

West Michigan Academy of Arts and Academics

Spring Lake, Michigan

Audited Financial Statements

June 30, 2014

CROSKEY LANNI, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of West Michigan Academy of Arts and Academics

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Michigan Academy of Arts and Academics, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise West Michigan Academy of Arts and Academic'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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are the appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of West Michigan Academy of Arts and Academics, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 on pages v - x and 21 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 provided any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Michigan Academy of Arts and Academic's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 basic 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 combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Croskey Lanni, PC

October 15, 2014
Rochester, Michigan

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

**To the Board of Directors
of West Michigan Academy of Arts and Academics**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Michigan Academy of Arts and Academics, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise West Michigan Academy of Arts and Academic's basic financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Michigan Academy of Arts and Academic's 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 West Michigan Academy of Arts and Academic's internal control. Accordingly, we do not express an opinion on the effectiveness of West Michigan Academy of Arts and Academic's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Michigan Academy of Arts and Academic's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Croskey Lanni, PC

October 15, 2014
Rochester, Michigan

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of West Michigan Academy of Arts and Academic’s, “WMAAA”, annual financial report presents our discussion and analysis of the school’s financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the school’s financial statements, which immediately follow this section.

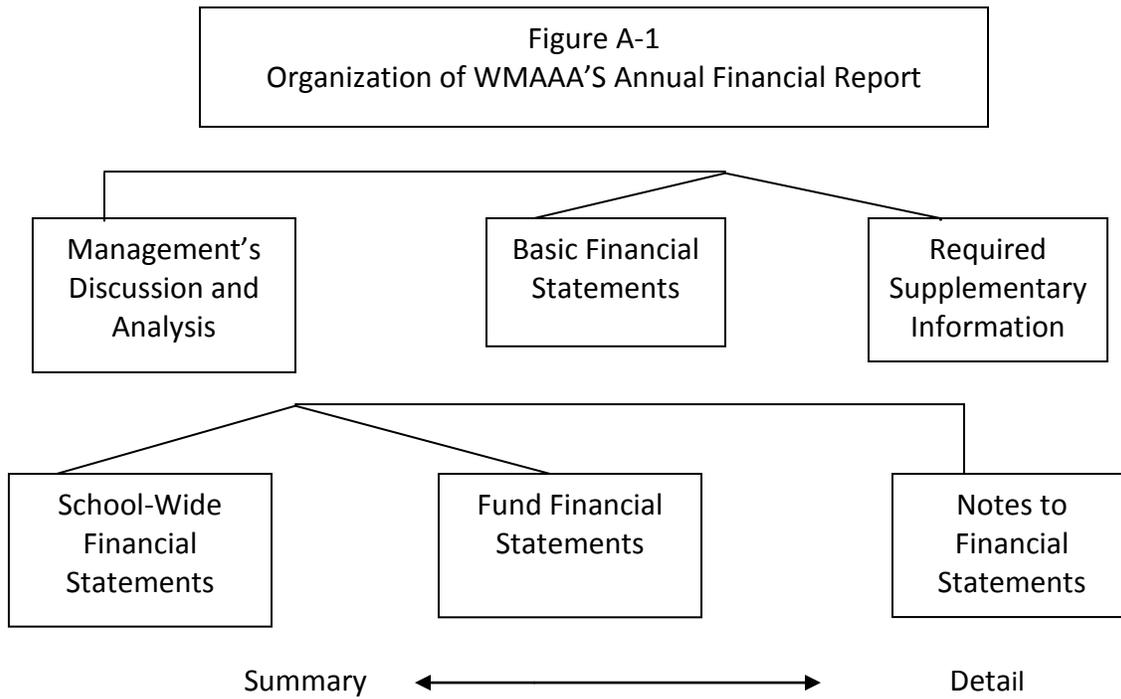
FINANCIAL HIGHLIGHTS

- ❖ The school’s financial status remains stable.
 - The total cost of basic programs was \$1,761,948.
- ❖ Revenues were at \$3,844,989 while expenses were \$3,754,876.
 - Blended enrollment used for state aid purposes was 450.83 compared to 427.67 last year.
- ❖ The school reduced its outstanding long-term debt by \$50,000.
- ❖ The school has a positive fund balance in the General Fund of \$1,783,227.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements which include two kinds of statements that present different views of the school:

- The first two statements are school-wide financial statements that provide both short-term and long-term information about the school’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the school, reporting the schools operations in more detail.
- The governmental fund statements tell how basic services like regular and special education were financed.
- Fiduciary funds statements provide information about the financial relationships in which the school acts solely as a trustee or agent for the benefit of others. These consist of student activity funds held by the school on behalf of the student group.



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 school'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 School-Wide and Fund Financial

Fund Financial Statements

	School-Wide Statements	Government Funds	Fiduciary Funds
Scope	Entire school (except fiduciary funds)	The activities of the school that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the school 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 net position *Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources	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
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 good 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 summarizes the major features of the school's financial statements, including the portion of the schools 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.

SCHOOL-WIDE STATEMENTS

The school-wide statements report information about the school as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the school's assets 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 school-wide statements report the school's net position and how they have changed. Net position – the difference between the school's assets and liabilities – are one way to measure the school's financial health or position.

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

FUND FINANCIAL STATEMENTS

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

- ❖ *Governmental activities* – Most of the school's basic services are included in the general fund, such as regular and special education and administration. State foundation aid finances most of these activities.
- ❖ The school establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues.

The school has two kinds of funds:

- ❖ *Governmental funds* – Most of the school'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 school's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information with governmental funds statements that explain the relationship (or differences) between them.
- ❖ *Fiduciary funds* – The school 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 school-wide financial statements because the school cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The comparison of current year to prior year financial information is on the following pages. See tables A-3, A-4, and A-5.

The school's financial position is the product of many factors. The asset depreciation schedule was implemented as required by GASB 34. New asset purchases have been kept to a minimum.

School Governmental

The stability of the school's finances is a result of the following measures:

- ❖ The Academy built up a strong fund balance for the purpose of expanding the facility with additional classrooms to support student growth and a Performing Arts Center. The project was constructed in phases with phase 2 recently completed.
- ❖ Capital outlay spending for equipment has been and will continue to be kept at a minimum.
- ❖ Continuous budget review.

General Fund Budgetary Analysis

Over the course of the year, the school reviewed the annual operating budget two times. The following operational changes were made:

- ❖ Changes were made during the year to account for initial and final enrollment counts, state aid indecisions, capital outlay improvements, and changes in assumptions since the original budget was adopted.

Financial Outlook

WMAAA's financial forecast is cautiously optimistic heading into the 2014-2015 school year.

- ❖ Several factors were considered during the process of developing the 2014-2015 fiscal year budget. The main factor is anticipating student enrollment, which drives staffing requirements and other operational costs.
- ❖ Operating revenues is based on student count which is done in the fall and represents 90% of funding combined with a spring count which represents 10% of funding. The fall count was lower than the initial budgeted student count and amendments will be made accordingly.

Table A-3
WMAAA's Net Position

	2014	2013
Current and other assets	\$ 2,538,175	\$ 5,140,972
Capital assets	5,174,750	2,473,245
Total assets and deferred outflows	7,712,925	7,614,217
Long-term debt outstanding	4,775,306	4,820,621
Other liabilities	382,697	328,787
Total liabilities	5,158,003	5,149,408
Net position:		
Restricted	834,063	420,636
Unrestricted	1,720,859	2,044,173
Total net position	\$ 2,554,922	\$ 2,464,809

Table A-4
Changes in WMAAA's Net Position

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 112,991	\$ 60,182
Federal and state operating grants	432,697	537,829
General revenues:		
State aid – unrestricted	3,246,181	3,033,777
Miscellaneous	53,120	(151,354)
Total revenues	<u>3,844,989</u>	<u>3,480,434</u>
Expenses:		
Instruction	2,088,648	1,991,780
Support services	1,267,035	1,338,181
Interest on long-term debt	256,761	136,731
Depreciation	142,432	98,486
Total expenses	<u>3,754,876</u>	<u>3,565,178</u>
Change in net position	<u>\$ 90,113</u>	<u>\$ (84,744)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014, the school had invested \$6,429,465 in capital assets, including land, building and improvements and equipment. See table A-5 below for a listing of capital assets, and accumulated depreciation.

Table A-5
WMAAA's Capital Assets

	<u>Balance</u> <u>June 30, 2014</u>	<u>Balance</u> <u>June 30, 2013</u>
Land	\$ 40,000	\$ 40,000
Building and improvements	6,174,372	3,365,387
Equipment and computers	215,093	180,140
Sub-total	6,429,465	3,585,527
Less: accumulated depreciation	<u>1,254,715</u>	<u>1,112,283</u>
Net book value of assets	<u>\$ 5,174,750</u>	<u>\$ 2,473,244</u>

Long-Term Debt

At year end the school had debt of \$4,775,306 consisting of a facilities loan further described in Note 7 to the financial statements.

- The school continued to pay down its debt, retiring \$50,000.

FACTORS BEARING ON THE SCHOOL'S FUTURE

- Increasing student enrollment will remain a focus.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors with a general overview of the school's finances and to demonstrate the school's accountability for the money it receives. If you have questions about this report or need additional information, contact the school's office at:

West Michigan Academy of Arts & Academics, 17350 Hazel Street, Spring Lake, MI 49456

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF NET POSITION
JUNE 30, 2014
See Independent Auditor's Report

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 1,373,775
Investments in debt service and capital projects	434,619
Accounts receivable	41,986
Due from other governmental units	<u>687,795</u>
Total current assets	2,538,175

Capital Assets - Net of Accumulated Depreciation

5,174,750

Total assets and deferred outflows

\$ 7,712,925

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$ 28,957
Other accrued expenses	353,740
Long-term debt - current portion	<u>75,315</u>
Total current liabilities	458,012

Long-Term Debt - Long-Term Portion

4,699,991

Net Position

Net investment in capital assets	399,444
Restricted for debt services and capital projects	434,619
Unrestricted	<u>1,720,859</u>
Total net position	<u>2,554,922</u>
Total liabilities, deferred inflows and net position	<u>\$ 7,712,925</u>

See accompanying notes to financial statements



WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

		Program Revenues		Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 1,761,948	\$ -	\$ 15,050	\$ (1,746,898)
Added needs	326,700	-	270,624	(56,076)
Support services				
Pupil support services	138,204	-	138,204	-
Instructional staff support services	50,313	-	7,155	(43,158)
General administration	226,159	-	-	(226,159)
School administration	499,864	-	-	(499,864)
Business support services	27,224	-	-	(27,224)
Operations and maintenance	232,156	41,986	-	(190,170)
Pupil transportation services	25,057	-	-	(25,057)
Central support services	1,668	-	1,664	(4)
Community services	66,390	71,005	-	4,615
Unallocated depreciation	142,432	-	-	(142,432)
Unallocated interest	256,761	-	-	(256,761)
	<u>\$ 3,754,876</u>	<u>\$ 112,991</u>	<u>\$ 432,697</u>	<u>(3,209,188)</u>
General Purpose Revenues				
State school aid - unrestricted				3,246,181
Miscellaneous revenues				<u>53,120</u>
Total general purpose revenues				<u>3,299,301</u>
Change in net position				90,113
Net position - July 1, 2013				<u>2,464,809</u>
Net position - June 30, 2014				<u>\$ 2,554,922</u>

See accompanying notes to financial statements



WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS

JUNE 30, 2014

See Independent Auditor's Report

ASSETS

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,371,732	\$ -	\$ 2,043	\$ 1,373,775
Investments	-	434,617	2	434,619
Accounts receivable	41,986	-	-	41,986
Due from other governmental units	687,795	-	-	687,795
Due from other funds	298	-	-	298
Total assets	<u>\$ 2,101,811</u>	<u>\$ 434,617</u>	<u>\$ 2,045</u>	<u>\$ 2,538,473</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 28,957	\$ -	\$ -	\$ 28,957
Due to other funds	-	-	298	298
Other accrued expenses	289,627	-	-	289,627
Total liabilities	318,584	-	298	318,882

Fund Balance

Restricted	-	434,617	1,747	436,364
Assigned	799,704	-	-	799,704
Unassigned	983,523	-	-	983,523
Total fund balance	<u>1,783,227</u>	<u>434,617</u>	<u>1,747</u>	<u>2,219,591</u>
Total liabilities and fund balance	<u>\$ 2,101,811</u>	<u>\$ 434,617</u>	<u>\$ 2,045</u>	<u>\$ 2,538,473</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION
OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2014

See Independent Auditor's Report

Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balances	\$ 2,219,591
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$6,429,465 and the accumulated depreciation is \$1,254,715.	5,174,750
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(64,113)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,775,306)</u>
Net Position of Governmental Activities	<u><u>\$ 2,554,922</u></u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Local sources	\$ 180,910	\$ 36	\$ 115	\$ 181,061
State sources	3,385,886	-	-	3,385,886
Federal sources	130,717	-	-	130,717
Interdistrict sources	147,325	-	-	147,325
Total governmental fund revenues	3,844,838	36	115	3,844,989
Expenditures				
Instruction				
Basic program	1,761,948	-	-	1,761,948
Added needs	326,700	-	-	326,700
Support services				
Pupil support services	138,204	-	-	138,204
Instructional staff support services	50,313	-	-	50,313
General administration	226,159	-	-	226,159
School administration	499,864	-	-	499,864
Business support services	25,474	1,750	-	27,224
Operations and maintenance	232,156	-	-	232,156
Pupil transportation services	25,057	-	-	25,057
Central support services	1,668	-	-	1,668
Community services	66,390	-	-	66,390
Capital outlay	500,695	-	2,343,243	2,843,938
Debt principal and interest	-	296,543	-	296,543
Total governmental fund expenditures	3,854,628	298,293	2,343,243	6,496,164
Excess (deficiency) of revenues over expenditures	(9,790)	(298,257)	(2,343,128)	(2,651,175)
Other Financing Sources (Uses)				
Operating transfers in	-	312,180	-	312,180
Operating transfers out	(309,737)	-	(2,443)	(312,180)
Total other financing sources (uses)	(309,737)	312,180	(2,443)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(319,527)	13,923	(2,345,571)	(2,651,175)
Fund balance - July 1, 2013	2,102,754	420,694	2,347,318	4,870,766
Fund balance - June 30, 2014	<u>\$ 1,783,227</u>	<u>\$ 434,617</u>	<u>\$ 1,747</u>	<u>\$ 2,219,591</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

See Independent Auditor's Report

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds \$ (2,651,175)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period

Capital outlay	\$ 2,843,938	
Depreciation and amortization expense	<u>(142,432)</u>	2,701,506

The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:

Repayment of loan principal	\$ 50,000	
Interest expense	<u>(10,218)</u>	<u>39,782</u>

Change in Net Position of Governmental Activities \$ 90,113

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

JUNE 30, 2014

See Independent Auditor's Report

ASSETS

Cash and cash equivalents	<u>\$ 28,573</u>
Total assets	<u><u>\$ 28,573</u></u>

LIABILITIES

Due to student groups	<u>\$ 28,573</u>
Total liabilities	<u><u>\$ 28,573</u></u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Michigan Academy of Arts and Academics (the "Academy") conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

Reporting Entity

West Michigan Academy of Arts and Academics was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on June 5, 1996, and began operation in July 1996.

In November 2007, the Academy entered into a seven-year contract with Grand Valley State University's Board of Trustees to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Grand Valley State University's Board of Trustees three percent of State aid as administrative fees. Total administrative fees paid for the year ended June 30, 2014 were approximately \$95,700.

The Academy entered into an agreement with HR Educational Services, LLC, "HRES" through June 30, 2017. Under the terms of this agreement, HRES will provide a variety of services including payroll, and human resource services. Accounting services will continue to be provided by Advance Accounting Services, Inc. The Academy is obligated to pay HRES 3.7 percent of its gross pay for payroll services, and Advance Accounting Services, Inc. \$1,250 monthly for accounting services. The total paid for these services amounted to approximately \$66,700 for the year ended June 30, 2014.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the public school Academy. Based on application of criteria, the Academy does not contain component units.

Fund Financial Statements

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation – Fund Accounting

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories.

Governmental Funds

A governmental fund is a fund through which most academy functions typically are financed. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities are accounted for through a governmental fund.

General Fund - The general fund is used to record the general operations of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Fund - The special revenue fund, which the Academy does not currently maintain, is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore any shortfall in the special revenue fund will be covered by an operating transfer from the general fund. The special revenue fund does not maintain its own assets and liabilities; accordingly, no balance sheet is presented for this fund.

Debt Service Fund - The debt service fund, is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

Capital Projects Fund - The capital projects fund, accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

Fiduciary Fund - The fiduciary fund is used to account for assets held by the Academy in a trustee capacity or as an agent. The agency fund is custodial in nature and does not involve the measurement of results of operations.

Activity (Agency) Fund - The Academy presently maintains an activity fund to record the transactions of a student group for school and school-related purposes. The fund is segregated and held in trust for the students.

Governmental and agency funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.
- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net position should be reported as restricted when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government - wide financial statements.

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and 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 Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables

Receivables at June 30, 2014 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2014 and are considered current for the purposes of these financial statements.

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

Net position represents the difference between assets, deferred outflows and liabilities and deferred inflows. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

Fund Equity

The Academy has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt general and special revenue fund budgets. During the year ended June 30, 2014 the budget was amended in a legally permissible manner.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2014, the Academy had the following investments:

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 1,402,348
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>434,619</u>
Total deposits and investments			<u>\$ 1,836,967</u>

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

Deposits:			
Cash - Academy Wide			\$ 1,373,775
Cash - Fiduciary Fund			<u>28,573</u>
Subtotal			1,402,348
Investments:			
Investments - Debt Service			434,617
Investments - Capital Projects			<u>2</u>
Subtotal			434,619
Total deposits and investments			<u>\$ 1,836,967</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Interest Rate Risk

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

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, 2014, Academy's investments were rated AAAM by Standards & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the Academy's investments are in pooled investment accounts which represents 100% of the Academy's total investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2014, \$1,158,401 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2014.

Custodial Credit Risk - Investments

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

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

Foreign Currency Risk

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
 FOR THE YEAR ENDED JUNE 30, 2014
 See Independent Auditor's Report

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

Local sources	\$	31,524
State sources		610,681
Federal sources		<u>45,590</u>
Total	<u>\$</u>	<u>687,795</u>

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets not subject to depreciation				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Capital assets subject to depreciation				
Building	3,209,410	2,808,985	-	6,018,395
Improvements	155,977	-	-	155,977
Equipment	111,038	32,719	-	143,757
Computer	69,102	2,234	-	71,336
Sub-total	<u>3,585,527</u>	<u>2,843,938</u>	-	<u>6,429,465</u>
Accumulated depreciation				
Building	984,508	122,191	-	1,106,699
Improvements	11,314	3,899	-	15,213
Equipment	60,882	11,974	-	72,856
Computer	55,579	4,368	-	59,947
Sub-total	<u>1,112,283</u>	<u>142,432</u>	-	<u>1,254,715</u>
Total net capital assets	<u>\$ 2,473,244</u>	<u>\$ 2,701,506</u>	<u>\$ -</u>	<u>\$ 5,174,750</u>

Depreciation and amortization expense was not charged to activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
 FOR THE YEAR ENDED JUNE 30, 2014
 See Independent Auditor's Report

NOTE 6 - ACCRUED EXPENSES

Accrued expenses may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 244,230	\$ 244,230
Oversight and management fee	45,397	45,397
Other	64,113	-
	<u>64,113</u>	<u>-</u>
Total accrued expenses	<u>\$ 353,740</u>	<u>\$ 289,627</u>

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations as of June 30, 2014 can be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Revenue bond	5% Average	April, 2043	Semi-annual interest payments, collateralized by pledge for state aid

Loan Activity

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Revenue bond	<u>\$ 4,960,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	\$ 4,910,000	<u>\$ 75,315</u>
Less unamortized discount				<u>134,694</u>	
				<u>\$ 4,775,306</u>	

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
 FOR THE YEAR ENDED JUNE 30, 2014
 See Independent Auditor's Report

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE - Continued

Following are maturities of long-term obligations for principal and interest for the next five years and in total:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 75,315	\$ 256,450
2016	80,315	252,750
2017	85,315	248,819
2018	85,315	244,656
2019	90,315	240,494
2020 - 2024	526,575	1,131,938
2025 - 2029	671,575	987,706
2030 - 2034	866,575	792,238
2035 - 2039	1,136,575	526,888
2040 - 2043	1,157,431	169,874

NOTE 8 - RETIREMENT PLAN

All leased employees of the Academy are eligible to participate in a retirement plan established by HRES which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The Academy contributes 3% of eligible employees salary and will match up to 4% of employee contributed funds. Eligible employees may contribute up to 15% of their salaries under the terms of this plan.

NOTE 9 – INTERFUND TRANSFERS

During the normal course of the school year, the Academy transferred amounts between its funds as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projets</u>
Transfer In	\$ -	\$ 312,180	\$ -
Transfer Out	309,737	-	2,443

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor's Report

NOTE 9 – INTERFUND TRANSFERS - Continued

As stipulated by the Academy's revenue bond agreement which is described in Note 7, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. A portion of the bond proceeds were also transferred to the Capital Projects Fund in order to account for the construction on the building. The above transactions account for the major activity in the Academy's interfund transfer accounts.

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor’s Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 84,178	\$ 179,794	\$ 180,910	\$ 1,116
State sources	3,480,981	3,396,238	3,385,886	(10,352)
Federal sources	129,775	130,552	130,717	165
Interdistrict sources	200,000	147,225	147,325	100
Total governmental fund revenues	3,894,934	3,853,809	3,844,838	(8,971)
Expenditures				
Instruction				
Basic programs	1,828,692	1,798,866	1,761,948	(36,918)
Added needs	404,339	335,811	326,700	(9,111)
Support services				
Pupil support services	50,000	141,024	138,204	(2,820)
Instructional staff support services	69,850	76,105	50,313	(25,792)
General administration	235,294	237,759	226,159	(11,600)
School administration	514,505	512,760	499,864	(12,896)
Business support services	27,960	26,420	25,474	(946)
Operations and maintenance	201,239	241,591	232,156	(9,435)
Pupil transportation services	25,642	26,213	25,057	(1,156)
Central support services	-	1,664	1,668	4
Community services	59,757	70,273	66,390	(3,883)
Capital outlay	500,000	476,354	500,695	24,341
Total governmental fund expenditures	3,917,278	3,944,840	3,854,628	(90,212)
Excess (deficiency) of revenues over expenditures	(22,344)	(91,031)	(9,790)	81,241
Other Financing Sources (Uses)				
Operating transfers out	(305,353)	(309,736)	(309,737)	(1)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(327,697)	(400,767)	(319,527)	81,240
Fund balance - July 1, 2013	2,102,754	2,102,754	2,102,754	-
Fund balance - June 30, 2014	\$ 1,775,057	\$ 1,701,987	\$ 1,783,227	\$ 81,240

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

SCHEDULE OF REVENUES – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014
See Independent Auditor’s Report

Local Sources

Authorizer grant	\$ 15,050
Earnings on investments	1,303
Other local revenues	<u>164,557</u>
Total local sources	180,910

State Sources

At risk	102,377
Special education	37,328
State aid	<u>3,246,181</u>
Total state sources	3,385,886

Federal Sources

IDEA	84,256
Title I	37,642
Title II A	<u>8,819</u>
Total federal sources	130,717

Interdistrict Sources

	<u>147,325</u>
Total general fund revenues	<u>\$ 3,844,838</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2014 See Independent Auditor’s Report

Basic Programs

Purchased services	\$ 1,643,411
Rentals	9,996
Other purchased services	5,128
Supplies and materials	69,343
Non-depreciable capital assets	29,737
Other expenditures	4,333
	<hr/>
Total basic programs	1,761,948

Added Needs

Purchased services	322,468
Supplies and materials	3,754
Non-depreciable capital assets	478
	<hr/>
Total added needs	326,700

Pupil Support Services

Health services	9,213
Psychological services	4,648
Speech pathology and audiology	56,463
Social work services	62,861
Teacher consultant	5,019
	<hr/>
Total pupil support services	138,204

Instructional Staff Support Services

Purchased services	31,307
Repairs and maintenance	3,834
Supplies and materials	1,251
Non-depreciable capital assets	13,921
	<hr/>
Total instructional staff support services	50,313

General Administration

Purchased services	45,484
Management fees	80,469
University oversight	95,679
Other expenditures	4,527
	<hr/>
Total general administration	226,159

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2014 See Independent Auditor's Report

School Administration

Purchased services	479,664
Supplies and materials	12,844
Non-depreciable capital assets	600
Other expenditures	6,756

Total school administration 499,864

Business Support Services

Purchased services	25,050
Other expenditures	424

Total business support services 25,474

Operations and Maintenance

Purchased services	56,947
Repairs and maintenance	99,237
Supplies and materials	75,954
Other expenditures	18

Total operations and maintenance 232,156

Pupil Transportation Services

Purchased services	8,624
Repairs and maintenance	31
Rentals	14,432
Supplies and materials	1,957
Other expenditures	13

Total pupil transportation services 25,057

Central Support Services

Purchased services	1,668
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Community Services

Purchased services	64,253
Supplies and materials	1,515
Other expenditures	622

Total community services 66,390

Capital Outlay

500,695

Total general fund expenditures \$ 3,854,628