

WOODLAND PARK ACADEMY, PSA

REPORT ON AUDITED FINANCIAL STATEMENTS

JUNE 30, 2010



WOODLAND PARK ACADEMY, PSA
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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

October 20, 2010

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, 2010 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, 2010 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 20, 2010 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 30 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.

G-2302 STONEBRIDGE DR., BUILDING D, FLINT, MICHIGAN 48532
OFFICE # (810) 230-8200 FAX # (810) 230-8203

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

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

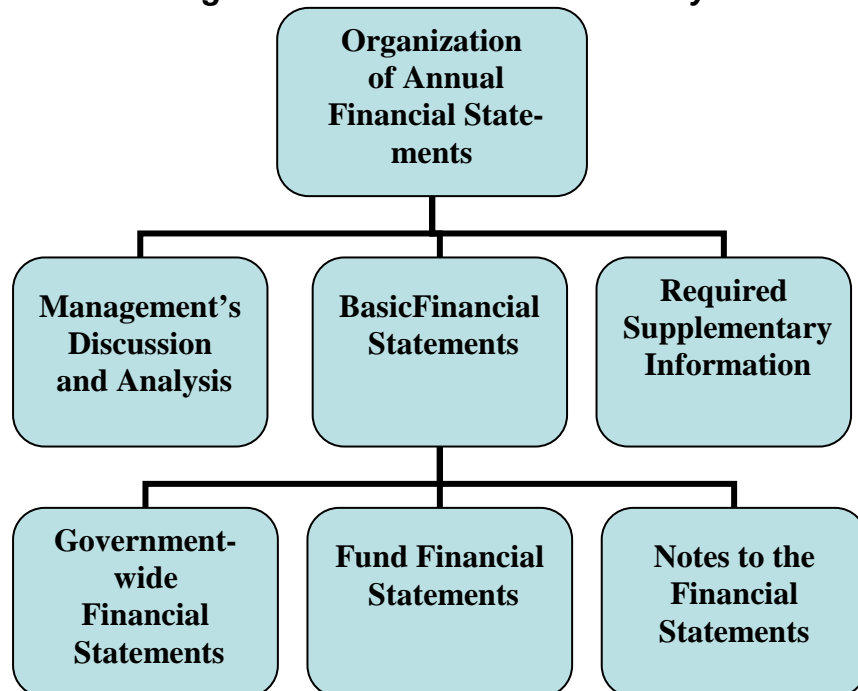
The discussion and analysis of Woodland Park Academy’s financial performance provides an overall review of the Academy’s financial activities for the fiscal year ending June 30, 2010. The intent of this discussion and analysis is to provide in general terms, a look at the Academy’s performance as well 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 WoodlandParkAcademy



**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

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*.

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 finan-

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

cial 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, 2010 totaled \$1,224,800. **Figure A-2** shows a breakdown of the net assets for June 30, 2010 and June 30, 2009.

Figure A-2 Statement of Net Assets		
	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2009</u>
Current Assets	\$ 1,216,952	\$ 989,097
Capital Assets(Net)	<u>4,859,267</u>	<u>4,690,879</u>
Total Assets	6,076,219	5,679,976
Current Liabilities	712,975	554,257
Non-Current Long-Term	<u>4,138,444</u>	<u>4,008,167</u>
Total Liabilities	4,851,419	4,562,424
Net Assets		
Invested in capital assets, net of related debt	445,686	479,948
Restricted for		
Food Service	0	411
Unrestricted	<u>779,114</u>	<u>637,193</u>
Total Net Assets	<u>\$ 1,224,800</u>	<u>\$ 1,117,552</u>

The largest 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.

The remaining net assets represent resources that are subject to external restrictions on how they may be used.

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

The net assets of the Academy increased by \$107,248 during the 2009-2010 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 \$3,561,184. These activities are paid for with state pupil foundation aid, grants, investment earnings and other miscellaneous revenues.

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

	<u>Activities</u> <u>2010</u>	Governmental <u>Activities</u> <u>2009</u>
Revenues		
General Revenue		
State Foundation Aid	\$ 2,929,653	\$ 2,792,616
Investment Earnings	751	1,186
Other	<u>45,712</u>	<u>26,052</u>
Total Revenues	<u>2,976,116</u>	<u>2,819,854</u>
Expenses		
Instruction	1,510,728	1,526,466
Support Services	1,038,151	1,036,661
Food Service	17,490	25,089
Debt Service	276,671	267,234
Depreciation (unallocated)	<u>25,828</u>	<u>30,131</u>
Total Expenses	<u>2,868,868</u>	<u>2,885,581</u>
 Increase(Decrease) in Net Assets	 <u>\$ 107,248</u>	 <u>\$ (65,727)</u>

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

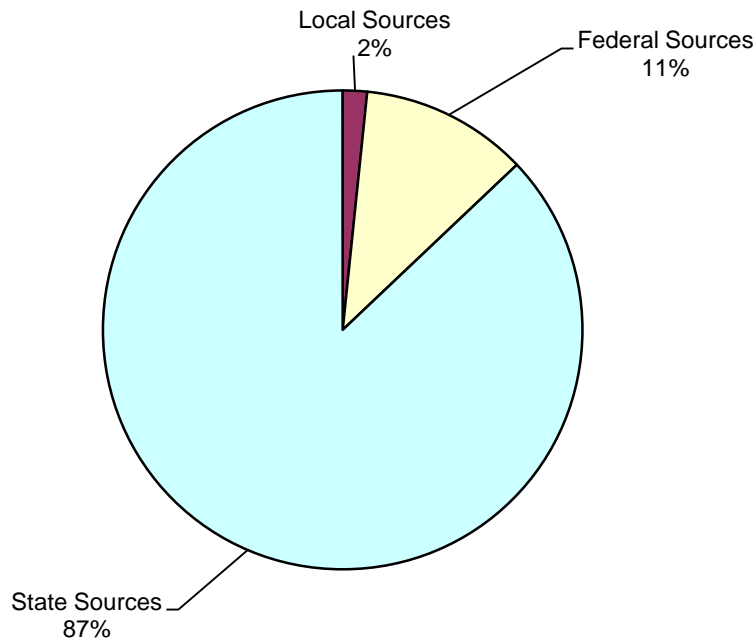
Revenues

The major portion (87%) 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



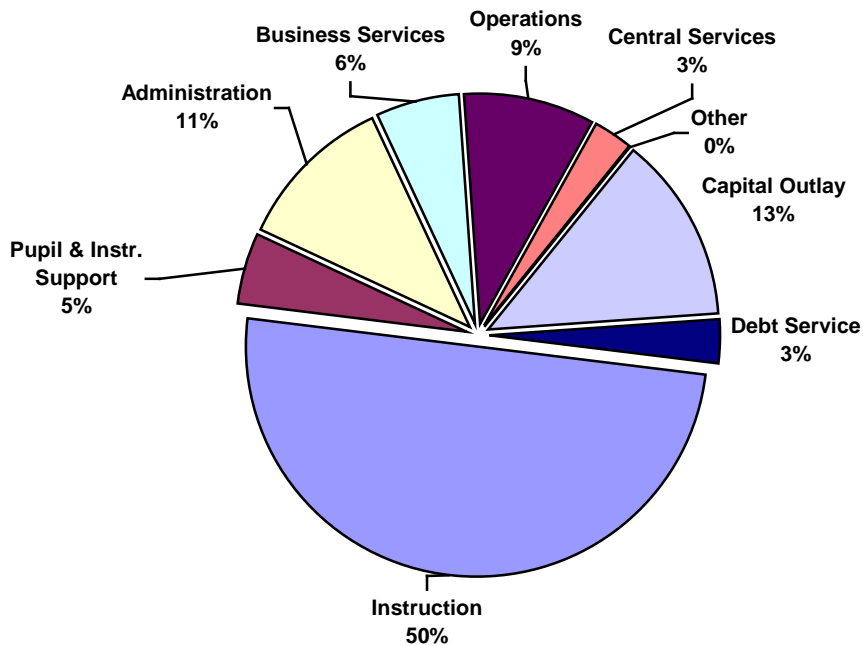
Expenditures

As **Figure A-5** depicts, 55% 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 9% is spent for maintenance and operations which includes utilities and custodial services. 3% is spent on Central Services. Capital outlay accounts for 13% of general fund expenditures, and Debt Service accounts for an additional 3%.

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

Figure A-5

General Fund Expenditures by Source



FINANCIAL ANALYSIS OF THE ACADEMY FUNDS

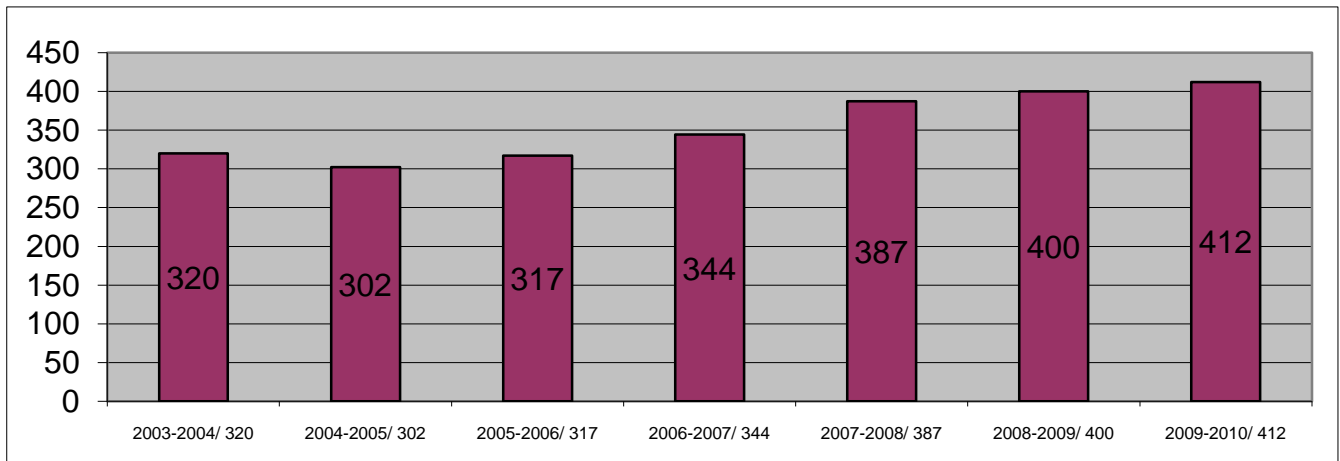
The stable financial performance of the Academy as a whole is reflected in its governmental funds as well. The combined governmental funds equity was \$779,114 at the end of the 2009-2010 fiscal year. The primary reason for the stable fund balance is the fiscally responsible decisions of the Chief Administrative Officer and the Board of Directors, combined with conscientious oversight by the Business Manager.

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

Factors Affecting Fund Equity

- *Enrollment* - The enrollment increased by 12 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, 2010 the Academy amended the budgets of these funds twice.

General Fund

The General Fund had revenues and other financing sources of \$3,939,794 and total expenditures and other financing uses of \$3,414,470. Net operating transfers accounted for \$399,579 in additional use of funds. The General Fund balance was \$596,052 at June 30, 2010.

Actual revenue and other financing sources for the General Fund were \$3,939,794. This is above the original budget estimate of \$3,470,521 and below the final amended budgeted amount of \$3,957,700. The actual expenditures and other financing uses for the general fund were \$3,414,470. This is above the original budget estimate of \$3,069,475 and below the final amended budgeted amount of \$3,534,884.

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

- Actual excess revenues over expenditures and other financing sources/(uses) were \$125,745, compared to the final budgeted amount of \$15,316.
- The General Fund fund balance at June 30, 2010 was \$596,052 which is an increase of 27% from the June 30, 2009 amount of \$470,307.
- Total other financing sources/(uses) increased in 2010 by \$141,602 compared to the 2009 amount.

Debt Service Fund

The General Fund transferred \$357,500 to the Debt Service Fund during the fiscal year ended June 30, 2010 to cover payment of principal, interest, and service fees on bonded debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2010, the Academy has \$6,673,230 invested in land, buildings, furniture, and equipment. Of this amount \$1,831,963 has been depreciated; net book value totals \$4,859,267. The Academy has built a 35,900 sq ft facility on 10 acres. 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, 2010	June 30, 2009
Land and Improvements	\$ 637,266	\$ 636,266
Buildings and Additions	5,636,063	5,210,390
Furniture and Equipment	338,886	338,886
Other Assets	61,015	61,015
Less: Accumulated Depreciation	<u>(1,813,963)</u>	<u>(1,555,678)</u>
Total Capital Assets	\$ <u>4,859,267</u>	\$ <u>4,690,879</u>

**WoodlandParkAcademy
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

OUTSTANDING DEBT AT YEAR-END

At June 30, 2010 there was a balance due on a mortgage held by Fifth Third Bank in the amount of \$540,127. There was also a balance due on the Bond Payable to Fifth Third Bank in the amount of \$3,310,000. Original amount was \$3,750,000. A land contract with Harriet Beardslee for the purchase of 2061 E. Grand Blanc Rd. had a balance due of \$174,781 is also reported. Original amount was \$180,000. Two modular units were purchased in 2009 for \$200,000. The balance due to Citizens Bank at June 30, 2010 was \$177,794. A mortgage for property on Porter Road, due to Norman and Donna Bolz, was \$177,175 as of June 30, 2010.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. Questions regarding this report or requests for additional financial information should be addressed to:

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

WOODLAND PARK ACADEMY, PSA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Assets	Governmental Activities
Current Assets		
	Cash, Cash Equivalents and Investments	\$ 570,001
	Due from Other Governmental Units	638,665
	Accounts Receivable	2,686
	Prepaid Expenses	5,600
	Total Current Assets	1,216,952
Non-Current Assets		
	Land and Land Improvements	637,266
	Buildings and Improvements	5,636,063
	Equipment and Furniture	338,886
	Other Assets	61,015
	Less: Accumulated Depreciation	(1,813,963)
	Net Capital Assets	4,859,267
	Total Non-Current Assets	4,859,267
	Total Assets	6,076,219
	Liabilities	
Current Liabilities		
	Accrued Payroll	177,168
	Accounts Payable	31,084
	Accrued Expenses	178,676
	State Aid Note	50,000
	Due to Agency Funds	910
	Accrued Interest on Long-Term Debt	33,703
	Current Portion of Long-Term Obligations	241,434
	Total Current Liabilities	712,975
Non-Current Liabilities		
	Non-Current Portion of Long-Term Obligations	4,138,444
	Total Non-Current Liabilities	4,138,444
	Total Liabilities	4,851,419
	Net Assets	
Net Assets		
	Invested in Capital Assets, Net of Related Debt	445,686
	Unrestricted	779,114
	Total Net Assets	\$ 1,224,800

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

		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	\$ 1,666,334	\$ -	\$ 265,887		\$ (1,400,447)
Added Needs	242,528	-	132,247		(110,281)
Support Services	1,224,089	11,850	174,088		(1,038,151)
Interest on Long-Term Debt	276,671	-	-		(276,671)
Food Service	125,734	18,016	90,228		(17,490)
Unallocated Depreciation	25,828	-	-		(25,828)
Total Governmental Activities	\$ 3,561,184	\$ 29,866	\$ 662,450		(2,868,868)
General Purpose Revenues					
State School Aid - Unrestricted					2,929,653
Investment Earnings					751
Miscellaneous					45,712
					Total General Revenue
					2,976,116
Change in Net Assets					107,248
Net Assets - July 1					1,117,552
Net Assets - June 30					\$ 1,224,800

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Debt Retirement Fund	Non-Major Fund	Total Governmental Funds
Assets				
Cash and Investments	\$ 385,057	\$ 183,062	\$ 1,882	\$ 570,001
Accounts Receivable	2,686	-	-	2,686
Due from Other Governmental Units	638,665	-	-	638,665
Due from General Fund	-	-	14,921	14,921
Prepaid Expenses	5,600	-	-	5,600
Total Assets	\$ 1,032,008	\$ 183,062	\$ 16,803	\$ 1,231,873
Liabilities and Fund Balance				
Liabilities				
Accrued Payroll	\$ 177,168	\$ -	\$ -	\$ 177,168
Accrued Expenses	178,676	-	-	178,676
Due to Agency Fund	910	-	-	910
State Aid Note	50,000	-	-	50,000
Due to Lunch Fund	14,921	-	-	14,921
Accounts Payable	14,281	-	16,803	31,084
Total Liabilities	435,956		16,803	452,759
Fund Balance				
Reserved for Food Service	-	-	-	-
Reserved for Debt Service	-	183,062	-	183,062
Unreserved	596,052	-	-	596,052
Total Fund Balance	596,052	183,062	-	779,114
Total Liabilities and Fund Balance	\$ 1,032,008	\$ 183,062	\$ 16,803	\$ 1,231,873

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, 2010

Total Governmental Fund Balances	\$	779,114
<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	\$ 6,673,230	
Accumulated Depreciation	<u>(1,813,963)</u>	4,859,267
<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	\$ 1,069,878	
Bonds Payable	<u>3,310,000</u>	(4,379,878)
<p>In the Statement of Net Assets, interest has been accrued on Long-Term Debt as of June 30, 2010</p>		
		<u>(33,703)</u>
<p>Total Net Assets - Governmental Activities</p>		
	\$	<u><u>1,224,800</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, 2010

	General Fund	Debt Retirement Fund	Non-Major Fund	Total Governmental Funds
Revenues				
Other Local Sources	\$ 57,919	\$ 394	\$ 18,016	\$ 76,329
State Sources	3,075,083	-	2,421	3,077,504
Federal Sources	398,134	-	87,807	485,941
Total Revenues	3,531,136	394	108,244	3,639,774
Expenditures				
Instruction				
Basic Programs	1,449,511	-	-	1,449,511
Added Needs	242,528	-	-	242,528
Total Instruction	1,692,039	-	-	1,692,039
Support Services				
Pupil Services	157,084	-	-	157,084
Instructional Staff	21,948	-	-	21,948
General Administration	278,190	-	-	278,190
School Administration	99,385	-	-	99,385
Business Services	195,018	-	-	195,018
Operation and Maintenance	293,330	-	-	293,330
Central Services	119,204	-	-	119,204
Other	9,102	-	125,734	134,836
Total Support Services	1,173,261	-	125,734	1,298,995
Capital Projects				
Capital Outlay and Other Costs	436,867	-	-	436,867
Debt Retirement				
Principal Retirement	-	125,000	-	125,000
Interest and Fiscal Charges	-	216,718	-	216,718
Total Expenditures	3,302,167	341,718	125,734	3,769,619
Excess of Revenues over/(under) Expenditures	228,969	(341,324)	(17,490)	(129,845)
Other Financing Sources/(Uses)				
Act 18	28,658	-	-	28,658
Loan Payments	(52,080)	-	-	(52,080)
Loan Interest	(60,223)	-	-	(60,223)
Loan Proceeds	380,000	-	-	380,000
Operating Transfers	(399,579)	357,500	17,079	(25,000)
Total Other Financing Sources/(Uses)	(103,224)	357,500	17,079	271,355
Net Changes in Fund Balance	125,745	16,176	(411)	141,510
Fund Balance - July 1	470,307	166,886	411	637,604
Fund Balance - June 30	\$ 596,052	\$ 183,062	\$ -	\$ 779,114

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, 2010

Total Net Change in Fund Balances - Governmental Funds \$ 141,510

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

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.

Capitalized Assets	\$ 426,673	
Depreciation Expense	<u>(258,285)</u>	168,388

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.

125,000

Proceeds from loans is an Other financing Source in the Governmental Funds, but not in the Statement of Activities (where it is Long-Term Debt).

(380,000)

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.

51,184

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.

1,166

Change in Net Assets of Governmental Activities \$ 107,248

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and Cash Equivalents	\$ 1,339	\$ 17,105
Due From General Fund	-	910
	<u>\$ 1,339</u>	<u>\$ 18,015</u>
Liabilities		
Due to Student and Others		\$ 18,015
		<u>\$ 18,015</u>
Net Assets		
Reserved for Future Facility Expansion	<u>\$ 1,339</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Trust Funds</u>
Additions	
Gains on Marketable Securities	<u>\$ 138</u>
Total Additions	138
Deductions	
Administrative Fees	8
Outgoing Transfer	<u>-</u>
Total Deductions	<u>8</u>
Change in Net Assets	130
Net Assets - July 1	<u>1,209</u>
Net Assets - June 30	<u>\$ 1,339</u>

See accompanying notes to basic financial statements

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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 six 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.

Expendable Trust Funds - Expendable trust funds are used to account for funds entrusted to the Academy and the principal, or corpus, of the trust and the income produced are expendable.

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, 2010

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, 2010

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.

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.

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 30, the Academy incurred expenditures in excess of budgeted amounts for various functional categories and total general fund expenditures. The capital outlay budget variance was offset by a related variance in other financing sources.

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).

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, 2010, the Academy had \$364,491 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.

WOODLAND PARK ACADEMY, PSA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

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</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2010</u>
Land, Buildings, & Additions	\$ 5,846,656	\$ 426,673	\$ -	\$6,273,329
Furniture, Equipment & Other	<u>399,901</u>	<u>-</u>	<u>-</u>	<u>399,901</u>
Subtotal	6,246,557	426,673	-	6,673,230
Accumulated Depreciation:				
Land, Buildings, & Additions	1,203,379	239,374	-	1,442,753
Furniture, Equipment & Other	<u>352,299</u>	<u>18,911</u>	<u>-</u>	<u>371,210</u>
Subtotal	<u>1,555,678</u>	<u>258,285</u>	<u>-</u>	<u>1,813,963</u>
Net Capital Assets	<u>\$4,690,879</u>	<u>\$ 168,388</u>	<u>\$ -</u>	<u>\$4,859,267</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:

Instruction	\$ 206,629
Support	25,828
Unallocated	<u>25,828</u>
Total Depreciation Expense	<u>\$ 258,285</u>

WOODLAND PARK ACADEMY, PSA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

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 \$4,983.00 with interest at 6%. The mortgage, with a balance of \$540,127 as of June 30, 2010, 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 \$1,289.58 through June 1, 2014, with interest at 6.0%. The land contract financed the acquisition of real property on 2061 East Grand Blanc Road, and will enable 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 \$1,505.59 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 \$5,239.18 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, 2010:

	<u>Bonds</u>	<u>Land Contracts</u>	<u>Installment Loans</u>	<u>Total</u>
Balance July 1, 2009	\$ 3,435,000	\$ 179,610	\$ 561,452	\$4,176,062
Additions	0	0	380,000	380,000
Less: Retirements & Payments	<u>125,000</u>	<u>4,829</u>	<u>46,355</u>	<u>176,184</u>
Balance June 30, 2010	3,310,000	174,781	895,097	4,379,878
Less: Current Portion	<u>150,000</u>	<u>5,128</u>	<u>86,306</u>	<u>241,434</u>
Total Due after One Year	\$ <u>3,160,000</u>	\$ <u>169,653</u>	\$ <u>808,791</u>	<u>\$4,138,444</u>

Bonded Debt

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

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Bonded Debt (continued)

\$110,000 - \$335,000 through June 20, 2025, with interest from 2.5% - 5.75%. As of June 30, 2010, the Debt Service Fund had a balance of \$183,062 for use to pay this debt. Future debt and interest will be payable from General Fund transfers.

On November 4, 2005, the Academy entered into a rate hedging agreement with Fifth Third Bank. The agreement swaps 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>
2011	\$150,000	\$166,373	\$41,127	\$357,500
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 – 2020	1,065,000	533,124	207,876	1,806,000
2021 – 2025	<u>1,470,000</u>	<u>229,977</u>	<u>61,123</u>	<u>1,761,100</u>
Total	<u>\$ 3,310,000</u>	<u>\$1,517,346</u>	<u>\$505,254</u>	<u>\$5,332,600</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>
2011	\$ 91,434	\$ 63,279	\$ 154,713
2012	97,214	59,005	156,219
2013	553,311	29,968	583,279
2014	168,581	22,333	190,914
2015	<u>159,338</u>	<u>4,231</u>	<u>163,569</u>
Total	<u>\$1,069,878</u>	<u>\$ 178,816</u>	<u>\$1,248,694</u>

Interest expenditures for the year amounted to \$56,760 and \$171,765 in the General Fund and Debt Service Fund, respectively.

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 6 – Short-Term Debt

As of June 30, 2010, the Academy had a State Aid Bridge Loan in the amount of \$200,000, which had a balance of \$50,000 as of June 30, 2010.

Note 7 – Leases

Office Equipment:

Woodland Park Academy, PSA leases two copiers under an operating lease. The lease is payable over 36 months. The first payment was due 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, 2010:

June 30, 2011	\$16,296
June 30, 2012	<u>10,864</u>
	<u>\$27,160</u>

Lease expenditures for 2009-2010 amounted to \$35,295.

Note 8 – Defined Benefit Pension Plan

Plan Description

The Academy contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine-member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. 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 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 rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

WOODLAND PARK ACADEMY, PSA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

Note 8 – Defined Benefit Pension Plan (continued)

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 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.

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. The rates for the year ended June 30, 2010 were 16.54% of payroll through September 30, 2009, and 16.94% effective October 1, 2009. The contribution requirements of the plan members and the Academy are established and may be amended by the MPSERS Board of Trustees. The Academy’s employer and employee contributions to MPSERS for the years ended June 30, 2010, 2009 and 2008 were \$228,850, \$226,780, and \$211,647 respectively, equal to the required contribution for each year.

The Academy is not responsible for the payment of retirement benefits. This is the responsibility of the State of Michigan.

Post-employment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages 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 coverages. Required contributions for post-employment health care benefits are included as part of the Academy’s total contribution to the MPSERS 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>Agency Fund</u>	<u>Lunch Fund</u>
From:	\$399,579			
To:		\$357,500	\$25,000	\$17,079

The transfers were for the purpose of funding Debt Fund payments and agency 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.

WOODLAND PARK ACADEMY, PSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 – Subsequent Events

The Academy entered into a new short-term State Aid note on July 15, 2010 in the amount of \$ 310,000. The purpose of this loan is to fund cash flows.

Note 13 – Debt Retirement Fund Equity Restatement

The Academy's beginning debt fund equity has been restated upward in the amount of \$166,886, to reflect the existence of a bank account with Fifth Third Bank that has accumulated funds to pay back bonded debt, and which is under the control of the Board of Directors.

WOODLAND PARK ACADEMY, PSA
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources	\$ 64,600	\$ 65,550	\$ 57,919	\$ (7,631)
State Sources	3,180,921	3,070,551	3,075,083	4,532
Federal Sources	199,000	415,599	398,134	(17,465)
Total Revenues	3,444,521	3,551,700	3,531,136	(20,564)
Expenditures				
Education				
Instruction				
Basic Programs	1,429,735	1,493,663	1,449,511	44,152
Added Needs	274,080	277,994	242,528	35,466
Supporting Services				
Pupil Services	131,886	137,114	157,084	(19,970)
Instructional Staff	19,383	23,183	21,948	1,235
General Administration	281,265	291,143	278,190	12,953
School Administration	102,997	102,177	99,385	2,792
Business Services	140,280	192,470	195,018	(2,548)
Operation and Maintenance	320,913	313,037	293,330	19,707
Central Services	153,625	135,152	119,204	15,948
Other	43,991	9,238	9,102	136
Other Capital Outlay	87,320	440,000	436,867	3,133
Total Expenditures	2,985,475	3,415,171	3,302,167	113,004
Other Financing Sources/(Uses)				
Operating Transfers	(382,500)	(407,500)	(399,579)	7,921
Act 18	26,000	26,000	28,658	2,658
Loan Proceeds	-	380,000	380,000	-
Loan Payments	(53,100)	(56,750)	(52,080)	4,670
Loan Interest	(30,900)	(62,963)	(60,223)	2,740
Total Other Financing Sources/(Uses)	(440,500)	(121,213)	(103,224)	17,989
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	18,546	15,316	125,745	110,429
Fund Balance - July 1	470,307	470,307	470,307	-
Fund Balance - June 30	<u>\$ 488,853</u>	<u>\$ 485,623</u>	<u>\$ 596,052</u>	<u>\$ 110,429</u>

WOODLAND PARK ACADEMY, PSA
 OTHER SUPPLEMENTAL INFORMATION
 BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUND
 JUNE 30, 2010

	Food Service Fund
Assets	
Cash and Cash Equivalents	\$ 1,882
Due From General Fund	14,921
Total Assets	\$ 16,803
 Liabilities and Fund Balance:	
Liabilities	
Accounts Payable	\$ 16,803
Total Liabilities	16,803
 Fund Balance	
Fund Balance	-
Total Liabilities and Fund Balance	\$ 16,803

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2010

	Food Service Fund
Revenues	
Revenues from Local Sources	
Local	\$ 18,016
State Income	2,421
Federal Income	87,807
Total Revenues	108,244
Expenditures	
Purchased Services	14,621
Supplies	1,980
Food Costs	108,742
Other	391
Total Food Service Expenditures	125,734
Excess (Deficiency) of Revenues over/(under) Expenditures	(17,490)
Other Financing Sources/(Uses) Operating Transfers	17,079
Total Other Financing Sources/(Uses)	17,079
Excess (Deficiency) of Revenues and Other Financing Sources/(Uses) over/(under) Expenditures	(411)
Fund Balance, Beginning of Year	411
Fund Balance, End of Year	\$ -

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	TOTALS	
	June 30, 2010	June 30, 2009
Revenues		
Revenue from Local Sources		
Rental Income	\$ 11,850	\$ 9,690
Interest	357	1,186
Other Local Revenue	<u>45,712</u>	<u>25,503</u>
Total Revenue from Local Sources	57,919	36,379
Revenue from State Sources		
Unrestricted Grants		
State School Aid	2,929,653	2,792,616
Restricted Grants	<u>145,430</u>	<u>124,079</u>
Total Revenue from State Sources	3,075,083	2,916,695
Revenue from Federal Sources		
Restricted Grants		
Title I	101,930	93,050
Title IIA	11,982	11,582
Title IID	-	804
IDEA Flow Through	30,317	46,180
ARRA Stabilization	218,370	145,771
REAP	<u>35,535</u>	<u>35,426</u>
Total Revenue from Federal Sources	398,134	332,813
Other Financing Sources		
Act 18	28,658	26,816
Incoming Transfer	-	549
Loan Proceeds	<u>380,000</u>	<u>180,000</u>
Other Financing Sources	<u>408,658</u>	<u>207,365</u>
Total Revenues and Other Financing Sources	<u>\$ 3,939,794</u>	<u>\$ 3,493,252</u>

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	TOTALS	
	June 30, 2010	June 30, 2009
Instruction		
Basic Programs		
Salaries	\$ 935,415	\$ 892,281
Employee Benefits	447,522	408,765
Purchased Services	9,352	-
Supplies & Materials	57,188	62,416
Capital Outlay & Other	34	32
Added Needs		
Salaries	183,997	189,752
Employee Benefits	58,432	59,487
Supplies & Materials	99	3,562
Capital Outlay & Other	-	-
Total Instruction	1,692,039	1,616,295
Support Services		
Pupil		
Salaries	87,371	76,452
Employee Benefits	16,029	15,997
Purchased Services	53,684	50,093
Supplies & Materials	-	-
Instructional Staff		
Salaries	13,556	7,306
Employee Benefits	3,331	1,367
Purchased Services	5,061	5,266
General Administration		
Salaries	88,000	90,957
Employee Benefits	54,198	42,276
Purchased Services	135,992	129,950
Capital Outlay & Other	-	-
School Administration		
Salaries	68,000	63,000
Employee Benefits	29,532	28,067
Purchased Services	1,853	3,662
Business		
Salaries	-	-
Employee Benefits	-	-
Purchased Services	145,596	105,672
Supplies & Materials	26,212	17,722
Capital Outlay & Other	23,210	20,400
Operations & Maintenance		
Salaries	22,247	56,896
Employee Benefits	17,141	35,128
Purchased Services	142,580	123,664
Supplies & Materials	94,130	93,558
Capital Outlay & Other	17,232	21,816

Continued

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	TOTALS	
	June 30, 2010	June 30, 2009
Central Services		
Salaries	26,500	26,000
Employee Benefits	15,381	19,144
Purchased Services	65,010	78,521
Supplies and Materials	12,313	13,960
Capital Outlay & Other	-	-
Other Services		
Salaries	4,000	28,700
Employee Benefits	982	6,941
Purchased Services	3,750	3,671
Supplies & Materials	370	929
Total Support Services	1,173,261	1,167,115
Other Capital Outlay		
Building, Land, New Facility Acquisition	436,867	226,968
Outgoing Transfers and Other Transactions		
Transfers to Other Funds	399,579	383,000
Principal Redemption	52,080	38,540
Loan Interest & Fees	60,223	30,651
Total Transfers and Other Transactions	511,882	452,191
Total Expenditures, Outgoing Transfers and Other Transactions	\$ 3,814,049	\$ 3,462,569

See notes to financial statements

WOODLAND PARK ACADEMY, PSA
OTHER SUPPLEMENTAL INFORMATION
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets				
Cash and Cash Equivalents	\$ 14,540	\$ 97,354	\$ 94,789	\$ 17,105
Due From General Fund	-	4,310	3,400	910
Total Assets	<u>\$ 14,540</u>	<u>\$ 101,664</u>	<u>\$ 98,189</u>	<u>\$ 18,015</u>
 Liabilities				
Due to Student and Other Groups	<u>\$ 14,540</u>	<u>\$ 102,548</u>	<u>\$ 99,073</u>	<u>\$ 18,015</u>
Total Liabilities	<u>\$ 14,540</u>	<u>\$ 102,548</u>	<u>\$ 99,073</u>	<u>\$ 18,015</u>



Certified Public Accountants

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 20, 2010

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, 2010, and have issued our report thereon dated October 20, 2010. 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 Lake Fenton Community Schools' 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 Lake Fenton Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lake Fenton Community Schools' 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.

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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