



Woodland Park Academy, PSA
Audited Financial Statements

June 30, 2011

Prepared by Taylor & Morgan, P.C.

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WOODLAND PARK ACADEMY, PSA
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INDEPENDENT AUDITORS' REPORT

October 19, 2011

Board of Trustees
Woodland Park Academy, PSA

We have audited the accompanying basic financial statements of Woodland Park Academy, PSA as of and for the year ended June 30, 2011 as listed in the table of contents. These basic financial statements are the responsibility of the school's management. Our responsibility is to express an opinion on these basic 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 amount 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Woodland Park Academy, PSA, Grand Blanc, MI, as of June 30, 2011 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2011 on our consideration of Woodland Park Academy, PSA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Woodland Park Academy, PSA, Grand Blanc, MI, taken as a whole. The accompanying information identified in the table of contents as combining financial statements and other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

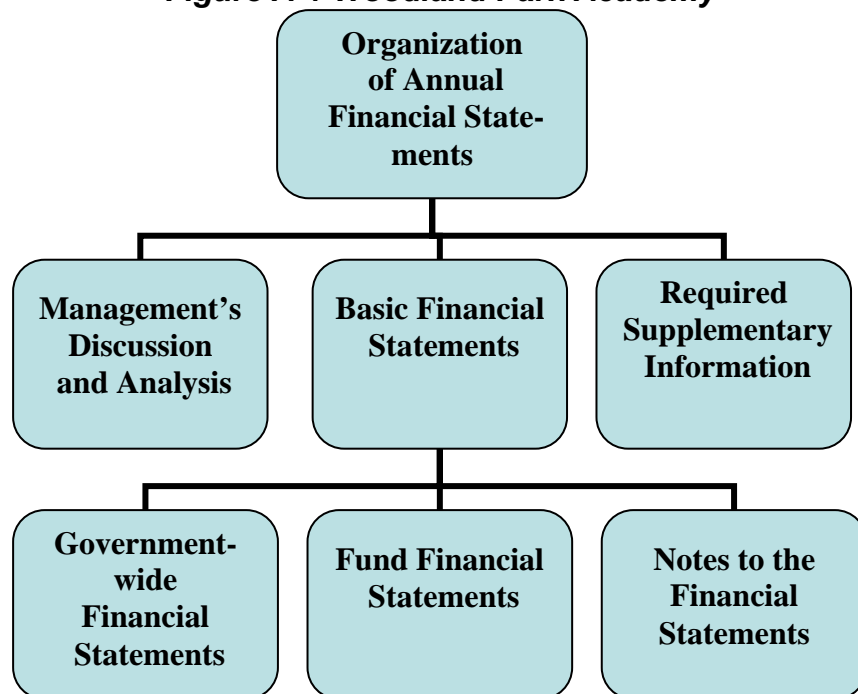
The discussion and analysis of Woodland Park Academy’s financial performance provides an overall review of the Academy’s financial activities for the fiscal year ending June 30, 2011. The intent of this discussion and analysis is to provide in general terms, a look at the Academy’s performance as well as their past and current position. Readers should also review the transmittal letter, notes to financial statements, and the financial statements to enhance their understanding of the Academy’s financial performance.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – Management Discussion and Analysis (MD&A) – for the State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and the required supplemental information. 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 Academy’s budget for the year. The basic financial statements include two kinds of statements that present different views of the Academy. **Figure A-1** shows how the various parts of this annual report are arranged and related to one another.

Figure A-1 Woodland Park Academy



**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

Government-Wide Financial Statements

The government-wide financial statements are full accrual basis statements and provide information about the Academy's overall financial status. They are used to help determine whether or not the Academy is financially better or worse as a result of the year's activities. The *Statement of Net Assets* reports all of the Academy's assets and liabilities, both short and long term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the Academy are reported in this statement. 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 government-wide statements report the Academy's net assets and how they have changed. Net assets – the difference between the Academy's assets and liabilities – is one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Academy's overall health, you need to consider additional non-financial factors such as the quality of the education provided and the condition of the Academy's facilities.

In the government-wide statements, the Academy's activities are classified as governmental activities. This includes most of the Academy's basic services, such as regular and special education, operations and maintenance, and administration. State aid finances these services.

Fund Financial Statements

The fund financial statements focus on individual parts of the Academy, reporting the Academy's operations in more detail than the government-wide statements. For the most part, the fund financial statements are comparable to prior year financial statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. In the State of Michigan, the Academy's major instructional and instructional support activities are reported in the *General Fund*. Additional activities are reported in their relevant funds including *Debt Retirement*, *Food Service* and *Trust and Agency Funds*.

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

In the fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future Year's debt obligations are not recorded.

**FINANCIAL ANALYSIS
OF THE ACADEMY AS A WHOLE**

The net assets of the Academy on June 30, 2011 totaled \$1,174,428. **Figure A-2** shows a breakdown of the net assets for June 30, 2011 and June 30, 2010.

Figure A-2 Statement of Net Assets		
	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
Current Assets	\$ 1,354,306	\$ 1,216,952
Capital Assets(Net)	<u>4,656,560</u>	<u>4,859,267</u>
Total Assets	6,010,866	6,076,219
Current Liabilities	925,188	712,975
Non-Current Long-Term	<u>3,911,250</u>	<u>4,138,444</u>
Total Liabilities	4,836,438	4,851,419
Net Assets		
Invested in capital assets, net of related debt	518,097	445,686
Restricted for Debt Service	39,171	149,359
Unrestricted	<u>617,160</u>	<u>629,755</u>
Total Net Assets	<u>\$ 1,174,428</u>	<u>\$ 1,224,800</u>

A large portion of the Academy's net assets reflect investments in capital assets (land, buildings and improvements, equipment, and furniture), less any related outstanding debt used to acquire those assets. The Academy uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Academy's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources.

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

The \$617,160 in unrestricted net assets of governmental activities represents the Academy's funds that have not been committed contractually or for debt obligations and are available for future use.

The net assets of the Academy decreased by \$50,372 during the 2010-2011 year. **Figure A-3** shows the breakdown of this change. The Statement of Activities presented later in the government-wide financial statements provides greater detail on the Academy's annual activity. The cost of the Academy's governmental activities for the year was \$3,761,321. These activities are paid for with state pupil foundation aid, grants, charges for services, contributions, investment earnings and other miscellaneous revenues.

**Figure A-3
Statement of Net Assets
From Operating Revenue**

	Governmental Activities 2011	Activities 2010
	<u>2011</u>	<u>2010</u>
Revenues		
General Revenue		
State Foundation Aid	\$ 3,129,085	\$ 2,929,653
Investment Earnings	597	751
Other	15,860	45,712
Total Revenues	<u>3,145,542</u>	<u>2,976,116</u>
Expenses		
Instruction	1,841,420	1,510,728
Support Services	1,056,458	1,038,151
Community Services	817	-
Food Service	26,943	17,490
Debt Service	243,507	276,671
Depreciation (unallocated)	26,769	25,828
Total Expenses	<u>3,195,914</u>	<u>2,868,868</u>
Increase(Decrease) in Net Assets	<u>\$ (50,372)</u>	<u>\$ 107,248</u>

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

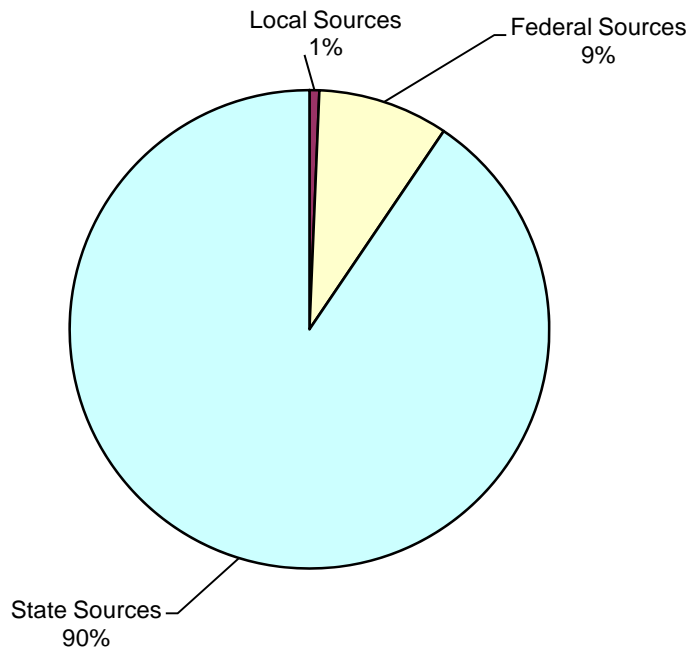
Revenues

The major portion (90%) of the Academy's general fund revenues are received from State sources. This means that the financial stability of the Academy rests primarily with the economic health of the State of Michigan. Investment income drastically decreased this year due to a sluggish economy causing lower interest rates. The Academy also receives money from Federal sources, but this is targeted for specific programs and services.

Figure A-4 depicts the breakdown of the sources of revenue for the Academy.

Figure A-4

Revenue by Source



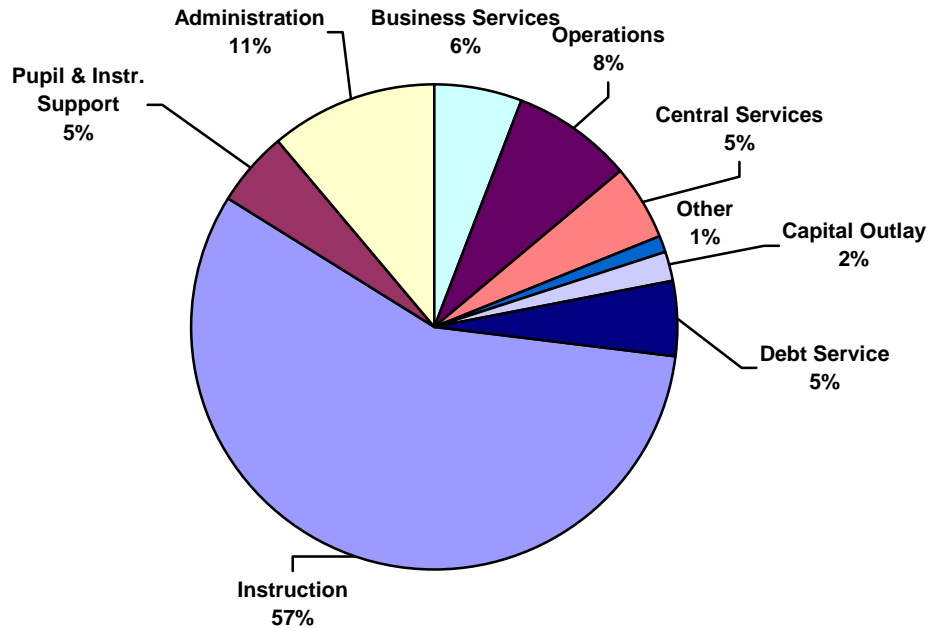
Expenditures

As **Figure A-5** depicts, 62% of the Academy's resources are spent on instruction and pupil instructional support services. Another 17% is spent on administrative and business services necessary to efficiently operate the Academy, while 8% is spent for maintenance and operations which includes utilities and custodial services. 6% is spent on Central Services and Other Services. Capital outlay accounts for 2% of general fund expenditures, and Debt Service accounts for an additional 5%.

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

Figure A-5

General Fund Expenditures by Source



FINANCIAL ANALYSIS OF THE ACADEMY FUNDS

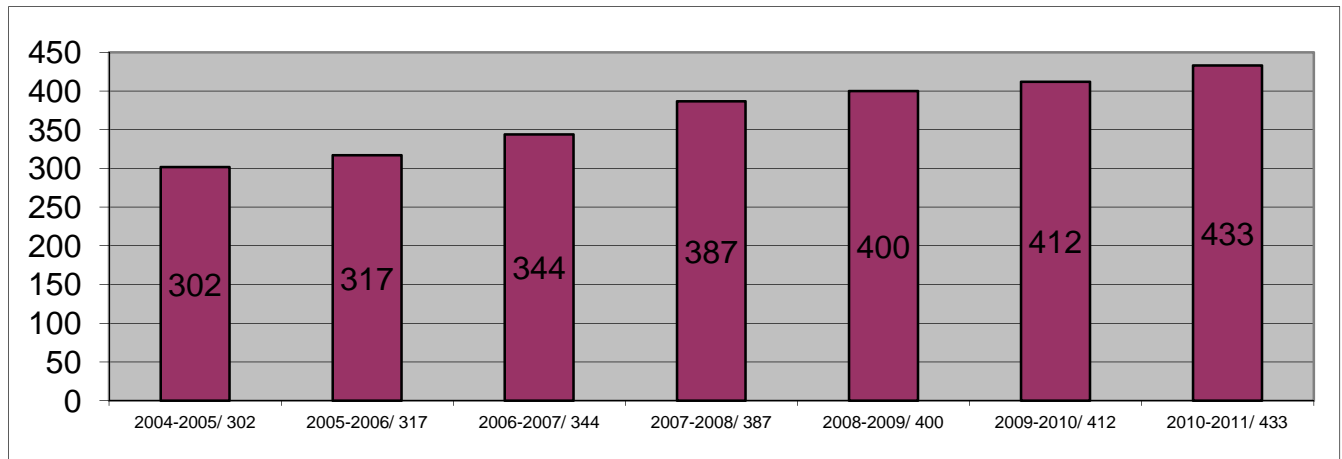
The stable financial performance of the Academy as a whole is reflected in its governmental funds as well. The combined governmental funds equity was \$689,314 at the end of the 2010-2011 fiscal year. The primary reason for the stable fund balance is the fiscally responsible decisions of the Chief Administrative Officer and the Board of Directors, combined with oversight by the Business Manager.

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

Factors Affecting Fund Equity

- *Enrollment* - The enrollment increased by 21 students. **See Figure A-6.**

Figure A-6



MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The Academy's budgets are prepared according to the Uniform Budget Act of the State of Michigan and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments and resultant staffing requirements become known. Currently, the only budgeted fund is the General Fund. During the fiscal year ended June 30, 2011 the Academy amended the budgets of these funds twice.

General Fund

The General Fund had revenues and other financing sources of \$3,746,853 and total expenditures and other financing uses of \$3,731,802. The General Fund balance was \$611,103 at June 30, 2011.

Actual revenue and other financing sources for the General Fund were \$3,746,853. This is above the original budget estimate of \$3,648,964 and below the final amended budgeted amount of \$3,874,276. The actual expenditures and other financing uses for the general fund were \$3,731,802. This is above the original budget estimate of \$3,641,614 and below the final budget amount of \$3,859,521.

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

- Actual excess of revenues over expenditures and other financing sources/(uses) was \$15,051, compared to the final budgeted amount of \$14,755.
- The General Fund fund balance at June 30, 2011 was \$611,103 which is an increase of 3% from the June 30, 2010 amount of \$596,052.

Debt Service Fund

The General Fund transferred \$357,500 to the Debt Service Fund during the fiscal year ended June 30, 2011 to cover payment of principal, interest, and service fees on bonded debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2011, the Academy had \$6,738,215 invested in land, buildings, furniture, and equipment. Of this amount \$2,081,655 had been depreciated; net book value totaled \$4,656,560. The Academy has a 35,900 sq ft facility in addition to two modular classroom units on 10 acres located on Grand Blanc Road. The former facility at 9127 S. Saginaw St. is available for sale or lease to buy.

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	June 30, 2011	June 30, 2010
Land and Improvements	\$ 677,202	\$ 637,266
Buildings and Additions	5,661,112	5,636,063
Furniture and Equipment	338,886	338,886
Other Assets	61,015	61,015
Less: Accumulated Depreciation	<u>(2,081,655)</u>	<u>(1,813,963)</u>
Total Capital Assets	\$ <u>4,656,560</u>	\$ <u>4,859,267</u>

**Woodland Park Academy, PSA
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2011**

OUTSTANDING DEBT AT YEAR-END

At June 30, 2011 there are several outstanding loan balances. Listed below is a summary of the debt:

Fifth Third Bank - \$511,961 – S. Saginaw Street Property
Fifth Third Bank - \$3,160,000 – Bond Payable
Land Contract – Beardslee - \$169,653 – 2061 E. Grand Blanc Rd.
Citizens Bank - \$123,252 – 2 modular classroom units
Mortgage – Bolz - \$173,137 – 7540 Porter Rd.

For more detailed information on the debt, please review the Notes to the Basic Financial Statements located in the financial section of this audit report

REQUESTS FOR INFORMATION

This financial report is designed to give an overview of the financial conditions of Woodland Park Academy, PSA. If you should desire additional financial information, it can be obtained by contacting the following person:

Attn: Mrs. Michele Baskin
Woodland Park Academy
2083 E. Grand Blanc Rd
Grand Blanc, Michigan 48439
(810) 695-4710

WOODLAND PARK ACADEMY, PSA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Assets	Governmental Activities
Current Assets		
	Cash, Cash Equivalents and Investments	\$ 661,015
	Due from Other Governmental Units	645,299
	Accounts Receivable	5,219
	Prepaid Expenses	42,773
	Total Current Assets	1,354,306
Non-Current Assets		
	Land and Land Improvements	677,202
	Buildings and Improvements	5,661,112
	Equipment and Furniture	338,886
	Other Assets	61,015
	Less: Accumulated Depreciation	(2,081,655)
	Net Capital Assets	4,656,560
	Total Non-Current Assets	4,656,560
	Total Assets	6,010,866
	Liabilities	
Current Liabilities		
	Accrued Payroll	246,801
	Accounts Payable	19,506
	Accrued Expenses	171,032
	State Aid Note	197,190
	Deferred Revenue	30,463
	Accrued Interest on Long-Term Debt	32,983
	Current Portion of Long-Term Obligations	227,213
	Total Current Liabilities	925,188
Non-Current Liabilities		
	Non-Current Portion of Long-Term Obligations	3,911,250
	Total Non-Current Liabilities	3,911,250
	Total Liabilities	4,836,438
	Net Assets	
Net Assets		
	Invested in Capital Assets, Net of Related Debt	518,097
	Restricted for Debt Service	39,171
	Unrestricted	617,160
	Total Net Assets	\$ 1,174,428

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets
Functions/Programs					
Governmental Activities					
Instruction					
Basic Programs	\$ 1,794,548	\$ -	\$ 157,397		\$ (1,637,151)
Added Needs	365,464	-	161,195		(204,269)
Support Services	1,197,137	7,200	133,479		(1,056,458)
Community Services	817	-	-		(817)
Interest on Long-Term Debt	243,507	-	-		(243,507)
Food Service	133,079	19,600	86,536		(26,943)
Unallocated Depreciation	26,769	-	-		(26,769)
Total Governmental Activities	\$ 3,761,321	\$ 26,800	\$ 538,607		(3,195,914)
General Purpose Revenues					
State School Aid - Unrestricted					3,129,085
Investment Earnings					597
Miscellaneous					15,860
Total General Revenue					3,145,542
Change in Net Assets					(50,372)
Net Assets - July 1					1,224,800
Net Assets - June 30					\$ 1,174,428

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Debt Retirement Fund	Non-Major Fund	Total Governmental Funds
Assets				
Cash and Investments	\$ 581,237	\$ 72,154	\$ 7,624	\$ 661,015
Accounts Receivable	5,219	-	-	5,219
Due from Other Governmental Units	645,299	-	-	645,299
Due from General Fund	-	-	4,955	4,955
Prepaid Expenses	42,773	-	-	42,773
	<u>1,274,528</u>	<u>72,154</u>	<u>12,579</u>	<u>1,359,261</u>
Total Assets	\$ 1,274,528	\$ 72,154	\$ 12,579	\$ 1,359,261
Liabilities and Fund Balance				
Liabilities				
Accrued Payroll	\$ 246,801	\$ -	\$ -	\$ 246,801
Accrued Expenses	171,032	-	-	171,032
State Aid Note	197,190	-	-	197,190
Due to Lunch Fund	4,955	-	-	4,955
Deferred Revenue	30,463	-	-	30,463
Accounts Payable	12,984	-	6,522	19,506
	<u>663,425</u>	<u>-</u>	<u>6,522</u>	<u>669,947</u>
Total Liabilities	663,425	-	6,522	669,947
Fund Balance				
Non Spendable	42,773	-	-	42,773
Restricted For:				
Food Service	-	-	6,057	6,057
Debt Service	-	72,154	-	72,154
Assigned	109,473	-	-	109,473
Unassigned	458,857	-	-	458,857
	<u>611,103</u>	<u>72,154</u>	<u>6,057</u>	<u>689,314</u>
Total Fund Balance	611,103	72,154	6,057	689,314
Total Liabilities and Fund Balance	\$ 1,274,528	\$ 72,154	\$ 12,579	\$ 1,359,261

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total Governmental Fund Balances	\$	689,314
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
Cost of Net Assets	\$ 6,738,215	
Accumulated Depreciation	<u>(2,081,655)</u>	4,656,560
<p>Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year end consist of:</p>		
Loan Payable	\$ 978,463	
Bonds Payable	<u>3,160,000</u>	(4,138,463)
<p>In the Statement of Net Assets, interest has been accrued on Long-Term Debt as of June 30, 2011</p>		
		<u>(32,983)</u>
<p>Total Net Assets - Governmental Activities</p>		
	\$	<u><u>1,174,428</u></u>

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Debt Retirement Fund	Non-Major Fund	Total Governmental Funds
Revenues				
Other Local Sources	\$ 23,464	\$ 193	\$ 19,600	\$ 43,257
State Sources	3,240,752	-	3,694	3,244,446
Federal Sources	315,092	-	82,842	397,934
Total Revenues	3,579,308	193	106,136	3,685,637
Expenditures				
Instruction				
Basic Programs	1,567,356	-	-	1,567,356
Added Needs	365,464	-	-	365,464
Total Instruction	1,932,820	-	-	1,932,820
Support Services				
Pupil Services	135,682	-	-	135,682
Instructional Staff	19,907	-	-	19,907
General Administration	259,708	-	-	259,708
School Administration	105,860	-	-	105,860
Business Services	189,407	-	-	189,407
Operation and Maintenance	261,983	-	-	261,983
Central Services	161,068	-	-	161,068
Other	21,964	-	133,079	155,043
Athletic Services	14,789	-	-	14,789
Community Services	817	-	-	817
Total Support Services	1,171,185	-	133,079	1,304,264
Capital Projects				
Capital Outlay and Other Costs	78,023	-	-	78,023
Debt Retirement				
Principal Retirement	-	150,000	-	150,000
Interest and Fiscal Charges	-	176,368	-	176,368
Total Expenditures	3,182,028	326,368	133,079	3,641,475
Excess of Revenues over/(under) Expenditures	397,280	(326,175)	(26,943)	44,162
Other Financing Sources/(Uses)				
ISD Transfers	25,312	-	-	25,312
Loan Payments	(91,415)	-	-	(91,415)
Loan Interest	(67,859)	-	-	(67,859)
Operating Transfers(Net)	(248,267)	215,267	33,000	-
Total Other Financing Sources/(Uses)	(382,229)	215,267	33,000	(133,962)
Net Changes in Fund Balance	15,051	(110,908)	6,057	(89,800)
Fund Balance - July 1	596,052	183,062	-	779,114
Fund Balance - June 30	\$ 611,103	\$ 72,154	\$ 6,057	\$ 689,314

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds	\$	(89,800)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capitalized Assets	\$ 64,985	
Depreciation Expense	<u>(267,692)</u>	(202,707)
<p>Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. This is the amount of repayments reported as expenditures in the Governmental Funds.</p>		
		150,000
<p>Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. This is the amount of repayments reported as expenditures in the Governmental Funds.</p>		
		91,415
<p>Interest on Long-Term Debt in the Statement of Activities includes accrued interest while the Governmental Funds Statement does not. This is the (increase)/decrease in accrued interest on Long-Term Debt.</p>		
		<u>720</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(50,372)</u></u>

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and Cash Equivalents	\$ <u>1,578</u>	\$ <u>11,740</u>
	\$ <u><u>1,578</u></u>	\$ <u><u>11,740</u></u>
Liabilities		
Due to Student Groups and Others		\$ <u>11,740</u>
		\$ <u><u>11,740</u></u>
Net Assets		
Reserved for Future Facility Expansion	\$ <u><u>1,578</u></u>	

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Trust Funds</u>
Additions	
Gains on Marketable Securities	\$ <u>250</u>
Total Additions	250
Deductions	
Administrative Fees	11
Outgoing Transfer	<u>-</u>
Total Deductions	<u>11</u>
Change in Net Assets	239
Net Assets - July 1	<u>1,339</u>
Net Assets - June 30	\$ <u><u>1,578</u></u>

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Woodland Park Academy, PSA ("the Academy") conform to generally accepted accounting principles as applicable to school academies. The following is a summary of the significant accounting policies:

In June 1999, the Governmental Accounting Standards Board (GASB) issued *Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section to provide an analysis of the Academy's overall financial position and results of operations.
- Financial statements prepared with full accrual accounting for all of the Academy's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

Reporting Entity

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The Academy receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities. However, the Academy is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Directors has decision-making authority, the authority to determine its budget, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Basic Financial Statements – Government-wide Statements

The Academy's basic financial statements include both government-wide (reporting the Academy as a whole) and fund financial statements (reporting the Academy's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the Academy's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis 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 Academy's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The Academy first utilizes restricted resources to finance qualifying activities.

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Government-wide Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Academy's functions. General government revenues (certain intergovernmental revenues, fines, permits and charges, etc.) also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (state and federal sources, interest income, etc.).

The Academy does not allocate indirect costs. Interfund transactions have been eliminated in the government-wide financial statements.

Basic Financial Statements - Fund Financial Statements

The accounts of the Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon 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 five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds 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 governmental funds.

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.

Debt Service Funds - The Debt Service Fund is used to record interest revenue and the payment of general long-term debt principal, interest and related cost. The Academy maintains a debt service fund for the 2005 bond issue.

Special Revenue Funds - The Special Revenue Fund is used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The Academy maintains full control of these funds. The Academy maintained a food service fund in this category.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Academy in a trustee capacity or as an agent.

Non-Expendable Trust Funds – Non-Expendable trust funds are used to account for funds entrusted to the Academy. Only the income produced is expendable.

Activities (Agency) Funds - Agency Funds are used to account for assets held by the Academy as an agent, are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual – Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The Academy reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Academy receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Cash and Investments – Cash and cash equivalents include amounts in demand deposits, sweep accounts, and certificate of deposits with original maturities less than 180 days. The Academy reports its investments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 40 Deposits and Investment Risk Disclosures. Under these standards, certain investments are valued at 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. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the Academy 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 (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), or National Credit Union Administration (NCUA), respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Investments (continued)

than 270 days after the date of purchase. The Academy is also authorized to invest in investment pools, as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by an academy.

Capital Assets – Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. The Academy has adopted a \$500 capitalization threshold for recording capital assets. 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

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

Buildings, additions and improvements	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and equipment	3 – 20 years

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Economic Dependency – The Academy receives approximately 88% of its operating revenue from the State of Michigan.

Note 2 – Budget and Budgetary Accounting

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds and an informational study of Capital Project Funds of academies prior to the expenditure of monies in a fiscal year.

The Board of Directors adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the act. The Act requires expenditures to be budgeted on a functional basis. An Academy is not considered to be in violation of the Act if reasonable procedures are in use by the Academy to detect violations.

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Academy's Chief Administrative Office submits to the Board of Directors a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain comments.

Note 2 – Budget and Budgetary Accounting (continued)

3. The Chief Administrative Officer is authorized to transfer budgeted amounts between functions within any fund with the approval of the Board of Directors; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
4. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Directors throughout the year. Individual amendments were not material in relation to the original appropriations, which were amended.
6. Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Directors) for the General Fund is presented as required supplementary information.

State budget statutes require the Academy to keep actual expenditures below final budgeted amounts. As detailed on page 31, the Academy incurred expenditures in excess of budgeted amounts for various functional categories and total general fund expenditures.

Note 3 – Cash and Investments

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Academy's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities and are invested primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer. Cumulatively, portfolios of the Academy may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total Academy portfolio may be placed with any single financial institution with the exception of repurchase agreements. U.S. government securities and 2a7-like investment pools are excluded from these restrictions.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits this exposure by mandating that the Academy's investments in commercial paper and corporate bonds be limited to those with a prime rating or better issued by nationally recognized statistical rating organizations (NRSROs).

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the Academy's deposits may not be returned or the Academy will not be able to recover collateral securities, if any, in the possession of an outside party. At June 30, 2011, the Academy had \$299,390 of its deposit balances uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the Academy's name.

Note 3 – Cash and Investments (continued)

Custodial Credit Risk for Investments 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. This risk is minimized by the Academy through limiting investments to those of a prime or better rating and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Academy is not authorized to invest in investments that would be subject to this type of risk.

Note 4 – Changes in Capital Assets

Summary of capital asset transactions:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2011</u>
Land, Buildings, & Additions	\$ 6,273,329	\$ 64,985	\$ -	\$6,338,314
Furniture, Equipment & Other	<u>399,901</u>	<u>-</u>	<u>-</u>	<u>399,901</u>
Subtotal	6,673,230	64,985	-	6,738,215
Accumulated Depreciation:				
Land, Buildings, & Additions	1,442,753	248,781	-	1,691,534
Furniture, Equipment & Other	<u>371,210</u>	<u>18,911</u>	<u>-</u>	<u>390,121</u>
Subtotal	<u>1,813,963</u>	<u>267,692</u>	<u>-</u>	<u>2,081,655</u>
Net Capital Assets	<u>\$4,859,267</u>	<u>\$ (202,707)</u>	<u>\$ -</u>	<u>\$4,656,560</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated." Depreciation was recorded on the statement of activities as follows:

WOODLAND PARK ACADEMY, PSA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Instruction	\$ 214,154
Support	26,769
Unallocated	<u>26,769</u>
 Total Depreciation Expense	 <u>\$ 267,692</u>

Note 5 – Installment Contract and Long-Term Debt

Installment Contracts

On November 7, 2009, the Academy refinanced an existing mortgage with Fifth Third Bank, due in monthly payments of \$4,983 with interest at 6%. The mortgage, with a balance of \$511,961 as of June 30, 2011, is on property located at 9127 S. Saginaw St. in Grand Blanc, Michigan that formerly housed the Academy, and matures August 7, 2012.

On May 22, 2009, the Academy entered into a land contract with the Harriet M. Beardslee Trust for \$180,000, due in monthly principal and interest payments of \$1,290 through June 1, 2014, with interest at 6.0%. The land contract financed the acquisition of real property on 2061 East Grand Blanc Road, for the use of modular classroom units.

On October 8, 2009, the Academy entered into a mortgage with Norman & Donna Bolz for \$180,000, due in monthly principal and interest payments of \$1,506 through October 8, 2014, with interest at 8%. The mortgage financed the acquisition of real property on 7540 Porter Road.

On November 23, 2009, the Academy entered into an installment loan with Citizens Bank for \$200,000, due in monthly principal and interest payments of \$5,239 through July 20, 2013, with interest at 5.5%. The installment loan financed the acquisition of 2 modular classroom units.

The following is a summary of long-term debt transactions for the year ended June 30, 2011:

	<u>Bonds</u>	<u>Land Contracts</u>	<u>Installment Loans</u>	<u>Total</u>
Balance July 1, 2010	\$ 3,310,000	\$ 174,781	\$ 895,097	\$4,379,878
Additions	-	-	-	-
Less: Retirements & Payments	<u>150,000</u>	<u>5,128</u>	<u>86,287</u>	<u>241,415</u>
Balance June 30, 2011	3,160,000	169,653	808,810	4,138,463
Less: Current Portion	<u>130,000</u>	<u>5,444</u>	<u>91,769</u>	<u>227,213</u>
Total Due after One Year	\$ <u>3,030,000</u>	\$ <u>164,209</u>	\$ <u>717,041</u>	<u>\$3,911,250</u>

Bonded Debt

WOODLAND PARK ACADEMY, PSA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

The limited obligation variable rate demand revenue bonds are payable from the Debt Service Fund and consist of \$3,750,000 issued in 2005 for the purpose of financing the acquisition, construction and equipping of a public school academic facility and related site improvements. These limited variable rate demand revenue bonds are direct obligations and pledge the full faith and credit of the Academy. They are due in annual installments of \$110,000 - \$335,000 through June 20, 2025, with interest from 2.5% - 5.75%. As of June 30, 2011, the Debt Service Fund had a balance of \$72,154 to use to pay this debt. Future debt and interest will be payable from General Fund transfers.

Note 5 – Installment Contract and Long-Term Debt (continued)

On November 4, 2005, the Academy entered into a rate hedging agreement with Fifth Third Bank. The agreement exchanges the variable rate financing for a fixed rate at 4% through November 1, 2012.

Future principal and interest requirements for bonded debt are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2012	\$130,000	\$157,215	\$64,785	\$352,000
2013	155,000	151,397	45,603	352,000
2014	165,000	143,750	43,250	352,000
2015	175,000	135,510	41,490	352,000
2016	195,000	127,485	35,015	357,500
2017 – 2021	1,125,000	479,090	196,410	1,800,500
2022 – 2025	<u>1,215,000</u>	<u>156,526</u>	<u>37,574</u>	<u>1,409,100</u>
Total	<u>\$ 3,160,000</u>	<u>\$1,350,97</u>	<u>\$464,127</u>	<u>\$4,975,10</u>
		<u>3</u>		<u>0</u>

Future principal and interest requirements for the land contracts and installment debt to be paid from the General Fund are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 97,214	\$ 59,005	\$ 156,219
2013	553,311	29,968	583,279
2014	168,581	22,333	190,914
2015	<u>159,357</u>	<u>4,231</u>	<u>163,588</u>
Total	<u>\$ 978,463</u>	<u>\$ 115,537</u>	<u>\$1,094,00</u>
			<u>0</u>

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Interest expenditures for the year amounted to \$64,819 and \$135,575 in the General Fund and Debt Service Fund, respectively.

Note 6 – Short-Term Debt

The Academy entered into a State Aid Bridge Loan in the amount of \$200,000. This loan had a balance of \$50,000 as of June 30, 2010, which was paid in full August, 2010. A new note was entered into March 2, 2011 in the amount of \$195,000. The balance as of June 30, 2011 was \$195,000 plus accrued interest of \$2,190.

Note 7 – Leases

Office Equipment:

Woodland Park Academy, PSA leases two copiers under an operating lease. The lease is payable over 36 months, beginning March 16, 2009. The following is a schedule, by year, of future minimum rental payments required under the non-cancelable operating lease as of June 30, 2011:

June 30, 2012	\$10,864
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Lease expenditures for 2010-2011 amounted to \$18,109.

Note 8 – Defined Benefit Pension Plan

Plan Description

The Academy contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine-member board of the MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (800) 381-5111.

Funding Policy

Retirement system funding is based on a tiered plan. Employees participate in one of three plans: the Basic Plan, the Member Investment Plan (MIP), or the Pension Plus Plan.

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. Market rate interest is posted to member accounts on July 1st on all MIP

WOODLAND PARK ACADEMY, PSA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

monies on deposit for twelve months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

Member Investment Plan members enrolled in MIP prior to January 1, 1990 (MIP Fixed) 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 after January 1, 1990 but before July 1, 2010 and returning members who did not work between January 1, 1987 and December 31, 1989 (MIP Graded) contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of

\$5,001 through \$15,000; and 4.3% of all wages over \$15,000. New members to the retirement system who first worked July 1, 2008 or later (MIP Plus) contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 6.4% of all wages over \$15,000.

Note 8 – Defined Benefit Pension Plan - Continued

All members who first worked on or after July 1, 2010 participate in the Pension Plus Plan. The Pension Plus Plan combines a defined benefit plan and a defined contribution plan and includes member and employer contributions towards both plans. For the defined contribution portion of the plan, members are automatically enrolled to contribute 2% of their gross wages. Members have the option of increasing or decreasing the amount of the contribution. The Academy matches fifty percent of the member contribution up to a maximum of 1%. Members make contributions as illustrated by the following table:

Pension Plus Plan		
<u>Benefit Structure</u>	<u>Member Contribution Rate</u>	
<u>Defined Benefit</u>	Retiree Health Care Fund	Pension Fund
\$0 - \$5,000	3.0%	3.0%
\$5,001 - \$15,000	3.0%	3.6%
Over \$15,000	3.0%	6.4%
 <u>Defined Contribution</u>		 2.0%

The Academy is required to contribute the full actuarial funding contribution amounts to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. Employer contribution rates are tiered between wages earned by members who first worked before July 1, 2010 and the wages of members who first worked on July 1, 2010 and later. The rates for the year ended June 30, 2011 were as follows:

	First Worked Before July 1, 2010	First Worked On or After July 1, 2010
July 1, 2010 – September 30, 2010	16.94%	15.44%
October 1, 2010 – October 31, 2010	19.41%	17.91%
November 1, 2010 – June 30, 2011	20.66%	19.16%

The contribution requirements of the plan members and the Academy are established and may be amended by the MPSERS Board of Trustees. The Academy employer contributions to MPSERS for the years ended June 30,

WOODLAND PARK ACADEMY, PSA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

2011, 2010 and 2009 were \$382,661, \$228,850, and \$226,780, respectively, equal to the required contribution for each year.

The Academy is not responsible for the payment of retirement benefits. Retirement benefit payments are the responsibility of the State of Michigan.

Post-Employment Benefits

Under the MPERS Act, all retirees participating in the MPERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees who have this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision. Required contributions for post-employment health care benefits are included as part of the Academy's total contribution to the MPERS plan discussed above.

Note 9 – Interfund Transfers

The Academy made the following interfund transfers during the year:

	<u>General Fund</u>	<u>Debt Retirement Fund</u>	<u>Food Service Fund</u>
From:	\$ 390,500	\$ 142,233	\$ -0-
To:	\$ 142,233	\$ 357,500	\$ 33,000

The transfers were for the purpose of funding Debt Fund payments and Special Revenue Fund activities.

Note 10 – Contingencies and Commitments

The Academy has received federal and state grants for specific purposes. These grants are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

Note 11 – Risk Management

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The Academy purchases commercial insurance coverage to cover potential claims, and management believes this coverage is sufficient to protect the Academy from any significant adverse financial impact.

Note 12 - Fund Balance

Non-spendable, Restricted, Committed, Assigned and Unassigned

The Board of Education adopts a budget each year that includes the appropriation of fund balance. Non-spendable fund balance represents assets that are not available in spendable form and are not expected to be converted to cash.

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Non-spendable:

Prepaid expenses	\$ <u>42,773</u>
Total Non-spendable	\$ <u>42,773</u>

Restricted net assets are reported separately to show legal constraints from debt covenants and legislation that limits the Academy's ability to use those net assets for day-to-day operations.

Restricted:

Debt retirement	\$ 72,154
Food service	<u>6,057</u>
Total Restricted	<u>\$ 78,211</u>

Note 12 - Fund Balance - Continued

Committed fund balance represents constrained amounts imposed by school board resolution. The Academy had no amounts committed at June 30, 2011.

Assigned fund balance represents amounts intended to be used for specific purposes expressed by the Board of Education, Finance Committee, or the official authorized by the governing body. Residual amounts in governmental funds other than the General Fund are also assigned. The Board of Education adopted the 2011-12 General Fund budget whereby expenditures exceeded revenues by \$109,473. This amount is shown as Assigned fund balance as of June 30, 2011.

Assigned:

Appropriation of existing fund balance for 2011-12 programs	\$ <u>109,473</u>
Total Assigned	\$ <u>109,473</u>

Unassigned fund balance is reported only in the General Fund and represents the remaining fund balance after non-spendable, restrictions, and assignments have been made. The Academy applies restricted resources first for applicable expenditures. Assigned fund equity is applied when expenditures are incurred for the assigned purpose, followed by unassigned fund equity for budgeted expenditures.

Note 13 – Subsequent Events

Management has reviewed subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

WOODLAND PARK ACADEMY, PSA
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources	\$ 33,550	\$ 23,550	\$ 23,464	\$ (86)
State Sources	3,227,163	3,273,345	3,240,752	(32,593)
Federal Sources	362,251	383,048	315,092	(67,956)
Total Revenues	3,622,964	3,679,943	3,579,308	(100,635)
Expenditures				
Education				
Instruction				
Basic Programs	1,522,571	1,573,303	1,567,356	5,947
Added Needs	282,894	366,108	365,464	644
Supporting Services				
Pupil Services	138,817	176,463	135,682	40,781
Instructional Staff	23,667	26,604	19,907	6,697
General Administration	294,528	276,608	259,708	16,900
School Administration	103,238	108,535	105,860	2,675
Business Services	194,735	197,712	189,407	8,305
Operation and Maintenance	352,090	360,125	261,983	98,142
Central Services	89,871	108,120	161,068	(52,948)
Other	-	25,580	21,964	3,616
Athletic Services	-	16,900	14,789	2,111
Community Services	515	1,500	817	683
Other Capital Outlay	-	65,500	78,023	(12,523)
Total Expenditures	3,002,926	3,303,058	3,182,028	121,030
Other Financing Sources/(Uses)				
Other Financing Sources	26,000	194,333	167,545	(26,788)
Other Financing Uses	(638,688)	(556,463)	(549,774)	6,689
Total Other Financing Sources/(Uses)	(612,688)	(362,130)	(382,229)	(20,099)
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)				
	7,350	14,755	15,051	296
Fund Balance - July 1	596,052	596,052	596,052	-
Fund Balance - June 30	<u>\$ 603,402</u>	<u>\$ 610,807</u>	<u>\$ 611,103</u>	<u>\$ 296</u>

WOODLAND PARK ACADEMY, PSA
 OTHER SUPPLEMENTAL INFORMATION
 BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUND
 JUNE 30, 2011

	Food Service Fund
Assets	
Cash and Cash Equivalents	\$ 7,624
Due From General Fund	4,955
Total Assets	\$ 12,579
 Liabilities and Fund Balance:	
Liabilities	
Accounts Payable	\$ 6,522
Total Liabilities	6,522
 Fund Balance	
Restricted for Food Service	6,057
Total Liabilities and Fund Balance	\$ 12,579

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2011

	Food Service Fund
Revenues	
Revenues from Local Sources	
Local	\$ 19,600
State Income	3,694
Federal Income	82,842
Total Revenues	106,136
Expenditures	
Purchased Services	11,890
Supplies	1,231
Food Costs	119,904
Other	54
Total Food Service Expenditures	133,079
Excess (Deficiency) of Revenues over/(under) Expenditures	(26,943)
Other Financing Sources/(Uses) Operating Transfers	33,000
Total Other Financing Sources/(Uses)	33,000
Excess (Deficiency) of Revenues and Other Financing Sources/(Uses) over/(under) Expenditures	6,057
Fund Balance, Beginning of Year	-
Fund Balance, End of Year	\$ 6,057

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	TOTALS	
	June 30, 2011	June 30, 2010
Revenues		
Revenue from Local Sources		
Rental Income	\$ 7,200	\$ 11,850
Interest	404	357
Other Local Revenue	<u>15,860</u>	<u>45,712</u>
Total Revenue from Local Sources	23,464	57,919
Revenue from State Sources		
Unrestricted Grants		
State School Aid	3,129,085	2,929,653
Restricted Grants	<u>111,667</u>	<u>145,430</u>
Total Revenue from State Sources	3,240,752	3,075,083
Revenue from Federal Sources		
Restricted Grants		
Title I	131,819	101,930
Title IIA	8,486	11,982
Edu Jobs	57,385	-
IDEA Flow Through	29,376	30,317
ARRA Stabilization	88,026	218,370
REAP	<u>-</u>	<u>35,535</u>
Total Revenue from Federal Sources	315,092	398,134
Other Financing Sources		
Act 18	21,812	28,658
MiBLSi	3,500	-
Incoming Transfer	142,233	-
Loan Proceeds	<u>-</u>	<u>380,000</u>
Other Financing Sources	<u>167,545</u>	<u>408,658</u>
Total Revenues and Other Financing Sources	<u>\$ 3,746,853</u>	<u>\$ 3,939,794</u>

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	TOTALS	
	June 30, 2011	June 30, 2010
Instruction		
Basic Programs		
Salaries	\$ 986,801	\$ 935,415
Employee Benefits	459,103	447,522
Purchased Services	85,407	9,352
Supplies & Materials	36,010	57,188
Capital Outlay & Other	35	34
Added Needs		
Salaries	239,717	183,997
Employee Benefits	91,181	58,432
Purchased Services	33,631	-
Supplies & Materials	935	99
Capital Outlay & Other	-	-
Total Instruction	1,932,820	1,692,039
Support Services		
Pupil		
Salaries	71,405	87,371
Employee Benefits	12,447	16,029
Purchased Services	51,830	53,684
Supplies & Materials	-	-
Instructional Staff		
Salaries	5,791	13,556
Employee Benefits	1,239	3,331
Purchased Services	10,012	5,061
Supplies & Materials	2,865	-
General Administration		
Salaries	88,900	88,000
Employee Benefits	56,169	54,198
Purchased Services	114,639	135,992
Capital Outlay & Other	-	-
School Administration		
Salaries	72,500	68,000
Employee Benefits	31,451	29,532
Purchased Services	1,909	1,853
Business		
Salaries	-	-
Employee Benefits	-	-
Purchased Services	128,605	145,596
Supplies & Materials	41,668	26,212
Capital Outlay & Other	19,134	23,210
Operations & Maintenance		
Salaries	18,507	22,247
Employee Benefits	16,430	17,141
Purchased Services	140,738	142,580
Supplies & Materials	82,124	94,130
Capital Outlay & Other	4,184	17,232

Continued

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	TOTALS	
	June 30, 2011	June 30, 2010
Central Services		
Salaries	27,981	26,500
Employee Benefits	17,600	15,381
Purchased Services	110,300	65,010
Supplies and Materials	5,187	12,313
Capital Outlay & Other	-	-
Other Services		
Salaries	16,200	4,000
Employee Benefits	4,561	982
Purchased Services	1,203	3,750
Supplies & Materials	-	370
Athletic Services		
Salaries	10,000	-
Employee Benefits	2,789	-
Purchased Services	2,000	-
Supplies & Materials	-	-
Total Support Services	1,170,368	1,173,261
Community Services		
Supplies & Materials	817	-
Total Community Services	817	-
Capital Outlay		
Building, Land, New Facility Acquisition	78,023	436,867
Total Capital Outlay	78,023	436,867
Total Expenditures	3,182,028	3,302,167
Outgoing Transfers and Other Transactions		
Transfers to Other Funds	390,500	399,579
Principal Redemption	91,415	52,080
Loan Interest & Fees	67,859	60,223
Total Transfers and Other Transactions	549,774	511,882
Total Expenditures, Outgoing Transfers and Other Transactions	\$ 3,731,802	\$ 3,814,049

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets				
Cash and Cash Equivalents	\$ 17,105	\$ 44,729	\$ 50,094	\$ 11,740
Due from General Fund	910	8,643	9,553	-
Total Assets	<u>\$ 18,015</u>	<u>\$ 53,372</u>	<u>\$ 59,647</u>	<u>\$ 11,740</u>
 Liabilities				
Due to Student and Other Groups	<u>\$ 18,015</u>	<u>\$ 53,372</u>	<u>\$ 59,647</u>	<u>\$ 11,740</u>
Total Liabilities	<u>\$ 18,015</u>	<u>\$ 53,372</u>	<u>\$ 59,647</u>	<u>\$ 11,740</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

October 19, 2011

To the Board of Trustees
Woodland Park Academy, PSA

We have audited the general-purpose financial statements of Woodland Park Academy, PSA as of and for the year ended June 30, 2011, and have issued our report thereon dated October 19, 2011. 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.

Compliance

As part of obtaining reasonable assurance about whether Woodland Park Academy, PSA's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of the 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodland Park Academy, PSA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodland Park Academy, PSA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodland Park Academy, PSA internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board of Education, others within the organization, the Michigan Department of Education, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants