

REED CITY AREA PUBLIC SCHOOLS

REED CITY, MICHIGAN

ANNUAL FINANCIAL REPORT

JUNE 30, 2009

Baird, Cotter and Bishop, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009

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July 10, 2009

INDEPENDENT AUDITORS' REPORT

Board of Education
Reed City Area Public Schools
Reed City, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Reed City Area Public Schools, Reed City, Michigan, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Reed City Area Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Reed City Area Public Schools, Reed City, Michigan, as of June 30, 2009, and the respective changes in financial position thereof 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 our report dated July 10, 2009, on our consideration of Reed City Area Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

The management's discussion and analysis and budgetary comparison information on pages iii through x and 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Reed City Area Public Schools, Reed City, Michigan basic financial statements. The combining financial statements and other supplementary information are 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.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

REED CITY AREA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

The discussion and analysis of the Reed City Area Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to provide, in layman's terms, a look at the District's performance and past and current position. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments* issued in June 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 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.

The basic financial statements include two kinds of statements that present different views of the District.

District-Wide Financial Statements

The district-wide financial statements are required by GASB Statement No. 34. These statements are full accrual basis statements and provide information about the District's *overall* financial status. They are used to help determine whether or not the District is better off or worse off as the result of the year's activities. The Statement of Net Assets reports all of the District's assets and liabilities, both short-term and long-term, regardless of whether they are "currently available" or not. Capital assets and long-term obligations of the District 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 district-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

REED CITY AREA PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2009

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax base, the quality of the education provided and the condition of the District's buildings.

In the district-wide statements, the District's activities are classified as governmental activities. This includes most of the District's basic services, such as regular and special education, food service, athletics, transportation and administration. Property taxes and state aid finance most of these services.

Fund Financial Statements

The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide 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, a district's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Special Revenue Funds for Food Service, Athletic Activities, Community Services, Debt Service Funds, Capital Project Funds, and Fiduciary Funds.

In the fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition and 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 in the fund financial statements.

Financial Analysis of the District as a Whole

The net assets of the District at June 30, 2009, amounted to an overall deficit of (\$881,989). The schedule below shows a condensed breakdown of the net assets.

REED CITY AREA PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2009

<u>June 30,</u>	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Current Assets	\$ 4,097,883	\$ 4,187,988
Non Current Assets	12,970,293	13,238,240
Total Assets	<u>\$17,068,176</u>	<u>\$ 17,426,228</u>
Liabilities		
Current Liabilities	\$ 2,660,262	\$ 2,565,442
Non Current Liabilities	15,289,903	16,222,743
Total Liabilities	<u>17,950,165</u>	<u>18,788,185</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt - (Deficit)	(3,306,145)	(3,776,269)
Restricted	367,576	355,557
Unrestricted	2,056,580	2,058,755
Total Net Assets (Deficit)	<u>\$ (881,989)</u>	<u>\$ (1,361,957)</u>

A significant portion of the District's net assets reflects investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District'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, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The net assets of the District increased by \$479,968 during the 2009 fiscal year. The schedule below shows the breakdown of this change.

REED CITY AREA PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2009

<u>June 30,</u>	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 415,131	\$ 361,253
Operating Grants and Contributions	3,255,559	2,004,253
General Revenues:		
Property Taxes	3,245,967	3,620,184
State Sources	9,397,891	9,710,731
Other	152,318	275,464
Total Revenues	<u>16,466,866</u>	<u>15,971,885</u>
Expenses		
Instruction	9,089,480	8,658,244
Support Services	4,549,159	4,671,726
Community Services	135,430	118,527
Payments to Other Governmental Units	0	0
Food Services	636,258	674,023
Athletics	382,757	376,315
Construction Projects (individual amounts below capitalization threshold)	54,064	0
Interest on Long-Term Debt	730,881	760,702
Other Transactions	33,597	11,432
Unallocated Depreciation	375,272	382,966
Total Expenses	<u>15,986,898</u>	<u>15,653,935</u>
Increase (Decrease) in Net Assets	<u>\$ 479,968</u>	<u>\$ 317,950</u>

The Statement of Activities presented later in the district-wide financial statements, provides greater detail on the District's annual activity. The cost of the District's governmental activities for the year was \$15,986,898. State aid, operating grants and contributions provided approximately \$12,653,450 to fund the District's governmental activities. District taxpayers directly financed activities of the District with approximately \$3,245,967 in property taxes. Charges for services provided funds of approximately \$415,131.

REED CITY AREA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Financial Analysis of the District's Funds

The stable financial performance of the District as a whole is reflected in its governmental funds as well. The District's governmental fund equity decreased by \$115,577 during 2009. The largest expenditures contributing to the decrease in governmental fund equity is instruction and support services.

The General Fund, which is the chief operating fund of the District, ended the year with fund equity of \$1,781,914. Michigan school funding utilizes a combination of property taxes on non-homestead property and state aid to achieve preset per pupil funding levels, or a foundation allowance, determined by the State.

An analysis of tax revenues and state aid to fund General Fund operations for each of the past five years is as follows:

Year Ended June 30,	Non-Homestead Tax Revenue	% Increase (Decrease) From		% Increase (Decrease) From	
		Prior Year	State Aid	Prior Year	
2009	\$ 2,000,196	(16) %	\$ 9,389,242	(3) %	
2008	2,394,648	6	9,699,459	(6)	
2007	2,255,191	1	10,268,985	(11)	
2006	2,225,380	1	11,581,020	5	
2005	2,206,094	3	11,057,920	(4)	

As shown in the table below, student enrollment dropped each year over the same timeframe based on fall counts.

Year Ended June 30,	Previous September Count	
	Enrollment	Decrease
2009	1,686	26
2008	1,712	55
2007	1,767	96
2006	1,863	22
2005	1,885	64
2004	1,949	74
2003	2,023	28

REED CITY AREA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

The District also received federal operating grants to fund General Fund operations. These funds were primarily derived from Title I and Title XIV grants in 2009. Total revenues received by the General Fund from federal sources in 2009 were \$1,255,098, up from \$340,058 in 2008.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. These revisions are made in order to deal with unexpected changes in revenues and expenditures.

During 2009, the District amended the General Fund budget once, with the Board adopting the final changes in April 2009. The following schedule shows a comparison of the original budget, the final amended budget and the actual totals for the General Fund:

<u>Year Ended June 30, 2009</u>	Original Budget	Final Budget	Actual
Total Revenues	\$ 13,826,066	\$ 15,201,925	\$ 14,447,011
Expenditures:			
Instruction	\$ 8,888,782	\$ 9,578,187	\$ 9,250,735
Supporting Services	5,421,194	5,279,471	4,599,582
Community Services	122,285	114,386	107,182
Other Transactions	70,654	70,654	33,398
Transfers	565,384	573,383	581,743
Total Expenditures and Other Uses	\$ 15,068,299	\$ 15,616,081	\$ 14,572,640

Capital Asset and Debt Administration

The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring major equipment necessary for providing educational programs for all students within the District. There were no capital additions during the year.

The District's capital assets at year end are summarized as follows, net of accumulated depreciation:

REED CITY AREA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

<u>June 30,</u>	<u>2009</u>	<u>2008</u>
Land	\$ 299,694	\$ 303,694
Buildings	11,552,976	11,732,981
Land Improvements	66,694	74,233
Machinery and Equipment	247,336	291,388
Vehicles	242,155	246,435
	<u>\$12,408,855</u>	<u>\$12,648,731</u>

Factors Bearing on the District's Future

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

- The American Recovery and Reinvestment Act (ARRA) provided much needed budget stabilization for the recently completed fiscal year. Unfortunately, the remaining ARRA budget stabilization funding is expected to be completely used up during the 2009-2010 fiscal year, leaving a "funding cliff" for 2010-2011. This funding cliff is expected to be at least \$600 per pupil, which for our District is about \$1,000,000. This will present a major challenge for the District over the coming years.
- The retirement rate the school pays is on the rise again. Expectations are for this rate to continue to increase in the foreseeable future.
- Utility costs have increased significantly over the past several years. Our expectation is that this trend will continue in the future. These increases put pressure on an already tight budget, and the District continues to explore methods in an attempt to control these costs.
- Health insurance rates continue to rise. This is an issue that must be addressed in order to provide decent health care for our employees, yet maintain the integrity and viability for our school system now and into the future.
- With the current economic condition in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2009-2010 fiscal year. Even with ARRA budget stabilization funding for 2009-2010, the state may have to prorate foundation allowances. It is statistically difficult to calculate future declining enrollment due to an increasing number of students moving out of the district. The continued declining enrollment will pose a challenge to the District to maintain structural balance while continuing with its educational programming.

REED CITY AREA PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2009

- The State continues to increase its focus on student academic achievement. Results of standardized test scores (Michigan Educational Assessment Program) are compared from year to year with the results tabulated by school building and by district. With the changes to the federal Title I legislation resulting from the *No Child Left Behind Act*, adequate yearly progress of students will become important for maintaining and increasing funding levels as portions of funding are now tied to it.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, parents, students and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Business Office, Reed City Area Public Schools, 829 South Chestnut Street, Reed City, Michigan 49677.

REED CITY AREA PUBLIC SCHOOLS

REED CITY, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash	\$ 759,810
Investments	1,132,504
Accounts Receivable	43,085
Due from Other Governments	2,140,087
Inventories	12,290
Prepaid Expenditures	10,107
Total Current Assets	<u>4,097,883</u>

NON CURRENT ASSETS

Deferred Issuance Costs - Net	205,411
Deferred Loss on Refunding	356,027
Capital Assets	19,035,785
Less Accumulated Depreciation	<u>(6,626,930)</u>
Total Non Current Assets	<u>12,970,293</u>

TOTAL ASSETS

\$ 17,068,176

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 23,985
Accrued Expenses	665,928
Accrued Interest Payable	116,408
Salaries Payable	818,604
Deferred Revenue	105,204
Current Portion of Non Current Liabilities	930,133
Total Current Liabilities	<u>2,660,262</u>

NON CURRENT LIABILITIES

Bonds Payable	15,775,286
Deferred Bond Premium - Net	54,311
Employee Early Retirement Obligations	166,500
Compensated Absences	223,939
Less Current Portion of Non Current Liabilities	<u>(930,133)</u>
Total Non Current Liabilities	<u>15,289,903</u>

Total Liabilities

17,950,165

NET ASSETS

Invested in Capital Assets Net of Related Debt - (Deficit)	(3,776,269)
Restricted for Debt Service	355,557
Unrestricted	2,538,723
Total Net Assets - (Deficit)	<u>(881,989)</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 17,068,176

The notes to the financial statements are an integral part of this statement.

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REED CITY AREA PUBLIC SCHOOLS

REED CITY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL
		CHARGES FOR	OPERATING	CAPITAL	ACTIVITIES
		SERVICES	GRANTS	GRANTS	NET (EXPENSE)
					REVENUE AND
					CHANGES IN
					NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 9,089,480	\$ 2,950	2,675,122	\$ 0	\$ (6,411,408)
Supporting Services	4,549,159	102,053	122,638	0	(4,324,468)
Community Services	135,430	24,670	7,228	0	(103,532)
Food Service Activities	636,258	221,966	450,571	0	36,279
Athletic Activities	382,757	63,492	0	0	(319,265)
Construction Projects	54,064	0	0	0	(54,064)
Interest on Long Term Debt	730,881	0	0	0	(730,881)
Other Transactions	33,597	0	0	0	(33,597)
Unallocated Depreciation	375,272	0	0	0	(375,272)
Total Governmental Activities	<u>\$ 15,986,898</u>	<u>\$ 415,131</u>	<u>\$ 3,255,559</u>	<u>\$ 0</u>	<u>(12,316,208)</u>
<u>GENERAL REVENUES</u>					
Property Taxes -Levied for General Purposes					2,000,196
Property Taxes -Levied for Debt Service					1,245,771
Investment Earnings					34,195
State Sources					9,397,891
Other					118,123
Total General Revenues					<u>12,796,176</u>
Change in Net Assets					479,968
<u>NET ASSETS</u> - Beginning of Year - (Deficit)					<u>(1,361,957)</u>
<u>NET ASSETS</u> - End of Year - (Deficit)					<u>\$ (881,989)</u>

The notes to the financial statements are an integral part of this statement.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2009

	GENERAL FUND	DEBT FUND
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 84,169	\$ 486,810
Investments	1,132,504	0
Accounts Receivable	40,413	0
Due from Other Governments	2,136,577	0
Due from Other Funds	8,075	4,757
Inventories	4,169	0
Prepaid Expenditures	10,002	0
TOTAL ASSETS	\$ 3,415,909	\$ 491,567
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 2,626	\$ 0
Accrued Expenses	665,928	0
Salaries Payable	818,604	0
Due to Other Funds	54,892	7,583
Deferred Revenue	91,945	0
Total Liabilities	1,633,995	7,583
<u>FUND BALANCE</u>		
Reserved for Inventory	4,169	0
Reserved for Prepaid Expenditures	10,002	0
Reserved for Debt Service	0	483,984
Unreserved, Undesignated, Reported in:		
General Fund	1,601,243	0
Unreserved, Designated, Reported in:		
General Fund - Early Retirement Obligation	166,500	0
Special Revenue Funds - Food Service, Athletic Activities and Community Services	0	0
Capital Projects Fund - Future Capital Projects	0	0
Total Fund Balances	1,781,914	483,984
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,415,909	\$ 491,567

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS	
\$	188,831	\$	759,810
	0		1,132,504
	2,672		43,085
	3,510		2,140,087
	50,135		62,967
	8,121		12,290
	105		10,107
<hr/>		<hr/>	
\$	253,374	\$	4,160,850
<hr/>		<hr/>	
\$	21,359	\$	23,985
	0		665,928
	0		818,604
	492		62,967
	13,259		105,204
<hr/>		<hr/>	
	35,110		1,676,688
<hr/>		<hr/>	
	8,121		12,290
	105		10,107
	0		483,984
	0		1,601,243
	0		166,500
	93,121		93,121
	116,917		116,917
<hr/>		<hr/>	
	218,264		2,484,162
<hr/>		<hr/>	
\$	253,374	\$	4,160,850
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The notes to the financial statements are an integral part of this statement.

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REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2009

Total Governmental Fund Balances		\$ 2,484,162
Amounts reported for governmental activities in the statement of net different because:		
Capital assets used in governmental activities are not financial resources are not reported in the funds		
The cost of the capital assets is	\$19,035,785	
Accumulated depreciation is	<u>(6,626,930)</u>	12,408,855
Other long-term assets are not available for pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:		
Deferred Loss on Refunding		356,027
Bond Issuance Costs		205,411
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Bonds Payable		(15,775,286)
Bond Premium		(54,311)
Employees Early Retirement		(166,500)
Compensated Absences		(223,939)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		<u>(116,408)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (881,989)</u></u>

The notes to the financial statements are an integral part of this statement.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	<u>GENERAL</u>	<u>DEBT</u>
	<u>FUND</u>	<u>FUND</u>
<u>REVENUES</u>		
Local Sources	\$ 2,252,048	\$ 1,249,547
State Sources	10,555,709	7,916
Federal Sources	1,255,098	0
Other Transactions	384,156	0
Total Revenues	14,447,011	1,257,463
<u>EXPENDITURES</u>		
Instruction	9,250,735	0
Supporting Services	4,599,582	0
Community Services	107,182	0
Food Service Activities	0	0
Athletic Activities	0	0
Capital Projects	0	0
Debt Service		
Principal	0	716,273
Interest	0	716,311
Other Transactions	33,398	199
Total Expenditures	13,990,897	1,432,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	456,114	(175,320)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	0	176,553
Transfers Out	(581,743)	0
Total Other Financing Sources (Uses)	(581,743)	176,553
Net Change in Fund Balance	(125,629)	1,233
<u>FUND BALANCE</u> - Beginning of Year	1,907,543	482,751
<u>FUND BALANCE</u> - End of Year	\$ 1,781,914	\$ 483,984

The notes to the financial statements are an integral part of this statement.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 315,821	\$ 3,817,416
42,016	10,605,641
408,555	1,663,653
0	384,156
<u>766,392</u>	<u>16,470,866</u>
0	9,250,735
0	4,599,582
26,410	133,592
638,320	638,320
383,382	383,382
114,651	114,651
0	716,273
0	716,311
0	33,597
<u>1,162,763</u>	<u>16,586,443</u>
<u>(396,371)</u>	<u>(115,577)</u>
405,190	581,743
0	(581,743)
<u>405,190</u>	<u>0</u>
8,819	(115,577)
<u>209,445</u>	<u>2,599,739</u>
<u>\$ 218,264</u>	<u>\$ 2,484,162</u>

The notes to the financial statements are an integral part of this statement.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

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

YEAR ENDED JUNE 30, 2009

Net Change in Fund Balances Total Governmental Funds \$ (115,577)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Capital Outlay	139,396
Depreciation Expense	(375,272)

In the statement of activities only the gain or loss on sale of capital assets is reported, not the sale proceeds (4,000)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	127,194
Accrued Interest Payable - End of Year	(116,408)

The issuance of Long-Term Debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

The net changes in long term liabilities are:

Repayment of Bond Principal	716,273
Amortization of Deferred Charges	(25,356)

Employees Early Retirement and Accumulated Sick Pay are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Employees Early Retirement - Beginning of Year	306,500
Employees Early Retirement - End of Year	(166,500)
Accumulated Sick Pay - Beginning of Year	217,657
Accumulated Sick Pay - End of Year	<u>(223,939)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 479,968

The notes to the financial statements are an integral part of this statement.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 81,824	\$ 106,347
Investments	25,293	16,000
Notes Receivable (net of allowance for doubtful accounts)	30,732	0
	<u>137,849</u>	<u>122,347</u>
TOTAL ASSETS	<u>\$ 137,849</u>	<u>\$ 122,347</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to Groups and Organizations	\$ 0	\$ 122,347
<u>NET ASSETS</u>		
Reserved for Trust Activities	<u>137,849</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 137,849</u>	<u>\$ 122,347</u>

The notes to the financial statements are an integral part of this statement.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS</u>	
Donations	\$ 1,240
Investment Income (Change in Fair Value of Investments)	(9,529)
Earnings on Investments and Deposits	<u>4,111</u>
 Total Additions	 (4,178)
 <u>DEDUCTIONS</u>	
Scholarship Awards	<u>4,200</u>
 Change in Net Assets	 (8,378)
 <u>NET ASSETS - Beginning of Year</u>	 <u>146,227</u>
 <u>NET ASSETS - End of Year</u>	 <u>\$ 137,849</u>

The notes to the financial statements are an integral part of this statement.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Reed City Area Public Schools (the "District") is located in Osceola Counties with its administrative offices located in Reed City, Michigan. The District is governed by the Reed City Area Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District provides services to its 1,684 students (blended count) in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-wide and Fund Financial Statements

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

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

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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

The District first utilizes restricted resources to finance qualifying activities.

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

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

The District does not allocate indirect costs.

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

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

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

The District reports the following major governmental funds:

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

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

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service, athletic, and community service activities in the special revenue funds.

The *capital projects fund* accounts for the acquisition of fixed assets or construction of major capital projects.

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

The *private purpose trust funds* are accounted for using the accrual method of accounting. Private purpose trust funds account for contributions earmarked for scholarships available to qualifying students of the District.

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

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

Accrual Method

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

Modified Accrual Method

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

REED CITY AREA PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2009 the foundation allowance was based on pupil membership counts taken in February and September of 2008. For fiscal year ended June 30, 2009, the per pupil foundation allowance was \$7,316 for Reed City Area Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2008 to August 2009. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

Federal Revenue

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Properties are assessed as of December 31. Taxes are levied and become a lien on December 1. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county delinquent tax rolls. Delinquent real property taxes are purchased by the counties of Mecosta, Newaygo, Osceola and Lake and remitted to the District after settlement.

For the year ended June 30, 2009, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-Homestead	18.00
Debt Service Fund - Homestead and Non-Homestead	4.01

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

4. Inventories and Prepaid Expenditures

Inventories are recorded at cost and consist primarily of food and cafeteria, teaching and office supplies. USDA donated commodities are recorded at fair value. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

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

Buildings	20-50 years
Land Improvements	10-20 years
Machinery and Equipment	5-20 years
Vehicles	8 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

District employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation time does not accumulate from year-to-year. Sick leave is accumulated at different rates for various categories of employees. Unused sick leave accumulates from year-to-year to a maximum described in the contract. In the fund financial statements, only the matured liability for compensated absences is reported. The total liability is reported on the district-wide financial statements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146, which allows the amortization of premiums, discounts and bond issuance costs, prospectively for all bonds issued after July 1, 2002.

8. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, and debt service funds.

The budgetary data reflected in the financial statements is established by the District using the procedures outlined below:

Prior to May, the various principals, directors and supervisors review operating budgets by program or building for the fiscal year commencing the following July 1, and submit them to the business manager.

This information is used to develop a budget and resolution for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. This includes proposed expenditures and the means of financing them and is compiled on a basis consistent with accounting principles

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

generally accepted in the United States of America. In June, the budget resolution is subjected to a public hearing before the full Board and is adopted within seven days after this hearing and before July 1, the first day of the budgeted fiscal year.

Any revisions which increase or decrease expenditures for a program must be approved by the Board. The superintendent is authorized to transfer budgeted amounts between functions within any fund. The final budget reflects all revisions approved by the Board during the year. Unexpended appropriations lapse to the next fiscal year.

The budget is integrated with the accounting system of the District and is used as a management control device during the year.

Budgeted amounts are as originally adopted on June 30, 2008, or as amended by the School Board of Education on April 20, 2009.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

Debt Fund – Debt Service Principal expenditure of \$716,273 exceeded appropriations by \$285.

Capital Project Fund – Capital Projects expenditures of \$114,651 exceeded appropriations by \$50,676.

Athletic Activities Fund – Salaries/Wages expenditures of \$205,134 exceeded appropriations by \$10,617.

Food Service Fund – Salaries/Wages expenditures of \$1,207 exceeded appropriations by \$1,207.

Food Service Fund – Dues, Fees, Misc. expenditures of \$3,389 exceeded appropriations by \$1,389.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments - Credit Risk

The District's deposits and investments are all on deposit with banks within the State of Michigan and Michigan School District Liquid Asset Fund Plus.

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

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section 9 of the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with Section 7 of the District's investment policy.

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2009, \$417,281 of the government's bank balance of \$1,364,081 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end, all of the District's investments were uncategorized as to risk.

Investments

At June 30, 2009, the District had the following investments:

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	Fair Value
MILAF External Investment Pool - MICMS	\$ 40,904
MILAF External Investment Pool - MILAX	1,089,600
Certificates of Deposit	18,000
Common Stock	25,293
Total	\$ 1,173,797

The Michigan Liquid Asset Fund (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2009.

The District's common stock was donated to the District for the establishment of the Bill Porteous II and Mable Porteous Scholarship Funds or was received as a stock dividend paid on donated shares.

Balance sheet classifications:

	Deposits	Investments	Fiduciary Assets	Total
Cash	\$ 759,810	\$ 0	\$ 188,171	\$ 947,981
Investments	0	1,132,504	41,293	1,173,797
	\$ 759,810	\$ 1,132,504	\$ 229,464	\$ 2,121,778

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds are as follows:

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

	General	Nonmajor and Other Funds	Total
Receivables			
Accounts	\$ 40,413	\$ 2,672	\$ 43,085
Notes Receivable	0	40,732	40,732
Less allowance for doubtful accounts	0	(10,000)	(10,000)
Due from Other Governments	2,136,577	3,510	2,140,087
 Total Receivables	 \$ 2,176,990	 \$ 36,914	 \$ 2,213,904

Notes receivable consist of student loans made by the Jewell Scholarship Fund.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but have not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Grants and Other Amounts Received, But Not Yet Utilized	\$ 0	\$ 105,204

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

C. Capital Assets

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

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Assets Not Being Depreciated:				
Land	\$ 303,694	\$ 0	\$ 4,000	\$ 299,694
Other Capital Assets:				
Buildings	16,129,498	120,898	0	16,250,396
Land Improvements	239,206	0	0	239,206
Machinery and Equipment	735,892	0	0	735,892
Transportation Equipment	1,492,099	18,498	0	1,510,597
Subtotal	18,596,695	139,396	0	18,736,091
Accumulated Depreciation				
Buildings	4,396,517	300,903	0	4,697,420
Land Improvements	164,973	7,539	0	172,512
Machinery and Equipment	444,504	44,052	0	488,556
Transportation Equipment	1,245,664	22,778	0	1,268,442
Total Accumulated Depreciation	6,251,658	375,272	0	6,626,930
Net Other Capital Assets	12,345,037	(235,876)	0	12,109,161
Net Capital Assets	\$ 12,648,731	\$ (235,876)	\$ 4,000	\$ 12,408,855

Depreciation for the fiscal year ended June 30, 2009, amounted to \$375,272. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Construction Commitments:

The District has no active construction projects as of June 30, 2009.

D. Long-Term Debt

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

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

The following is a summary of changes in long-term liabilities:

	BONDS PAYABLE	EARLY RETIREMENT OBLIGATIONS	COMPENSATED ABSENCES	TOTAL
Balance, July 1, 2008	\$ 16,491,559	\$ 306,500	\$ 217,657	\$ 17,015,716
Additions	0	0	6,282	6,282
Deletions	(716,273)	(140,000)	0	(856,273)
Balance, June 30, 2009	<u>\$ 15,775,286</u>	<u>\$ 166,500</u>	<u>\$ 223,939</u>	<u>\$ 16,165,725</u>
Total due within one year	<u>\$ 783,633</u>	<u>\$ 146,500</u>	<u>\$ 0</u>	<u>\$ 930,133</u>

At June 30, 2009, the School District's long-term bonds payable are comprised of the following individual issues:

The 1998 School Improvement Bonds were issued in the amount of \$112,725 through the State of Michigan's Durant Bonding Program. The State of Michigan is to annually appropriate the funds for the debt service payments. If the State fails to appropriate the funds, the District is under no obligation for payment.

The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

\$112,725 1998 School Improvement Bonds due in annual installments of \$6,885 to \$38,633 beginning May 15, 2010 through May 15, 2013, plus interest at 4.76%.	\$ 60,286
\$5,100,000 2001 Refunding Bonds due in annual installments of \$355,000 to \$425,000 plus interest through May 1, 2016. Interest rates range from 4.3% to 5.0%.	2,725,000
\$1,425,000 2001 Energy Conservation Improvement Bonds due in annual installments of \$160,000 to \$170,000 plus interest through May 1, 2012. Interest rates range from 4.05% to 4.25%.	495,000
\$12,560,000 2004 School Building and Site Bonds due in annual installments of \$200,000 to \$725,000 plus interest through May 1, 2020. Interest rates range from 3.75% to 5.25%.	4,125,000
\$8,400,000 2005 Refunding Bonds due in annual installments of \$30,000 to \$835,000 plus interest through May 1, 2029. Interest rates range from 3.625% to 4.35%.	<u>8,370,000</u>
Total bonded debt	<u>\$ 15,775,286</u>

REED CITY AREA PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS

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<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2010	\$ 783,633	\$ 702,241	\$ 1,485,874
2011	786,885	658,385	1,445,270
2012	822,212	625,331	1,447,543
2013	682,556	589,899	1,272,455
2014	705,000	559,490	1,264,490
2015-2019	3,770,000	2,276,294	6,046,294
2020-2024	4,115,000	1,367,762	5,482,762
2025-2029	4,110,000	106,166	4,216,166
	<u>\$ 15,775,286</u>	<u>\$ 6,885,568</u>	<u>\$ 22,660,854</u>

The annual requirements to amortize the accrued sick leave is uncertain because it is unknown when the employees will use the sick leave. Early retirement obligations are payable in various annual installments through June 30, 2011.

E. Short-Term Debt

In August 2008, the District borrowed \$1,800,000 for short-term cash flow purposes at an interest rate of 1.63%. This was paid back by year-end. Total interest was \$6,657.

F. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2009, were:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 8,075	\$ 54,892
Debt Fund	4,757	7,583
School Service Fund - Food Service	50,135	492
	<u>\$ 62,967</u>	<u>\$ 62,967</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2009, are expected to be repaid within one year.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Interfund transfers as shown in the individual fund financial statements at June 30, 2009, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 581,743
Capital Projects Fund	75,000	0
School Service Fund - Athletic Activities Fund	329,301	0
School Service Fund - Community Services Fund	889	0
Debt Fund	176,553	0
	\$ 581,743	\$ 581,743

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Designated and Reserved Fund Balance / Net Assets

In order to comply with generally accepted accounting principles and meet certain legal requirements, the District has reserved fund balances in various funds. In addition, certain portions of unreserved fund balances have been designated for intended future uses.

H. Leases

The rental expense for the year ended June 30, 2009, totaled \$51,228.

The rental expense consists of lease agreements on copiers. The future minimum lease payments for these leases are as follows:

YEAR ENDING	PAYABLES
2010	\$ 48,204
2011	47,310
2012	1,836
2013	918
	\$ 98,268

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 4 – SALE OF FUTURE REVENUES

For several years, the District has sold its rights to delinquent real property tax revenues and related late payment penalties to the Osceola, Lake, Newaygo and Mecosta County treasurers. For the 2008 tax roll the District received a lump sum payment of \$211,535 for general operating tax revenues, and \$121,816 for debt service tax revenues. These amounts represent 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the counties are allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the counties are ultimately unable to collect any of these delinquent taxes, the District will have to repay the counties.

NOTE 5 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributed 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 MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operates 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 30036, Lansing, Michigan 48909.

Funding Policy – Basic Plan members make no contributions. Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2009, was 16.72% for the first quarter and 16.54% for the remainder of the year. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2009, 2008, and 2007 were \$1,292,139, \$1,350,410, and \$1,411,850, respectively, and were equal to the required contribution for those years.

Other Post Employment Benefits Funding Policy

Retirees have the option of health, dental and vision coverage, which is funded on a cash basis by the employers. A significant portion of the premium is paid by MPERS with the balance deducted from the monthly pension.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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

B. Risk Management

The District 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 District has purchased commercial insurance for all such risks of loss. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

C. Advance Refunding

In December 2005, the District issued \$8,400,000 of refunding bonds to defease \$7,740,000 of the 2004 School Building and Site Bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt.

D. Defeased Debt

During 2001, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 2,863,392	\$ 2,732,094	\$ 2,252,048
State Sources	10,355,047	11,351,211	10,555,709
Federal Sources	422,343	730,948	1,255,098
Other Transactions	185,284	387,672	384,156
Total Revenues	<u>13,826,066</u>	<u>15,201,925</u>	<u>14,447,011</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Instruction	7,119,838	7,691,232	7,456,918
Added Needs	1,625,169	1,737,049	1,650,582
Adult and Continuing Education	143,775	149,906	143,235
Supporting Services			
Pupil	420,471	474,551	449,816
Instructional Staff	358,621	546,176	477,658
General Administration	384,331	393,831	329,661
School Administration	910,550	921,234	908,810
Business	271,660	274,348	222,974
Operating and Maintenance	1,466,157	1,270,245	1,130,049
Pupil Transportation	1,398,121	1,181,334	893,171
Central Services	211,283	217,752	187,443
Community Services	122,285	114,386	107,182
Other Transactions	70,654	70,654	33,398
Total Expenditures	<u>14,502,915</u>	<u>15,042,698</u>	<u>13,990,897</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(676,849)</u>	<u>159,227</u>	<u>456,114</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	<u>(565,384)</u>	<u>(573,383)</u>	<u>(581,743)</u>
Net Change in Fund Balance	(1,242,233)	(414,156)	(125,629)
<u>FUND BALANCE</u> - Beginning of Year	<u>1,363,882</u>	<u>1,907,543</u>	<u>1,907,543</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 121,649</u>	<u>\$ 1,493,387</u>	<u>\$ 1,781,914</u>

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REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2009

	SPECIAL REVENUE		
	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	COMMUNITY SERVICES FUND
<u>ASSETS</u>			
Cash	\$ 12,575	\$ 44,715	\$ 14,624
Accounts Receivable	1,202	0	1,470
Due from Other Governments	3,510	0	0
Due from Other Funds	50,135	0	0
Inventories:			
USDA Commodities	1,482	0	0
Other	6,639	0	0
Prepaid Expenditures	0	0	105
TOTAL ASSETS	\$ 75,543	\$ 44,715	\$ 16,199
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 492	\$ 0	\$ 0
Accounts Payable	21,359	0	0
Deferred Revenue	8,046	150	5,063
Total Liabilities	29,897	150	5,063
<u>FUND BALANCE</u>			
Reserved for			
Inventory	8,121	0	0
Prepaid Expenditures	0	0	105
Unreserved			
Designated for:			
Food Service	37,525	0	0
Athletic Activities	0	44,565	0
Community Services	0	0	11,031
Future Capital Projects	0	0	0
Total Fund Balance	45,646	44,565	11,136
TOTAL LIABILITIES AND FUND BALANCE	\$ 75,543	\$ 44,715	\$ 16,199

CAPITAL PROJECT		
FUND	TOTAL	
\$ 116,917	\$ 188,831	
0	2,672	
0	3,510	
0	50,135	
0	1,482	
0	6,639	
0	105	
<u>\$ 116,917</u>	<u>\$ 253,374</u>	
\$ 0	\$ 492	
0	21,359	
0	13,259	
<u>0</u>	<u>35,110</u>	
0	8,121	
0	105	
0	37,525	
0	44,565	
0	11,031	
116,917	116,917	
<u>116,917</u>	<u>218,264</u>	
<u>\$ 116,917</u>	<u>\$ 253,374</u>	

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	<u>SPECIAL REVENUE</u>		
	<u>FOOD SERVICE FUND</u>	<u>ATHLETIC ACTIVITIES FUND</u>	<u>COMMUNITY SERVICES FUND</u>
<u>REVENUES</u>			
Local Sources	\$ 222,554	\$ 63,849	\$ 24,670
State Sources	42,016	0	0
Federal Sources	408,555	0	0
Total Revenues	<u>673,125</u>	<u>63,849</u>	<u>24,670</u>
<u>EXPENDITURES</u>			
Food Service Activities	638,320	0	0
Athletic Activities	0	383,382	0
Community Activities	0	0	26,410
Capital Projects	0	0	0
Total Expenditures	<u>638,320</u>	<u>383,382</u>	<u>26,410</u>
Excess of Revenues Over (Under) Expenditures	<u>34,805</u>	<u>(319,533)</u>	<u>(1,740)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	0	329,301	889
Net Change in Fund Balance	34,805	9,768	(851)
<u>FUND BALANCE</u> - Beginning of Year	<u>10,841</u>	<u>34,797</u>	<u>11,987</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 45,646</u>	<u>\$ 44,565</u>	<u>\$ 11,136</u>

CAPITAL PROJECT			
FUND		TOTAL	
\$ 4,748		\$ 315,821	
0		42,016	
0		408,555	
<hr/>			
4,748		766,392	
<hr/>			
0		638,320	
0		383,382	
0		26,410	
114,651		114,651	
<hr/>			
114,651		1,162,763	
<hr/>			
(109,903)		(396,371)	
<hr/>			
75,000		405,190	
<hr/>			
(34,903)		8,819	
151,820		209,445	
<hr/>			
\$ 116,917		\$ 218,264	
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REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

FIDUCIARY FUND TYPES
COMBINING BALANCE SHEET

JUNE 30, 2009

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 81,824	\$ 106,347	\$ 188,171
Investments	25,293	16,000	41,293
Due from HS Internal	0	4,385	4,385
Notes Receivable (net of allowance for doubtful accounts of \$10,000)	30,732	0	30,732
 TOTAL ASSETS	 \$ 137,849	 \$ 126,732	 \$ 264,581
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Groups and Organizations	\$ 0	\$ 122,347	\$ 122,347
Due to Athletic Fundraising	0	4,385	4,385
 TOTAL LIABILITIES	 0	 126,732	 126,732
 <u>FUND BALANCE</u>			
Reserved for:			
Scholarships and Memorials	137,849	0	137,849
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 137,849	 \$ 126,732	 \$ 264,581

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2009

	<u>JEWELL</u>	<u>EMPLOYEE</u>	<u>BILL</u>
	<u>SCHOLARSHIP</u>	<u>SCHOLARSHIP</u>	<u>PORTEOUS II</u>
			<u>SCHOLARSHIP</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 80,411	\$ 156	\$ 8,224
Investments	0	0	9,238
Notes Receivable (net of allowance for doubtful accounts of \$10,000)	30,732	0	0
TOTAL ASSETS	<u>\$ 111,143</u>	<u>\$ 156</u>	<u>\$ 17,462</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>			
Reserved for:			
Student Scholarships and Memorials	111,143	156	17,462
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 111,143</u>	<u>\$ 156</u>	<u>\$ 17,462</u>

MABLE PORTEOUS SCHOLARSHIP	CAMERON HAMILTON PORTEOUS SCHOLARSHIP	WILLIAM PORTEOUS SCHOLARSHIP	TOTAL
\$ (5,220)	\$ 91	\$ (1,838)	\$ 81,824
8,778	280	6,997	25,293
0	0	0	30,732
\$ 3,558	\$ 371	\$ 5,159	\$ 137,849
\$ 0	\$ 0	\$ 0	\$ 0
3,558	371	5,159	137,849
\$ 3,558	\$ 371	\$ 5,159	\$ 137,849

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	<u>JEWELL</u> <u>SCHOLARSHIP</u>	<u>EMPLOYEE</u> <u>SCHOLARSHIP</u>	<u>BILL</u> <u>PORTEOUS II</u> <u>SCHOLARSHIP</u>
<u>REVENUES</u>			
Donations	\$ 0	\$ 1,240	\$ 0
Investment Income:			
Change in Fair Value of Investments	0	0	(3,514)
Interest and Dividends	1,647	1	902
Total Revenues	1,647	1,241	(2,612)
 <u>EXPENDITURES</u>			
Scholarship Awards	0	1,200	0
Excess of Revenues Over (Under) Expenditures	1,647	41	(2,612)
 <u>FUND BALANCE</u> - Beginning of Year	109,496	115	20,074
<u>FUND BALANCE</u> - End of Year	\$ 111,143	\$ 156	\$ 17,462

MABLE PORTEOUS SCHOLARSHIP	CAMERON HAMILTON PORTEOUS SCHOLARSHIP	WILLIAM PORTEOUS SCHOLARSHIP	TOTAL
\$ 0	\$ 0	\$ 0	\$ 1,240
(3,339)	(14)	(2,662)	(9,529)
857	21	683	4,111
(2,482)	7	(1,979)	(4,178)
1,500	0	1,500	4,200
(3,982)	7	(3,479)	(8,378)
7,540	364	8,638	146,227
\$ 3,558	\$ 371	\$ 5,159	\$ 137,849

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

AGENCY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2009

	<u>NORMAN ELEMENTARY ACCOUNT</u>	<u>MIDDLE SCHOOL ACCOUNT</u>	<u>HIGH SCHOOL ACCOUNT</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 13,056	\$ 24,364	\$ 31,708
Investments	0	0	16,000
Due from HS Internal	0	0	0
TOTAL ASSETS	<u>\$ 13,056</u>	<u>\$ 24,364</u>	<u>\$ 47,708</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Groups and Organizations	\$ 13,056	\$ 24,364	\$ 43,323
Due to Athletic Fundraising	0	0	4,385
TOTAL LIABILITIES	13,056	24,364	47,708
<u>FUND BALANCE</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,056</u>	<u>\$ 24,364</u>	<u>\$ 47,708</u>

ATHLETIC FUNDRAISING ACCOUNT	BEVERAGE CONSORTIA ACCOUNT	TOTAL
\$ 27,589	\$ 9,630	\$ 106,347
0	0	16,000
4,385	0	4,385
<hr/>		
\$ 31,974	\$ 9,630	\$ 126,732
<hr/> <hr/>		

\$ 31,974	\$ 9,630	\$ 122,347
0	0	4,385
<hr/>		
31,974	9,630	126,732
0	0	0
<hr/>		
\$ 31,974	\$ 9,630	\$ 126,732
<hr/> <hr/>		

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

AGENCY FUND - NORMAN ELEMENTARY SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2009

	BALANCE 7/1/2008	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2009
1st Grade	\$ 114	\$ 1,134	\$ 450	\$ 798
2nd Grade	0	1,000	99	901
3rd Grade	500	1,334	896	938
4th Grade	905	2,044	1,454	1,495
5th Grade	6	2	0	8
Accelerated Reader	38	0	0	38
Activity	31	4,912	4,264	679
Book Fair	977	4,020	3,642	1,355
Care Packages	0	100	100	0
Family Fun Night	83	2,275	2,358	0
Family School Service	314	0	0	314
Fitness Program	2,079	1,565	3,644	0
Flower	26	285	135	176
Fun Fours	164	0	134	30
In/Out	0	1,237	1,237	0
Interest Fund	31	74	95	10
Kindergarten	0	1,000	422	578
Library	1,008	397	960	445
LIFT	859	930	192	1,597
Morale Fund	4	0	4	0
Nutrition Grant	3	0	0	3
Osceola County Foundation Grant	1,298	2,178	804	2,672
Pencil/Paper	38	156	194	0
Pop	289	1,604	1,847	46
PTO Fund	242	2,000	2,000	242
S. Lucey Walking Club	1	0	1	0
Safety Patrol	356	0	92	264
United Way Grant	166	2,080	1,779	467
	<u>\$ 9,532</u>	<u>\$ 30,327</u>	<u>\$ 26,803</u>	<u>\$ 13,056</u>

Represented By

Assets

Cash

\$ 9,532

\$ 13,056

Liabilities

Due to Groups and Organizations

\$ 9,532

\$ 13,056

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

AGENCY FUND - MIDDLE SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2009

	BALANCE 7/1/2008	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2009
6th Grade	\$ 429	\$ 3,566	\$ 2,895	\$ 1,100
7th Grade	6	3,685	3,542	149
8th Grade	3,576	14,661	16,283	1,954
Band - Resale	338	1,519	1,333	524
Band Sales	71	0	71	0
Candy Machine	1,186	4,471	5,257	400
Counseling	166	1,010	198	978
Daily Living	577	5,259	5,437	399
EGG	0	2,355	1,977	378
General Mills -Nista	0	4,300	4,264	36
General Mills- PE	0	2,500	2,500	0
Grant Money	1,177	0	930	247
Interest	4,806	230	832	4,204
Interest CD	124	0	0	124
Language Arts Books	19	5	0	24
Osceola Foundation	0	1,039	1,039	0
Pencils	1,028	51	0	1,079
Pep Club	3,721	279	764	3,236
Pop Club	4,619	3,150	4,678	3,091
Science Department	201	484	144	541
Shop Department	59	1,056	499	616
Ski Club	1,097	3,905	3,708	1,294
S.T.A.N.D.	298	3,271	2,052	1,517
Student Council	767	10,152	9,346	1,573
Yearbook	4,751	3,248	7,099	900
	<u>\$ 29,016</u>	<u>\$ 70,196</u>	<u>\$ 74,848</u>	<u>\$ 24,364</u>
Represented by				
Assets				
Cash	<u>\$ 29,016</u>			<u>\$ 24,364</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 29,016</u>			<u>\$ 24,364</u>

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

AGENCY FUND - HIGH SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2009

	BALANCE 7/1/2008	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2009
Advance Placement English	\$ 43	\$ 0	\$ 0	\$ 43
Annual (Yearbook)	4,024	21,736	24,930	830
Assembly	300	0	0	300
Chicago Trip	610	7,326	7,262	674
Choral Music	(27)	125	0	98
Class of 2006	1,227	0	0	1,227
Class of 2007	526	0	0	526
Class of 2008	380	0	0	380
Class of 2009	176	162	308	30
Class of 2010	4,375	4,460	6,913	1,922
Class of 2011	786	5,280	2,254	3,812
Class of 2012	0	1,482	1,065	417
Class of 1962 Scholarship	845	100	0	945
Coke Account	654	8,102	7,364	1,392
Coke Scholarship	660	0	0	660
Counseling	1,300	1,780	1,798	1,282
Coyote Connection	42	0	42	0
Drama Club	1,703	0	0	1,703
English/Math	700	0	46	654
Equestrian Team	362	3,809	3,909	262
Health Education - Drug Free	1,114	1,036	565	1,585
High School Flower Fund	180	200	282	98
Grant Fund	1,000	1,035	1,453	582
High School Improvement	953	109	0	1,062
Industrial Arts	2,500	4,077	4,471	2,106
Interest	5,755	680	2,163	4,272
Leadership	912	1,042	1,030	924
Leadership Scholarship	0	610	570	40
Library Internal	448	390	55	783
Make a Difference	40	0	0	40
National Art	1,845	1,805	842	2,808
National Honor Society	799	5,471	5,032	1,238
Newspaper	80	804	857	27
Outing Club	437	0	0	437

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

AGENCY FUND - HIGH SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2009

	BALANCE 7/1/2008	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2009
PAC	254	0	254	0
Pepsi Cola Fund	564	433	0	997
Quizbowl	1,223	220	1,095	348
Rainforest	(28)	0	0	(28)
Recycle	598	215	129	684
S.A.D.D.	665	0	0	665
Science	917	2,622	255	3,284
School Store	2,097	335	2,432	0
Service	15	0	0	15
Ski Club	72	20	80	12
Spanish Club	69	0	0	69
Student Council	5,633	4,222	6,608	3,247
TI-IN Network	533	0	0	533
Weight Room	133	0	0	133
Welding	88	0	88	0
Youth in Government	118	2,904	2,825	197
Youth Advisory Committee	8	300	300	8
Athletic Fundraising	0	4,385	0	4,385
	<u>\$ 47,708</u>	<u>\$ 87,277</u>	<u>\$ 87,277</u>	<u>\$ 47,708</u>

Represented by

Assets

Cash

\$ 31,708

\$ 31,708

Investments

16,000

16,000

Total Assets

\$ 47,708

\$ 47,708

Liabilities

Due to Athletic Fundraising

\$ 4,385

\$ 4,385

Due to Groups and Organizations

43,323

43,323

Total Liabilities

\$ 47,708

\$ 47,708

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

AGENCY FUND - ATHLETIC FUNDRAISING ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2009

	BALANCE 7/1/2008	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2009
Athletic Director	\$ 1,338	\$ 10,983	\$ 8,211	\$ 4,110
Baseball	1,458	8,478	7,955	1,981
Boys Basketball	135	5,063	4,861	337
Boys Soccer	1,714	1,249	802	2,161
Cheer	1,496	7,761	8,170	1,087
Cross Country	446	292	438	300
Football	599	16,096	10,948	5,747
Girls Basketball	5	2,009	1,922	92
Girls Soccer	694	193	176	711
Golf	223	390	99	514
Lost Equipment	766	0	0	766
MHSAA Tournament	0	1,005	721	284
School Store	570	0	0	570
Softball	1,162	2,238	1,990	1,410
Track	1,981	6,327	4,529	3,779
Volleyball	516	1,505	1,318	703
Wrestling	5,849	6,579	5,445	6,983
Unclassified	1,088	181	830	439
	<u>\$ 20,040</u>	<u>\$ 70,349</u>	<u>\$ 58,415</u>	<u>\$ 31,974</u>
Represented by				
Assets				
Cash	\$ 15,655			\$ 27,589
Due from HS Internal	4,385			4,385
Total Assets	<u>\$ 20,040</u>			<u>\$ 31,974</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 20,040</u>			<u>\$ 31,974</u>

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

AGENCY FUND - BEVERAGE CONSORTIA ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND BALANCE

YEAR ENDED JUNE 30, 2009

	<u>BALANCE</u> <u>7/1/2008</u>	<u>RECEIPTS</u> <u>(Including Transfers)</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>6/30/2009</u>
Beverage Consortia	\$ 9,888	\$ 5,308	\$ 5,566	\$ 9,630
Represented by				
Assets				
Cash	<u>\$ 9,888</u>			<u>\$ 9,630</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 9,888</u>			<u>\$ 9,630</u>

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REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2009

1998 SCHOOL IMPROVEMENT BONDS

<u>TITLE OF ISSUE</u>	1998 School Improvement Bonds		
<u>PURPOSE</u>	School improvements		
<u>INTEREST PAYABLE</u>	May 15, of each year		
<u>AMOUNT OF ISSUE</u>		\$	112,725
	<u>REQUIREMENTS</u>		
<u>DUE DATES</u>	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2010	\$ 53,186	\$ 14,553	\$ 38,633
2011	7,916	1,031	6,885
2012	7,915	703	7,212
2013	7,915	359	7,556
	<u>\$ 76,932</u>	<u>\$ 16,646</u>	<u>\$ 60,286</u>

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2009

2001 REFUNDING BONDS

<u>TITLE OF ISSUE</u>	2001 Refund Bonds
<u>PURPOSE</u>	Advance refunding of the 1991 School Building and Site Bonds
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 5,100,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>			
		<u>TOTAL FISCAL YEAR</u>	<u>SEMI-ANNUAL INTEREST PAYMENTS</u>		<u>PRINCIPAL MAY 1</u>
			<u>NOV 1</u>	<u>MAY 1</u>	
2010	4.300 %	\$ 481,628	\$ 63,314	\$ 63,314	\$ 355,000
2011	4.375 %	476,362	55,681	55,681	365,000
2012	4.500 %	470,394	47,697	47,697	375,000
2013	4.625 %	468,518	39,259	39,259	390,000
2014	4.750 %	460,482	30,241	30,241	400,000
2015	4.875 %	456,482	20,741	20,741	415,000
2016	5.000 %	446,250	10,625	10,625	425,000
		<u>\$ 3,260,116</u>	<u>\$ 267,558</u>	<u>\$ 267,558</u>	<u>\$ 2,725,000</u>

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2009

2001 ENERGY CONSERVATION IMPROVEMENT BONDS

<u>TITLE OF ISSUE</u>	2001 Energy Conservation Improvement Bonds	
<u>PURPOSE</u>	Energy conservation improvements	
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year	
<u>AMOUNT OF ISSUE</u>		\$ 1,425,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>			
		<u>TOTAL FISCAL YEAR</u>	<u>SEMI-ANNUAL INTEREST PAYMENTS</u>		<u>PRINCIPAL MAY 1</u>
			<u>NOV 1</u>	<u>MAY 1</u>	
2010	4.05 %	\$ 180,552	\$ 10,276	\$ 10,276	\$ 160,000
2011	4.15 %	179,072	7,036	7,036	165,000
2012	4.25 %	177,226	3,613	3,613	170,000
		<u>\$ 536,850</u>	<u>\$ 20,925</u>	<u>\$ 20,925</u>	<u>\$ 495,000</u>

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2009

2004 SCHOOL BUILDING AND SITE BONDS

<u>TITLE OF ISSUE</u>	2004 School Building and Site Bonds
<u>PURPOSE</u>	School building and site improvements
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 12,560,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>			
		<u>TOTAL FISCAL YEAR</u>	<u>SEMI-ANNUAL INTEREST PAYMENTS</u>		<u>PRINCIPAL MAY 1</u>
			<u>NOV 1</u>	<u>MAY 1</u>	
2010	3.750 %	\$ 396,568	\$ 98,284	\$ 98,284	\$ 200,000
2011	4.000 %	404,068	94,534	94,534	215,000
2012	4.125 %	410,468	90,234	90,234	230,000
2013	4.250 %	415,982	85,491	85,491	245,000
2014	4.500 %	425,568	80,284	80,284	265,000
2015	4.250 %	428,644	74,322	74,322	280,000
2016	4.375 %	441,744	68,372	68,372	305,000
2017	5.250 %	798,400	61,700	61,700	675,000
2018	5.250 %	787,962	43,981	43,981	700,000
2019	5.000 %	776,212	25,606	25,606	725,000
2020	5.250 %	299,962	7,481	7,481	285,000
		<u>\$ 5,585,578</u>	<u>\$ 730,289</u>	<u>\$ 730,289</u>	<u>\$ 4,125,000</u>

REED CITY AREA PUBLIC SCHOOLS
REED CITY, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2009

2005 REFUNDING BONDS

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds
<u>PURPOSE</u>	Advance refunding of the 2004 School Building and Site Bonds
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 8,400,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>			
		<u>TOTAL FISCAL YEAR</u>	<u>SEMI-ANNUAL INTEREST PAYMENTS</u>		<u>PRINCIPAL MAY 1</u>
			<u>NOV 1</u>	<u>MAY 1</u>	
2010	3.625 %	\$ 373,940	\$ 171,970	\$ 171,970	\$ 30,000
2011	3.750 %	377,852	171,426	171,426	35,000
2012	3.750 %	381,540	170,770	170,770	40,000
2013	4.000 %	380,040	170,020	170,020	40,000
2014	4.000 %	378,440	169,220	169,220	40,000
2015	4.000 %	381,840	168,420	168,420	45,000
2016	4.000 %	380,040	167,520	167,520	45,000
2017	4.000 %	383,240	166,620	166,620	50,000
2018	4.000 %	381,240	165,620	165,620	50,000
2019	4.000 %	384,240	164,620	164,620	55,000
2020	4.000 %	852,040	163,520	163,520	525,000
2021	4.000 %	1,126,040	153,020	153,020	820,000
2022	4.000 %	1,108,240	136,620	136,620	835,000
2023	4.000 %	1,069,840	119,920	119,920	830,000
2024	4.050 %	1,026,640	103,320	103,320	820,000
2025	4.100 %	988,430	86,715	86,715	815,000
2026	4.150 %	975,016	70,008	70,008	835,000
2027	4.200 %	930,362	52,681	52,681	825,000
2028	4.300 %	890,712	35,356	35,356	820,000
2029	4.350 %	850,454	17,727	17,727	815,000
		<u>\$ 13,620,186</u>	<u>\$ 2,625,093</u>	<u>\$ 2,625,093</u>	<u>\$ 8,370,000</u>

