			
➤ Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
➤ Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported

Type of auditor's report issued on compliance for major programs:	<i>Unmodified</i>		
Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?	<input checked="" type="checkbox"/> X	Yes	<input type="checkbox"/> No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.365A	Title III
10.553, 10.555, & 10.559	National School Lunch Cluster
Dollar threshold used to distinguish between Type A and Type B	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> X No

---

**Section II - Financial Statement Findings**

---

None noted

**WYOMING PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**Section III - Federal Award Findings and Questioned Costs**

**Finding 2013-1**

**Federal Program:** Title III - CFDA #84.365A.

**Specific Requirement:** Private school grant notification.

**Criteria:** Wyoming Public Schools is required to follow specific requirements in notifying private schools of the opportunity to participate in the grant program.

**Condition:** The District did not document offering Title III CFDA #84.365A federal grant program to private schools as required.

**Context:** The District's compliance staff was unaware of the private school notification requirements.

**Questioned Costs:** \$0

**Cause:** The District's compliance staff was unaware of the private school notification requirements.

**Effect:** Because of violation, the funding sources of the grant could request repayment of some of the grant funds that could have been applied to private schools.

**Recommendation:** We recommend Wyoming Public Schools establish improved controls for reviewing the federal compliance supplements related to the grants, and verify which of the fourteen compliance areas relate to each grant.

**WYOMING PUBLIC SCHOOLS  
CORRECTIVE ACTION PLAN  
CONTACT PERSON: MATTHEW LEWIS  
OVERSIGHT AGENCY: U.S. DEPARTMENT OF EDUCATION**

Wyoming Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2013.

**Auditor:** Maner Costerisan  
2425 E. Grand River Avenue, Suite 1  
Lansing, Michigan 48912

**Audit Period:** Year ended June 30, 2013

The findings from the June 30, 2013 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

**Finding - Financial statement audit**

**Finding 2013-1**

**Recommendation:** We recommend Wyoming Public Schools establish improved controls for reviewing the federal compliance supplements related to the grants, and verify which of the fourteen compliance areas relate to each grant.

**Action to be taken:** The District will develop procedures to ensure grant compliance and will review offering of federal grant programs to private schools.

**WYOMING PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2013**

**Section III - Federal Award Findings and Questioned Costs**

**Finding 2012-1 Finding considered a material weakness.**

**Federal Program:** Title I, Part A (CFDA # 84.010) and Title III (CFDA # 84.365A)

**Criteria:** Wyoming Public Schools is required to follow specific timekeeping requirements related to employee payroll charged to federal grants. OMB Circular A-87 11h4 states: where employees work on multiple activities or cost objectives, a distribution of their salary or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in the distribution of salaries and wages to awards must be supported by personnel activity reports. Reports reflecting the distribution of activity of each employee must be maintained for all staff members whose compensation is charged in whole or in part, directly to awards. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that certain conditions are met.

**Condition:** It was noted during our audit that the salaries, wages and related fringes related to split-funded individuals charged to the Title I and Title III grant were supported by personal activity reports but employees were unknowledgeable in distinguishing between various daily activity hours when completing their personal activity reports.

**Context:** The District's compliance staff was aware of the Personal Activity Report requirements but employees were unknowledgeable in distinguishing between various daily activity hours when completing their personal activity reports.

**Questioned Costs:** \$0 - In accordance with the guidance provided by the Kansas City office of Inspector General, the District was able to substantiate federally funded activity with other supporting documentation and therefore able to avoid any questioned costs related to this finding.

**Cause:** The District's compliance staff was aware of the specific federal timekeeping requirements but did not adequately train employees in the accuracy needed when reporting their daily activity hours when completing their personal activity reports.

**Effect:** Costs charged to this grant related to split-funded individuals were not documented in accordance with OMB Circular A-87. Because of the violation, the funding sources of the grant could request repayment of some of the grant funds charged for payroll-related charges.

**WYOMING PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2013**

**Recommendation:** We recommend Wyoming Public Schools establish improved controls for reviewing the federal compliance supplements related to the grants, and verify that adequate time keeping requirements are monitored and complied with. Personal Activity Reports should be used weekly to document the actual time spent on each activity by individuals allocating time to more than one activity. These time reports should account for the total number of hours worked by the individual and should be used to allocate the actual costs to the individual activities. These reports should be reviewed and reconciled on at least a quarterly basis. The District should also continue utilizing semi-annual certifications for employees fully charged to a federal program. It is our understanding District personnel are aware of the regulations have changed procedures to comply with federal regulations in the area of time reporting.

**Status:** The District improved the process over time and effort reporting and was in compliance for the year ended June 30, 2013.

**Finding 2012-2**

**Federal Program:** Title III - CFDA #84.365A.

**Specific Requirement:** Private school grant notification.

**Criteria:** Wyoming Public Schools is required to follow specific requirements in notifying private schools of the opportunity to participate in the grant program.

**Condition:** The District was not offering Title III CFDA #84.365A federal grant program to private schools as required.

**Context:** The District's compliance staff was unaware that these grants were required to be offered to private schools.

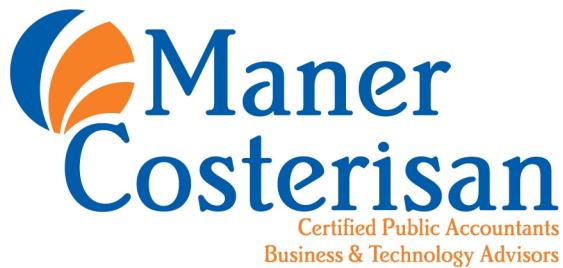
**Questioned Costs:** \$0

**Cause:** The District's compliance staff was unaware that these grants were required to be offered to private schools.

**Effect:** Because of violation, the funding sources of the grant could request repayment of some of the grant funds that could have been applied to private schools had they been notified of the opportunity to participate.

**Recommendation:** We recommend Wyoming Public Schools establish improved controls for reviewing the federal compliance supplements related to the grants, and verify which of the fourteen compliance areas relate to each grant.

**Status:** The District did not notify private schools of the opportunity to participate in Title III for the year ended June 30, 2013. See finding 2013-1.



Maner Costerisan PC  
2425 E. Grand River Ave.  
Suite 1  
Lansing, MI 48912-3291  
T: 517 323 7500  
F: 517 323 6346  
[www.manercpa.com](http://www.manercpa.com)

September 23, 2013

To the Board of Education  
Wyoming Public Schools

In planning and performing our audit of the financial statements of Wyoming Public Schools as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Wyoming Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 23, 2013 on the financial statements of Wyoming Public Schools. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows.

## **REPEAT COMMENTS**

### **Federal Draw Requests**

The District improved its tracking of federal expenditures for draw requests. However, we recommend the District continue improving the time tracking process in accordance with OMB A-87.

### **Recommendations for Using Password Access**

The District requires employees to use passwords to log into the network; however, password protocol has not been revised since passwords were introduced. We have the following recommendations for using passwords:

- Passwords should be at least six characters, preferably a combination of letters, numbers, and a symbol (such as a \$ or #). At least one character should be in uppercase.
- Passwords should not be obvious. For example, if the user name is the last name, the password should not be the person's first name.
- Every 90 days, the system should automatically request that the user reset the password.
- Passwords must not be reused within an 18 month-period.
- Users should be locked out after three consecutive failed login attempts.

The District recently changed its financial and student management software for the 2012 - 13 fiscal year. The District is in the process of reviewing the password recommendations.

### **Disaster Recovery Plan**

The District does not have well defined, written disaster recovery procedures. The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing EDP facilities. We suggest that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- Location of, and access to, off-site storage.
- A listing of all data files that would have to be obtained from the off-site storage location.
- Identification of a back-up location (name and telephone number) with similar or compatible equipment for emergency processing (management should make arrangements for such back-up with another company, a computer vendor, or a service center; the agreement should be in writing).
- Responsibilities of various personnel in an emergency.
- Priority of critical applications and reporting requirements during the emergency period.

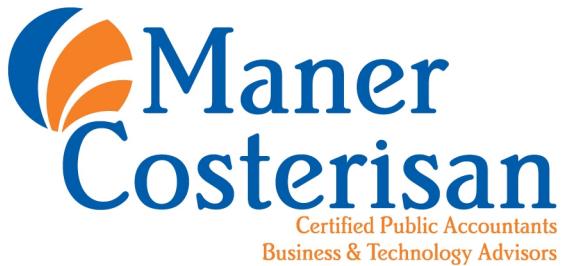
The District is still in the process of developing a detailed disaster recovery plan.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Manes Costerman PC*



Maner Costerisan PC  
2425 E. Grand River Ave.  
Suite 1  
Lansing, MI 48912-3291  
T: 517 323 7500  
F: 517 323 6346  
[www.manercpa.com](http://www.manercpa.com)

September 23, 2013

To the Board of Education  
Wyoming Public Schools

We have audited the financial statements of Wyoming Public Schools for the year ended June 30, 2013, and have issued our report thereon dated September 23, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Wyoming Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirement that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Wyoming Public Schools' financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Wyoming Public Schools' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Wyoming Public Schools' compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Wyoming Public Schools' compliance with those requirements.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

## Significant Audit Findings

### *1. Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wyoming Public Schools are described in Note 1 to the financial statements. During 2013 the District implemented Governmental Accounting Standard No. 62, Codification of Accounting and Financial Reporting Guidance, No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, and No. 65, Items Previously Reported as Assets and Liabilities. The application of existing policies was not changed during 2013. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Management's estimate of the liability of the payout for the employee compensated absences upon their retirement is based on expected payout; the balance reported for compensated absences was approximately \$1,700,000. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements as a whole.

We also evaluated the key factors and assumptions management used to develop the estimated life span of the capital assets to determine that it is reasonable in relation to the financial statements taken as a whole. Certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain allocations on the statement of activities allocating revenue between instruction and support services have been used in preparing the statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any significant disclosures.

**2. *Difficulties Encountered in Performing the Audit***

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

**3. *Corrected and Uncorrected Misstatements***

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

**4. *Disagreements with Management***

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

**5. *Management Representations***

We have requested certain representations from management that are included in the management representation letter dated September 23, 2013.

**6. *Management Consultations with Other Independent Accountants***

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

**7. *Other Audit Findings or Issues***

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

8. *Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Education and management of Wyoming Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Maner Costerman PC*