

**WYOMING PUBLIC SCHOOLS**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional information)**  
**YEAR ENDED JUNE 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Wyoming Public Schools

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, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wyoming Public Schools' management. 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* issued 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009 and the respective changes in financial position, thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages vi and xii and 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wyoming Public Schools' basic financial statements. The additional information on pages 31 through 44 is presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Manes Costeiran PC*

October 5, 2009

# **Wyoming Public Schools**

## **Management Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2009**

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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, 2009. Please read it in conjunction with the District's financial statements which immediately follow this section.

#### **District-Wide Financial Statements**

The first two statements are district-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The statements are compiled using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets and liabilities, both short- and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt and other long-term obligations of the District resulting in total net assets.

Over time, increases or decreases in the District's net assets is one indicator of whether its financial position is improving or deteriorating. To assess the District's overall financial health, one should consider additional factors which may include the State's and/or region's economic condition, changes in the District's property tax base, and age and condition of its capital assets.

#### **Fund Financial Statements**

For the most part, the fund financial statements are comparable to financial statements for fiscal years prior to the required implementation of GASB Statement No. 34. The primary difference is that the Account Groups (General Fixed Asset and General Long-term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are deemed "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The formats of the fund statements comply with requirements of the Michigan Department of Education's "Accounting Manual". In the state of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds categorized as Special Revenue, Debt Service, and Capital Projects Funds.

In addition to the governmental fund types mentioned above, the District is the trustee, or fiduciary, for assets that belong to others, typically student groups. The District is responsible for ensuring that the assets reported in these accounts are used only for their intended purposes by the groups to whom the assets belong. These monies are accounted for in the Student Activity Fund and the related financial activity is appropriately excluded from the district-wide financial statements as the assets do not belong to the District.

**Wyoming Public Schools**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2009**

In the fund financial statements, capital assets purchased are considered expenditures in the year of acquisition with no asset being reported. The issuance of debt is treated as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**Summary of Net Assets**

The following schedule summarizes the net assets for the fiscal years ended June 30, 2009 and 2008:

<b>Assets:</b>	<b>June 30, 2009</b>	<b>June 30, 2008</b>
Current assets	\$ 14,085,370	\$ 22,694,231
Non-current assets	49,821,719	49,208,149
Total assets	63,907,089	71,902,380
<b>Liabilities:</b>		
Current liabilities	9,935,663	10,948,961
Non-current liabilities	49,973,766	53,247,622
Total liabilities	59,909,429	64,196,583
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	(453,324)	2,543,880
Restricted for debt service	67,034	715,886
Unrestricted	4,383,950	4,446,031
Total net assets	\$ 3,997,660	\$ 7,705,797

# Wyoming Public Schools

## Management Discussion and Analysis

### For the Fiscal Year Ended June 30, 2009

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#### Analysis of Financial Position

During the fiscal year ended June 30, 2009, the District's net assets decreased by \$3,708,137. A few of the more significant factors affecting net assets during the year are discussed below:

- Cash Equivalents, Deposits and Investments

At June 30, 2009, the District's cash equivalents, deposits and investments amounted to \$4,380,665. This amount represents a decrease of \$9,437,112, the most significant reason for the change being the spending of the proceeds from the 2007 voter-approved bonded debt.

- Capital Outlay Acquisitions

For the fiscal year ended June 30, 2009, \$2,756,051 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained below.

The net effect of the new capital assets, assets disposed of during the fiscal year, and the current year's depreciation is a net increase to capital assets in the amount of \$572,678 for the fiscal year ended June 30, 2009.

- Depreciation Expense

GASB 34 requires school districts to maintain records of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in the net assets.

- Bonded Debt

For the fiscal year ended June 30, 2009, the District's bonded debt decreased by \$3,693,905 as a result of repayment of bonded debt issued in prior years.

- Accumulated Sick Leave

At June 30, 2009, the District had an obligation to employees for the portion of earned vacation and sick leave time that they would be entitled to upon separation in the amount of \$2,338,837.



**Wyoming Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009**

**Results of Operations**

For the fiscal years ended June 30, 2009 and 2008, the results of operations, on a District-wide basis, were:

	Fiscal year ended June 30, 2009		Fiscal year ended June 30, 2008	
	Amount	%	Amount	%
<b>General Revenues:</b>				
Property taxes	\$ 11,608,812	18.40%	\$ 12,682,690	20.70%
State sources, unrestricted	33,535,754	53.20%	34,305,358	56.10%
Federal sources, unrestricted	2,052,449	3.30%	-	0.00%
Investment earnings	145,593	0.20%	974,323	1.60%
Other	342,293	0.50%	424,814	0.70%
Total general revenues	47,684,901	75.60%	48,387,185	79.10%
<b>Program Revenues:</b>				
Charges for services	1,520,454	2.40%	1,318,248	2.20%
Operating grants	13,816,228	21.90%	11,407,931	18.70%
Total revenues	63,021,583	100.00%	61,113,364	100.00%
<b>Expenses:</b>				
Instruction	38,668,086	57.90%	38,136,845	59.30%
Support services	20,652,740	30.90%	19,534,380	30.30%
Community services	80,919	0.10%	47,311	0.10%
Food services	2,367,622	3.50%	2,295,726	3.60%
Athletics	1,237,295	1.90%	1,161,980	1.80%
Other	1,257,819	1.90%	461,610	0.70%
Interest on long-term debt	2,465,239	3.70%	2,682,322	4.20%
Total expenses	66,729,720	100.00%	64,320,174	100.00%
Decrease in net assets	\$ (3,708,137)		\$ (3,206,810)	

# Wyoming Public Schools

## Management Discussion and Analysis

### For the Fiscal Year Ended June 30, 2009

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#### Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

- **Property Taxes**

The District levied 18.0 mills of property taxes for operations on non-principal residence exempt property for the 2008 tax year. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year's Consumer Price Index or 5%, whichever is less. At the time the property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property's market value. At June 30, 2009, unpaid property taxes amounted to \$48,728.

- **State Sources**

The majority of the unrestricted state sources of revenues is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment which is calculated using 75% of the current year's fall count (September) and 25% of the prior year's spring count (February). For the 2008-2009 fiscal year, the District received \$7,343 per student full time equivalent after the State utilized a portion of the American Recovery and Reinvestment Act federal funds to offset a shortfall in their School Aid Fund budget. The student foundation allowance amount, after the State's utilization of federal funds, increased by \$112 over the 2007-2008 fiscal year.

- **Operating Grants**

The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2009, federal, state, and other grants amounted to \$13,816,228. This represents a 21.1% increase over the \$11,407,931 received for the 2007-2008 fiscal year. The main reason for the significant increase was the District's successful application for a competitive 21<sup>st</sup> Century Community Learning Center federal grant.

**Wyoming Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009**

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**Comparative Expenditures**

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

<b>Expenditures</b>	<b>2008-2009</b>	<b>2007-2008</b>	<b>Increase (decrease)</b>
Instruction	\$ 32,964,392	\$ 32,958,734	\$ 5,658
Supporting services	19,758,070	19,160,905	597,165
Food service activities	2,272,451	2,226,075	46,376
Athletic activities	1,060,442	1,056,644	3,798
Community services activities	56,965	44,917	12,048
Capital outlay	7,456,304	7,625,929	(169,625)
Outgoing transfers/other transactions	1,277,444	461,610	815,834
Debt service	6,579,282	4,914,133	1,665,149
<b>Total expenditures</b>	<b>\$ 71,425,350</b>	<b>\$ 68,448,947</b>	<b>\$ 2,976,403</b>

**General Fund Budgetary Highlights**

The Uniform Budgeting Act of the State of Michigan requires that the local Board of Education approve the annual operating budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30.

**Wyoming Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009**

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations for the fiscal year ending June 30, 2009.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance with Budget</u>	<u>% Variance</u>
<b>Total revenues</b>	\$ 52,905,000	\$ 54,471,000	\$ 54,725,697	\$ 254,697	0.5%
<b>Expenditures:</b>					
Instruction	32,399,350	32,585,500	32,964,392	(378,892)	-1.2%
Supporting services	18,820,650	19,396,000	19,758,070	(362,070)	-1.9%
Community services	75,000	121,200	56,965	64,235	53.0%
Outgoing transfers/ other transactions	<u>1,555,000</u>	<u>1,352,600</u>	<u>1,257,819</u>	<u>94,781</u>	<u>7.0%</u>
<b>Total expenditures</b>	<u>\$ 52,850,000</u>	<u>\$ 53,455,300</u>	<u>\$ 54,037,246</u>	<u>\$ (581,946)</u>	<u>-1.1%</u>
<b>Other financing sources (uses)</b>	<u>\$ 150,000</u>	<u>\$ (884,400)</u>	<u>\$ (874,400)</u>	<u>\$ 10,000</u>	<u>1.1%</u>

The original budget adopted by the Board in June 2008 was amended twice during the year. The amendments, approved in February and June 2009, reflected necessary changes to both revenues and expenditures based on projections made by the Director of Finance.

**Wyoming Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009**

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**Capital Asset and Debt Administration**

**Capital Assets**

By the end of the 2008-2009 fiscal year, the District had invested approximately \$84.8 million as the original cost in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of approximately \$1.4 million over the prior fiscal year. Depreciation expense for the year amounted to approximately \$1.9 million, bringing the accumulated depreciation to roughly \$35.8 million as of June 30, 2009.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2009 Net Book Value</u>	<u>2008 Net Book Value</u>
Land	\$ 509,246	\$ -	\$ 509,246	\$ 509,246
Construction in progress	84,959	-	84,959	16,979
Land improvements	3,734,456	1,823,322	1,911,134	1,733,332
Buildings and additions	73,059,495	29,028,568	44,030,927	44,616,015
Furniture and equipment	5,154,827	3,629,447	1,525,380	864,350
Vehicles	2,227,521	1,294,481	933,040	682,086
	<u>\$ 84,770,504</u>	<u>\$ 35,775,818</u>	<u>\$ 48,994,686</u>	<u>\$ 48,422,008</u>

**Long-term Debt**

At June 30, 2009, the District had approximately \$52.8 million in long-term obligations which included \$50,496,131 in outstanding bonded debt. The bonded debt obligation was reduced during the year as \$3,693,905 of previously outstanding bonds was redeemed. In addition to the bonded debt, the District has obligations for accumulated vacation and sick leave estimated at roughly \$2.3 million at the end of the fiscal year.

# Wyoming Public Schools

## Management Discussion and Analysis

### For the Fiscal Year Ended June 30, 2009

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#### 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 uncertainty of student foundation funding levels, as well as funding for other K-12 education programs, reflects the economic difficulties faced by the State of Michigan. Michigan continues to trail the national averages in most economic indicators. The impact of the State's economic problems is demonstrated by the number of families below the poverty level and an increasing percentage of Wyoming students who qualify for free and reduced-cost school lunches. Analysts are predicting a slow recovery to the situation. Furthermore, the economic difficulties are resulting in jobs leaving the State which ultimately leads to families moving and a loss of students for the District.
- During the 2008-2009 fiscal year General Motors announced the closing of its plant in the City of Wyoming. While it is not located within the District boundaries and will not result in a loss of property tax base, it remains to be seen how this may affect the job market and housing prices within the region. A significant loss of jobs may lead to a reduction in population and, potentially, a reduced number of students for the District.
- In February 2007 the citizens supported the District's bond proposal which resulted in approximately \$15 million in funding for critical capital needs. New busses, educational technology, an athletic concessions stand, and lighting retrofits are among the many needs that were addressed with the bond proceeds. During the year just ended, the District spent roughly \$7.4 million towards the projects and items approved by the taxpayers.
- With relatively flat or declining enrollment, lack of stability in the funding stream from the State, and rising costs in many areas including employee health insurance, retirement contribution costs, and utilities, District administration continues to be diligent in maintaining a reasonable level of reserves (fund balance). Measures to accomplish this include, but are not limited to, cooperative agreements with Kent Intermediate School District as well as neighboring public and parochial schools, modifications to health insurance offerings to both unionized and non-unionized employees, and application for and use of grant funding for programs to improve the education of students.
- After the District adopted its annual operating budget assuming no increase or decrease in funding from the State last June, prior to the legal deadline of June 30, the State's Senate passed their version of state aid bill which called for significant reductions in funding for public school districts. While it remains to be seen what will happen with the State's funding of public education before their September 30 budget deadline, it has become clear that there will be reductions to how much aid the District receives from the State.

**Wyoming Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009**

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- The District is entering the last year of the 3-year contract with its unionized staff. While negotiations are expected to begin sometime during the spring of 2010, it is looking to be a difficult process during the difficult economic times that Michigan public education institutions find themselves in.

**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 ASSETS  
JUNE 30, 2009**

<b>ASSETS</b>	<b><u>Governmental activities</u></b>
<b>CURRENT ASSETS:</b>	
Cash	\$ 1,327,486
Investments	2,270,341
Receivables:	
Accounts receivable	42,584
Interest receivable	64
Current portion of land contract receivable	37,989
Taxes receivable	48,728
Due from other governmental units	9,147,458
Due from student activities	21,675
Inventories	155,937
Prepaid expenditures	250,270
Restricted investments - capital projects	<u>782,838</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>14,085,370</u></b>
<b>NONCURRENT ASSETS:</b>	
Land contract receivable	468,409
Deferred charges, net of amortization	358,624
Capital assets	84,770,504
Less accumulated depreciation	<u>(35,775,818)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>49,821,719</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 63,907,089</u></b>

	<b>Governmental activities</b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 999,997
Accrued salaries and related items	5,522,027
Accrued interest	388,175
Deferred revenue	164,262
Current portion of long-term obligations	2,627,318
Current portion of compensated absences and termination benefits	<u>233,884</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>9,935,663</u>
<b>NONCURRENT LIABILITIES:</b>	
Noncurrent portion of long-term obligations	47,868,813
Noncurrent portion of compensated absences and termination benefits	<u>2,104,953</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>49,973,766</u>
<b>TOTAL LIABILITIES</b>	<u>59,909,429</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	(453,324)
Restricted for debt service	67,034
Unrestricted	<u>4,383,950</u>
<b>TOTAL NET ASSETS</b>	<u>3,997,660</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 63,907,089</u>

**WYOMING PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>
		<u>Charges for services</u>	<u>Operating grants</u>	<u>Net (expense) revenue and changes in net assets</u>
Governmental activities:				
Instruction	\$ 38,668,086	\$ 55,003	\$ 9,284,485	\$ (29,328,598)
Support services	20,652,740	674,668	2,480,940	(17,497,132)
Community services	80,919	-	-	(80,919)
Outgoing transfers and other transactions	1,257,819	-	-	(1,257,819)
Food services	2,367,622	661,501	1,819,588	113,467
Athletics	1,237,295	129,282	-	(1,108,013)
Interest on long-term debt	<u>2,465,239</u>	<u>-</u>	<u>231,215</u>	<u>(2,234,024)</u>
Total governmental activities	<u>\$ 66,729,720</u>	<u>\$ 1,520,454</u>	<u>\$ 13,816,228</u>	<u>(51,393,038)</u>
General revenues:				
Property taxes, levied for general purposes				6,854,584
Property taxes, levied for debt service				4,754,228
Investment earnings				145,593
State sources				33,535,754
Federal ARRA sources - unrestricted				2,052,449
Other				<u>342,293</u>
Total general revenues				<u>47,684,901</u>
<b>CHANGE IN NET ASSETS</b>				(3,708,137)
<b>NET ASSETS, beginning of year</b>				<u>7,705,797</u>
<b>NET ASSETS, end of year</b>				<u>\$ 3,997,660</u>

See notes to financial statements.

**WYOMING PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<u>General Fund</u>	<u>2007 Capital projects fund</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 599,343	-	\$ 728,143	\$ 1,327,486
Investments	1,789,755	-	480,586	2,270,341
Receivables:				
Property taxes receivable	22,416	-	26,312	48,728
Accounts receivable	42,584	-	-	42,584
Land contract receivable			506,398	506,398
Interest	-	64	-	64
Due from other governmental units	9,096,737	-	50,721	9,147,458
Due from other funds	290,854	-	-	290,854
Due from student activities	21,675	-	-	21,675
Inventories	133,512	-	22,425	155,937
Prepaid expenditures	100,270	-	150,000	250,270
Restricted investments - capital projects	-	782,838	-	782,838
<b>TOTAL ASSETS</b>	<b>\$ 12,097,146</b>	<b>\$ 782,902</b>	<b>\$ 1,964,585</b>	<b>\$ 14,844,633</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 947,176	\$ 11,228	\$ 41,593	\$ 999,997
Accrued salaries and related items	5,468,289	-	53,738	5,522,027
Due to other funds	-	82,177	208,677	290,854
Deferred revenue	152,589	-	541,816	694,405
<b>TOTAL LIABILITIES</b>	<b>6,568,054</b>	<b>93,405</b>	<b>845,824</b>	<b>7,507,283</b>
<b>FUND BALANCES:</b>				
Reserved for inventories	133,512	-	22,425	155,937
Reserved for prepaid expenditures	100,270	-	150,000	250,270
Reserved for debt service	-	-	455,209	455,209

See notes to financial statements.

	<u>General Fund</u>	<u>2007 Capital projects fund</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>FUND BALANCES:</b>				
Reserved for capital outlay	\$ -	\$ 689,497		\$ 689,497
Unreserved:				
Designated for subsequent year expenditures	445,000	-		445,000
Unreserved, undesignated reported in:				
General fund	4,850,310			4,850,310
Special revenue funds			(39,398)	(39,398)
Capital projects funds			530,525	530,525
	<u>5,529,092</u>	<u>689,497</u>	<u>1,118,761</u>	<u>7,337,350</u>
<b>TOTAL FUND BALANCES</b>	<u>\$ 12,097,146</u>	<u>\$ 782,902</u>	<u>\$ 1,964,585</u>	<u>\$ 14,844,633</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>				
<b>Total governmental fund balances</b>				\$ 7,337,350
Amounts reported for governmental activities in the statement of net assets are different because:				
Value of amortized bond issuance costs			\$ 431,059	
Accumulated amortization			<u>(72,435)</u>	358,624
The land contract receivable generated from the sale of property is recognized as revenue on the Statement of Activities in the year of sale.				506,398
Capital assets used in governmental activities are not financial resources and are not reported in the funds				
The cost of the capital assets is			84,770,504	
Accumulated depreciation is			<u>(35,775,818)</u>	48,994,686
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Bonds payable				(50,496,131)
Compensated absences and termination benefits				(2,338,837)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(388,175)
Deferred revenue at June 30, 2009, expected to be collected after September 1, 2009				23,745
<b>Net assets of governmental activities</b>				<u>\$ 3,997,660</u>

See notes to financial statements.

**WYOMING PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>2007 Capital projects fund</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 6,884,203	\$ -	\$ 4,742,611	\$ 11,626,814
Tuition	305,970	-	-	305,970
Investment earnings	64,119	72,701	45,064	181,884
Food sales, athletics, and community service	-	-	733,076	733,076
Other	725,763	-	128,992	854,755
Total local sources	<u>7,980,055</u>	<u>72,701</u>	<u>5,649,743</u>	<u>13,702,499</u>
State sources	35,038,589	-	960,504	35,999,093
Federal sources	6,457,457	-	1,687,140	8,144,597
Incoming transfers and other	5,249,596	-	-	5,249,596
Total revenues	<u>54,725,697</u>	<u>72,701</u>	<u>8,297,387</u>	<u>63,095,785</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	32,964,392	-	-	32,964,392
Supporting services	19,758,070	-	-	19,758,070
Food service activities	-	-	2,272,451	2,272,451
Athletic activities	-	-	1,060,442	1,060,442
Community service activities	56,965	-	-	56,965
Outgoing transfers and other transactions	1,257,819	-	19,625	1,277,444
Capital outlay	-	7,406,649	49,655	7,456,304

See notes to financial statements.

	<b>General Fund</b>	<b>2007 Capital projects fund</b>	<b>Other nonmajor governmental funds</b>	<b>Total governmental funds</b>
	\$ -	\$ -	\$ 3,056,841	\$ 3,056,841
Debt service:				
Principal repayment	-	-	2,697,057	2,697,057
Interest	-	-	705,189	705,189
Payments to refunded bond escrow	-	-	95,877	95,877
Bond issuance costs	-	-	24,318	24,318
Other	-	-		
Total expenditures	<u>54,037,246</u>	<u>7,406,649</u>	<u>9,981,455</u>	<u>71,425,350</u>

**EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES**

	<u>688,451</u>	<u>(7,333,948)</u>	<u>(1,684,068)</u>	<u>(8,329,565)</u>
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**OTHER FINANCING SOURCES (USES):**

Proceeds from issuance of bonds	-	-	8,330,000	8,330,000
Payments to refunded bond escrow	-	-	(8,278,218)	(8,278,218)
Bond premium	-	-	41,243	41,243
Operating transfers from other funds	160,000	-	1,034,400	1,194,400
Operating transfers to other funds	<u>(1,034,400)</u>	<u>-</u>	<u>(160,000)</u>	<u>(1,194,400)</u>

Total other financing sources (uses)

	<u>(874,400)</u>	<u>-</u>	<u>967,425</u>	<u>93,025</u>
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**NET CHANGE IN FUND BALANCES**

	<u>(185,949)</u>	<u>(7,333,948)</u>	<u>(716,643)</u>	<u>(8,236,540)</u>
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**FUND BALANCES:**

Beginning of year	<u>5,715,041</u>	<u>8,023,445</u>	<u>1,835,404</u>	<u>15,573,890</u>
End of year	<u>\$ 5,529,092</u>	<u>\$ 689,497</u>	<u>\$ 1,118,761</u>	<u>\$ 7,337,350</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, 2009**

**Net change in fund balances total governmental funds** \$ (8,236,540)

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	(1,937,087)
Capital outlay	2,576,051
Loss on disposal of capital assets	(66,286)

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	619,993
Accrued interest payable, end of the year	(388,175)

Collections on the land contract receivable are revenues in the governmental funds, but decrease noncurrent assets in the Statement of Net Assets. (21,280)

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 assets. Also, governmental funds report the effect of issuance costs, 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:

Proceeds from issuance of bonds	(8,330,000)
Payments on debt	12,041,841
Bond issuance costs	95,627
Premium on issuance of bonds	(41,243)
Amortization of bond issuance costs	(25,466)
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:

Deferred revenue, beginning of the year	(53,215)
Deferred revenue, end of the year	23,745

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	2,349,428
Accrued compensated absences and termination benefits, end of the year	(2,338,837)

**Change in net assets of governmental activities** \$ (3,708,137)



**WYOMING PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2009**

	<u>Agency fund</u>
<b>ASSETS:</b>	
Cash	<u>\$ 428,448</u>
 <b>LIABILITIES AND NET ASSETS</b>  	
<b>LIABILITIES:</b>	
Accounts payable	\$ 24,593
Due to student and other groups	<u>403,855</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 428,448</u>

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

The basic financial statements of the Wyoming Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. 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 government 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 No. 14 and 39.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

**B. Government-wide and fund financial statements (Continued)**

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

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 *2007 capital project fund* accounts for the revenue and expenditures that are related to the net proceeds from the issuance of the general obligation bonds that are going to be used to erect, furnish and equip additions to and remodel, re-equip and refurnish school district buildings, acquire and install educational technology improvements, construct and equip a new maintenance building, and develop and improve sites, playgrounds, and athletic fields and facilities.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

**B. Government-wide and fund financial statements (Concluded)**

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2007 capital projects fund.

The following is a summary of the revenue and expenditures for the 2007 capital projects bond activity since inception of the fund through the current fiscal year:

	2007 Bond
Revenues and other financing sources	\$ 16,064,933
Expenditures	\$ 15,375,436

The above revenue amount includes net bond proceeds of \$15,251,173.

**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 and athletic activities in the special revenue funds.

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

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

**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).

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

**Modified Accrual Method**

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 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.

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

**State Revenue**

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 year ended June 30, 2009, the Foundation allowance was based on pupil membership counts taken in February and September of 2008.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)**

**State Revenue (Concluded)**

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 (formerly known as Non-Homestead) 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 2008 to August 2009. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**D. Other Accounting Policies**

1. Cash and cash equivalents include amounts in demand deposits and short-term certificates of deposit.

The District reports its investments in accordance with GASB statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools* and 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 district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

**D. Other Accounting Policies (Continued)**

1. 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. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

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.

For the year ended June 30, 2009, 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	4.60

3. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Inventories for commodities are recorded as revenue when utilized. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

**D. Other Accounting Policies (Continued)**

4. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

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 fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

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

The District’s capitalization policy is to capitalize individual amounts exceeding \$5,000. Group purchases are analyzed on a case-by-case basis. Group technology purchases with all individual items below the capitalization threshold are expensed by the District when incurred.

6. Compensated Absences

The District’s policies generally provide for granting vacation or sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.



**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

**D. Other Accounting Policies (Concluded)**

7. 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 assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, 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.

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.

8. Use of Estimates

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

9. Fund Equity

In the fund financial statements, governmental funds reports reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year end, if any, are reported as reservations of fund balance because they will be re-appropriated in the subsequent fiscal year.

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 are noted in the required supplementary information section.
4. The Superintendent or his designee is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2009. The District does not consider these amendments to be significant.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**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, 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, 2009, \$2,818,136 of the District's bank balance of \$5,075,846 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$4,809,113.

**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.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)**

At June 30, 2009, the carrying amount is as follows:

Deposits - including fiduciary funds of \$428,448	<u>\$ 4,809,113</u>
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The above amounts are reported in the financial statements as follows:

Cash - agency fund	\$ 428,448
Government wide:	
Cash	1,327,486
Investments	2,270,341
Restricted investments - capital projects	<u>782,838</u>
	<u>\$ 4,809,113</u>

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - CAPITAL ASSETS**

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

	Balance July 1, 2008	Additions	Deletions (Reclassifications)	Balance June 30, 2009
Assets not being depreciated:				
Land	\$ 509,246	\$ -	\$ -	\$ 509,246
Construction in progress	16,979	84,959	16,979	84,959
Total assets not being depreciated	<u>526,225</u>	<u>84,959</u>	<u>16,979</u>	<u>594,205</u>
Other capital assets:				
Land improvements	3,271,876	462,580	-	3,734,456
Buildings and additions	72,422,000	620,516	(16,979)	73,059,495
Furniture and equipment	4,924,716	1,045,196	815,085	5,154,827
Transportation equipment	<u>2,225,785</u>	<u>362,800</u>	<u>361,064</u>	<u>2,227,521</u>
Subtotal	<u>82,844,377</u>	<u>2,491,092</u>	<u>1,159,170</u>	<u>84,176,299</u>
Accumulated depreciation:				
Land improvements	1,538,544	284,778	-	1,823,322
Buildings and additions	27,805,985	1,222,583	-	29,028,568
Furniture and equipment	4,060,366	317,880	748,799	3,629,447
Transportation equipment	<u>1,543,699</u>	<u>111,846</u>	<u>361,064</u>	<u>1,294,481</u>
Total accumulated depreciation	<u>34,948,594</u>	<u>1,937,087</u>	<u>1,109,863</u>	<u>35,775,818</u>
Net capital assets being depreciated	<u>47,895,783</u>	<u>554,005</u>	<u>49,307</u>	<u>48,400,481</u>
Net governmental capital assets	<u>\$ 48,422,008</u>	<u>\$ 638,964</u>	<u>\$ 66,286</u>	<u>\$ 48,994,686</u>

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

Governmental activities:	
Athletics	\$ 127,848
Food service	75,546
Community service	2,906
Support services	358,361
Instruction	<u>1,372,426</u>
Total governmental activities	<u>\$ 1,937,087</u>

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2009 consist of the following:

	General fund
Other governmental units:	
State aid	\$ 4,669,157
Federal revenue	3,739,634
Horizons	1,316
ISD and other	737,351
	\$ 9,147,458

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

No allowance for doubtful accounts is considered necessary.

**NOTE 6 - 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.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2009:

	Accumulated compensated absences	Bonds and other debt	Total
Balance, July 1, 2008	\$ 2,349,428	\$ 54,190,036	\$ 56,539,464
Additions	351,291	8,330,000	8,681,291
Deletions	(361,882)	(12,023,905)	(12,385,787)
Balance, June 30, 2009	2,338,837	50,496,131	52,834,968
Less current portion	233,884	2,627,318	2,861,202
Total due after one year	\$ 2,104,953	\$ 47,868,813	\$ 49,973,766

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM DEBT (Continued)**

Bonds payable at June 30, 2009 is comprised of the following issues:

2003 refunding bonds due in annual installments of \$65,000 to \$95,000 through May 1, 2022 with interest from 2.95% to 4.35%	\$ 1,035,000
2005 refunding bonds due in annual installments of \$1,660,000 to \$1,900,000 through May 1, 2023 with interest from 3.63% to 5.00%	26,000,000
2007 building and site bonds due in annual installments of \$375,000 to \$1,950,000 through May 1, 2022 with interest from 4.00% to 5.50%	14,325,000
2009 refunding bonds due in annual installments of \$475,000 to \$815,000 through May 1, 2022 with interest from 2.50% to 3.75%	8,330,000
Less deferred amounts on bond refunding	(1,294,378)
Less unamortized discount	(182,050)
Plus: premium on bond refunding	<u>1,843,125</u>
Total general obligation debt	50,056,697
Limited obligation (Durant) non-plaintiff bonds due in annual installments of \$102,318 to \$117,635 through November 2013 with an interest rate of 4.76%. Certain State Aid payments have been pledged as security.	<u>439,434</u>
Total bonded debt	50,496,131
Obligation under contract for compensated absences	<u>2,338,837</u>
Total general long-term debt	<u><u>\$ 52,834,968</u></u>

The Durant bonds, including interest, were issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM DEBT (Concluded)**

On February 11, 2009, Wyoming Public Schools issued general obligation bonds of \$8,330,000 with interest rates ranging from 2.50% to 3.75% to advance refund a portion of the District's outstanding 1999 bonds with an interest rate ranging from 4.40% to 5.00%. The bonds mature at various times through May 1, 2022. The general obligation bonds were issued at a premium after paying issuance costs of \$95,627, the net proceeds were \$8,275,366. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$1,144,934, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$838,076.

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, 2009, \$35,955,000 bonds outstanding are considered defeased.

The annual requirements to amortize debt outstanding as of June 30, 2009, including interest payments of \$18,453,958 are as follows:

Year ending June 30,	Principal	Interest	Amounts payable
2010	\$ 2,627,318	\$ 2,378,511	\$ 5,005,829
2011	2,892,192	2,233,457	5,125,649
2012	3,147,289	2,130,070	5,277,359
2013	3,302,635	2,012,522	5,315,157
2014	3,350,000	1,750,498	5,100,498
2015 - 2019	19,195,000	6,304,820	25,499,820
2020 - 2024	15,615,000	1,644,080	17,259,080
	50,129,434	18,453,958	68,583,392
Deferred loss on bond refunding	(1,294,378)	-	(1,294,378)
Discounts on bond refunding	(182,050)	-	(182,050)
Premium on bond refunding	1,843,125	-	1,843,125
Accumulated compensated absences	2,338,837	-	2,338,837
	<u>\$ 52,834,968</u>	<u>\$ 18,453,958</u>	<u>\$ 71,288,926</u>



**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2009 are as follows:

Receivable fund	Payable fund								
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">General fund</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 290,854</td> </tr> </table>	General fund	\$ 290,854	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">2007 Capital projects</td> <td style="text-align: right;">\$ 82,177</td> </tr> <tr> <td>Other nonmajor funds</td> <td style="text-align: right; border-bottom: 1px solid black;">208,677</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">\$ 290,854</td> </tr> </table>	2007 Capital projects	\$ 82,177	Other nonmajor funds	208,677		\$ 290,854
General fund	\$ 290,854								
2007 Capital projects	\$ 82,177								
Other nonmajor funds	208,677								
	\$ 290,854								

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.

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN**

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. 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.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute 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 January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members joining the system on or after July 1, 2008 contribute at the following graduated rate: 3% of the first \$5,000, 3.6% of \$5,001 through \$15,000 and 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 interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Concluded)**

The District 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. The rate through September 30, 2008 was 16.72% of payroll and decreased to 16.54% effective October 1, 2008 through June 30, 2009. 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 for the year ended June 30, 2009, 2008 and 2007 were \$4,875,924, \$4,892,152, and \$5,007,176, respectively, and were equal to the required contribution for those years.

Other Post-employment Benefits - Retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. A significant portion of the premiums is paid by the System with the balance deducted from the monthly pension.

The District is not responsible for the payment of retirement or post-retirement benefits which is the responsibility of the State of Michigan.

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District is a member of the West Michigan Risk Management Trust (Trust), a self-insurance program with 28 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 \$1,199,000 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 21 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 \$2,266,748 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.

**WYOMING PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - TRANSFERS**

The general fund transferred \$1,010,000 to the athletics fund and \$24,400 to the food service fund. The food service fund transferred \$160,000 to the general fund. The transfer by the general fund to the athletic fund and food funds were to subsidize operations. The transfer from the food service fund was made to allocate indirect costs between the funds.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

The District has approximately \$700,000 committed to complete its capital projects building program.

**NOTE 12 - 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.

**NOTE 13 - THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

For the year ended June 30, 2009 the District reported revenue of \$2,052,449 in ARRA funds which was intended to off-set a shortage in the State of Michigan foundation funding. It is uncertain if the District will receive ARRA funds in the future.

**REQUIRED SUPPLEMENTARY INFORMATION**