

Walled Lake Consolidated School District

Comprehensive Annual Financial Report with Supplemental Information for the Fiscal Year Ended June 30, 2013

Kenneth Guntman
Superintendent of Schools

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Prepared by:
Teri L. Les: Assistant Superintendent of Business Services

Walled Lake Consolidated School District

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Walled Lake Consolidated Schools

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September 25, 2013

Dear Citizens and Board Members:

The Comprehensive Annual Financial Report of Walled Lake Consolidated School District (the "School District") for the fiscal year ended June 30, 2013 is hereby submitted. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District as measured by the school government-wide financial activity and the activity of its various funds, with all disclosures necessary to enable the reader to gain an understanding of the School District's financial activities.

Reporting Entity and Services

Walled Lake Consolidated School District is an independent reporting entity fully meeting the criteria established by the Governmental Accounting Standards Board. All funds of the School District are included in this report. The School District does not have component units.

The financial section reports separately the government-wide activities, the governmental fund types, and the fiduciary fund type administered by the board.

Report Organization

This Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section

This section introduces the reader to Walled Lake Consolidated School District and to this report. Included are facts about the School District, this transmittal letter, and the School District's organizational chart. This letter of transmittal is designed to complement the management's discussion and analysis and should be read in conjunction with it. The management's discussion and analysis can be found in the financial section of this document.

We're making tomorrow!

Financial Section

The independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, and notes to the financial statements are included in this section. These are the School District's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of the report. In addition to the basic financial statements, this section includes required and other supplemental information.

The management of the board is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

The basic financial statements and supplemental information presented in the financial section of this report present fairly and with full disclosure the financial position and results of the financial operation of the funds in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The required and other supplemental information contain a more detailed analysis of revenue and expenditures that are compared to the 2012-2013 budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds. In addition, there are combining schedules shown by fund type with totals that agree with those reflected in the basic financial statements section.

Statistical Section

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

About Walled Lake Consolidated School District

The Community

The School District, located in southwestern Oakland County, encompasses more than 55 square miles and includes all or part of nine governmental units: the Cities of Farmington Hills, Novi, Orchard Lake, Walled Lake, and Wixom, the Townships of Commerce, West Bloomfield, and White Lake, and the Village of Wolverine Lake.

Residents may take advantage of many recreational and cultural opportunities. In 45 minutes or less, one can visit the city of Detroit with its fine museums, restaurants, and entertainment. Cranbrook Institute, Greenfield Village, the University of Michigan, Oakland University, Eastern Michigan University, Michigan State University, Wayne State University, and the University of Detroit Mercy are within approximately an hour's drive. More than 40 lakes and several riding stables, golf courses, tennis clubs, and ski areas serve the immediate area.

The Educational Program

The School District has 12 elementary schools (K-5), four middle schools (6-8), three high schools (9-12), an educational services center, a community education building, a maintenance/transportation building, and an outdoor education center.

The School District has a comprehensive educational program for students of all ages. This includes both an early intervention preschool program and a reading recovery program in our Title One buildings. In addition to a solid, basic core academic curriculum of language arts, math, science, and social studies, students also have a variety of extended programs such as K-12 fine arts, physical education, and advanced technology programs. World languages and technical education begin at the middle school, as well as extracurricular offerings, including athletics and various clubs. A fee-based before-and-after-school activities program, after school adventures, provided enrichment for 1,730 elementary students who participated in a variety of classes including Spanish, music, arts, crafts, Suzuki strings, science, and engineering. A full range of courses is also available to high school students, including advanced placement curriculum.

Business partnerships, job placement, enrichment classes, and assistance to non-English-speaking students are areas of emphasis throughout our K-12 program, as well as our continuing adult education program. The School District's division of continuing education consists of an adult education and recreation/enrichment department directed at meeting the comprehensive needs of the community. Some programs and services offered include the following: high school completion, basic skills (reading/math) improvement, E.L.L. (English language learners) classes, GED testing/preparation, academic/education advising, sports leagues/tournaments (youth and adult), leisure/hobby programs, informational seminars/classes, swimming (instructional and recreational), trips and tours/special events, summer and winter day camps, youth sports camps, School District facility use, and senior citizen resource referral. These community programs and services start with preschool-age children and continue to senior citizen participation with over 20,000 registrations processed each year.

The School District's educational program is built upon a foundation of sound practices designed to promote continuous improvement. The core curriculum of Walled Lake Consolidated School District provides learning experiences in all areas of language arts (reading, writing, speaking, listening, and literature), mathematics, social studies, science, health, physical education, art, vocal and instrumental music, computer instruction (including preparation for Novel and Cisco certification at the high school level), technology education, family life education, business, and world language instruction. The goal of education is to provide all learners with a solid foundation of skills and knowledge, which is necessary for continued growth and success as students within the school setting and as adults in society. As a result of a sound K-12 education based on well-defined benchmarks and related assessments, a Walled Lake Consolidated School District graduate will be "...a caring, knowledgeable, responsible citizen" as defined in the School District's mission statement. Walled Lake Consolidated School District's parents value and support education. Walled Lake Consolidated School District enjoys the active support and participation of parents in PTA groups, booster clubs, and building- and district-level committees. Parent attendance at parent/teacher conferences is high, as is the level of parent volunteerism for activities and programs. The high level of parent involvement contributes greatly to the overall quality of the School District's programs.

Accomplishments

Initiatives

Articulated benchmarks have been completed in mathematics, science, social studies, language arts, world languages, physical education, art, vocal/instrumental music, and business. Resources aligned with the new standards have been purchased, and we are now in full implementation. We also continue the expansion of technology integration into the curriculum. With a combination of owned equipment and the district computer-leasing program, there are over 7,500 units. Our state-of-the-art infrastructure is running smoothly. Teachers and administrators serve on each of the curriculum study committees. All work is submitted to teachers and parents, as well as businesses for review and input before being adopted by the Board of Education. Common metric assessments that align with our benchmarks are administered in the core academic areas of math, science, language arts, and social studies in grades 3-11. Data warehouse software provides benchmark assessment data for instructional analysis. Teams of teachers regularly review the data and make collaborative adjustments for students needing additional instruction to meet the learning objectives.

As a part of the AdvancEd District Accreditation process, each school in Walled Lake will continue to participate in developing and implementing a building-level school improvement plan. This multi-year process is led by the staff at each building and focuses on students' learning needs. Our School District staff development department provides support for the school improvement process through provision of ongoing training, resources, and coordination of School District and building-level activities.

Our technology program continues to expand. This year, our leased PCs and laptops continue at approximately 6,000. In addition, with 3,800 student-owned wireless laptops, as part of our Anytime Anywhere Learning (AAL) laptop program, our infrastructure supports an 11,500 plus user network. All of our schools are now wireless and operate on a high-speed gigabit infrastructure with n-access points. For several years, Walled Lake has been in an exclusivity deal with Hewlett Packard and we have doubled our laptop carts during that period. This has provided all students with greater access to technology. All of our teachers have been provided opportunities to be trained in the effective use of technology in the classroom. We have become a model for districts around the state and the country. The School District has a limited ability to provide a laptop for in-school use to students who do not purchase their own personal laptop. More information about our laptop program, including the research conducted by Wayne State University and the University of Memphis, can be found at our laptop learning website:

www.wlcsd.org/aal

Recent technology changes have included the installation of an active web filter to limit internet use to appropriate content as well as a spam filter to limit inappropriate or irrelevant email communication.

Strategic Plan

Beginning in the spring of 2006, the Walled Lake Schools began its involvement with the North Central Association's District Accreditation Model. This planning and accrediting model offers school districts not only support in their efforts to plan well and assess progress effectively but also provides standards which can serve as guideposts to exemplary practice.

After a merger with the Southern Association, NCA is now known as AdvancED. Schools and districts who are members of AdvancED (as is Walled Lake) continue to have support from a state office in Lansing which guides the activities of continuous improvement in all the district's schools and support departments such as Curriculum, Business, and Operations. Briefly said, the AdvancED Systems Accreditation process is one intended to help school districts get better and know that they have.

In November 2012, the Walled Lake Consolidated Schools hosted a three-day External Team Review. Every five years, all districts following the Systems Accreditation protocol participate in a thorough review by a team of educators from around the country. The 2012 Review was the second such external review for Walled Lake.

The Systems Accreditation model asks school districts to engage in continuous improvement efforts focused on the following areas:

- Purpose and Direction
- Governance and Leadership
- Teaching and Assessing for Learning
- Resources and Support Systems
- Using Results for Continuous Improvement

The AdvancEd process - including periodic external review - provides direction, validation, and recognition for district improvement efforts and results.

The external team interviewed 365 individuals representing teachers, parents, community members, administrators, and support staff. The team made half-day visits to seven schools and spent a full day reviewing documents and interviewing a variety of stakeholder groups.

In preparation for the external review, all schools had prepared an in-depth Self Assessment, gathered and analyzed student achievement data, and studied the results from the surveys that had been distributed to students, staff, and parents.

As a part of their exit report, the External Team cited both “powerful practices” and “required actions.”

In addition to the required actions established above for our School District and buildings, the Board of Education has also identified four major goals.

BOARD GOALS

The Board of Education has adopted the following goals:

Student Success: Ensure that every student is able to reach his/her potential by focusing on:

- ✓ Academic and personal success;
- ✓ Ensuring instructional strategies and practices are research-based and meet the needs of all learners;
- ✓ Collaboration and innovation among all members of our school community;
- ✓ The needs of all learners, and developing action plans to help support those needs;
- ✓ Using data as a means to help drive instruction and planning; and
- ✓ Supporting best practices, proven interventions, and the professional development of our teachers and administrators.

Fiscal Responsibility: Ensure long-term fiscal health of the School District while maximizing dollars available for the classroom and encouraging innovation and the implementation of proven strategies and programs by:

- ✓ Developing budgets that are focused and centered on student achievement goals; and
- ✓ Continuing efficiency and collaboration efforts.

Community Outreach: In partnership with parents and the community, students and staff continually demonstrate they are caring, responsible, and knowledgeable citizens by:

- ✓ Including the community in school and School District events, activities, and efforts;
- ✓ Involving parents and the community in decisions that affect and benefit Walled Lake Consolidated School District;
- ✓ Communicating information to the community to build awareness of Walled Lake Consolidated School District;
- ✓ Providing opportunities for our community to be involved in the School District; and
- ✓ Building partnerships with diverse organizations to mutually strengthen the School District and the communities we serve.

Positive District Culture: Ensure that students are able to thrive in a culture that is safe and positive for them, for staff, for parents and for our community by:

- ✓ Creating a culture of safety and social well-being;
- ✓ Promoting “no tolerance” standards for bullying, harassment, and other unacceptable behaviors;
- ✓ Ensuring that schools and facilities are maintained to the highest degree;
- ✓ Expecting students, staff, and the entire school community to demonstrate respect for one another;
- ✓ Expecting students, staff, and the entire school community to communicate, model, and reinforce standards of ethical conduct and responsible global citizenship; and
- ✓ Continuing to ensure our schools are safe learning environments by annually reviewing Safety Plans; collaborating with local law enforcement officials, and cultivating an overall culture of “safety first.”

Professional Development

The ongoing educational needs of the staff of the Walled Lake Schools are an important focus throughout the School District. Most of these needs are addressed now in a “job-embedded” fashion in which workshops, seminars, and training sessions include topics of immediate interest to teachers, administrators, and support staff.

Such sessions are conducted throughout the year and most often provide participants multiple opportunities to return to important topics to build their skills over time. Topics include Business and Human Resource office initiatives and current technology topics, as well as safety issues, cultural awareness, and numerous instructional ideas.

Professional development in Walled Lake may be organized by teacher leaders, by administrators, by members of the curriculum department, or by colleagues within departments for whom the activities are designed. Topics are current and relevant to procedures and practices and are scheduled with an eye to “on-time delivery.” Planning is collaborative between planners and participants. Responsibilities for content, format, and schedules are now widely assumed by many staff members.

The purposes of all-professional development, however, remain constant:

- To support teachers and administrators in the implementation of the School District’s curricular and assessment programs
- To support the analysis of student achievement data
- To promote excellent instruction in every classroom
- To coordinate the School District’s AdvancED processes and plans
- To ensure that all employees are sufficiently literate in technology
- To provide specialized training for employees, especially in areas such as special education assignments, transportation, food service, etc.

Economic Outlook

Since the passage of Proposal A in 1994, it has become apparent that School District revenue will not keep pace with inflation, nor with School District expenditures as we know them. Proposal A substantially shifted funding responsibility from the local level to the state level and from property tax as the major revenue source. Now, the School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level.

It has been imperative over the last several years that the School District prioritize expenditures and develop long-term strategies to ensure that it is able to maintain a balanced budget into the future. Numerous changes have been made to attempt to keep costs in line with revenue, including consolidations, outsourcing services, changes in services, sharing an administrator with an adjacent district, and budget cuts across every department and at every level. All employee groups also agreed to significant concessions for the 2011-2012 and the 2013-2014 fiscal years.

As we look to the future, an additional challenge to be faced is the projected enrollment declines. As a result and in one of many efforts to meet the current fiscal difficulties, the School District hired a contractor to perform a complex facility study during the 2010-2011 school year. Each building was evaluated to determine optimal utilization, building condition and layout, as well as educational and operational adequacy. Once the study was complete and recommendations were provided, the Board of Education approved the closure of two elementary buildings. The buildings have since been razed and the land has been prepared for sale.

Financial Information - Accounting Controls

Management is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the School District are protected from loss, theft, or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The School District maintains budgetary controls to ensure that budgets are in compliance with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. Formal budgetary integration is employed as a management control device throughout the year for the General Fund, special revenue funds, debt service funds, and capital projects funds. Under the guidelines of the State of Michigan's School Accounting Manual (Bulletin 1022), detailed line-item budget information is provided and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The controls are integrated into the School District's computerized accounting system, which prohibits expenditures exceeding appropriations. An encumbrance system is utilized to measure the uncommitted budget amount available at any given point in time during the year. The budget is amended at least twice during the year to appropriately address variances that occur in enrollment, revenue, and expenditures.

Management believes that the existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they would be detected within a timely manner. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

Financial Condition at June 30, 2013

Please refer to the management's discussion and analysis section for a summary of the financial condition of the School District at June 30, 2013.

Capital Projects Funding

The capital projects funds are used to account for the financial resources to be used for the acquisition, construction, or major renovation of facilities. These funds are financed by bond issues or the support of the General Fund.

Federal Funding

As a recipient of federal, state, and county financial assistance, the School District is responsible for ensuring that an adequate internal and administrative control structure is in place to document compliance with applicable laws and regulations related to those programs. Tests are made by the School District's auditors to determine the adequacy of the internal and administrative control structure.

Independent Audit

The State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was appointed by the Walled Lake Consolidated School District Board of Education to perform this service for the 2012-2013 fiscal year. In addition, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, requires governmental recipients of federal assistance to have organization-wide financial and compliance audits on an annual basis. Both of these requirements have been met, and the auditor's report on the basic financial statements is included herein.

Fund Balance Policy

Annually, the superintendent recommends, and the board approves, as part of the budget process, a desired fund equity level.

Fund equity may be used to supplement possible shortfalls in state, federal, and local revenues, used as a reserve for possible emergency expenditures, or for other reasons deemed necessary by the board. Emergency expenditures may not be taken from the fund equity unless possible surpluses in the existing school budget have been appraised. Emergency expenditures may be recommended by the superintendent and approved by the board. Fund equity funds may not be transferred to expenditure accounts without board approval.

Other Information

Enrollment

For many years, Walled Lake Consolidated Schools enjoyed annual increases in enrollment. This had created the necessity to look at future facility needs. Redistricting studies were constantly being updated, and necessary changes were made among schools. Five-year projections of enrollment are done annually using data from the county, city, and School District. Such information as live births, building permits, cohort survival ratios, and workforce/economic statistics are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for our planning purposes. 2007-2008 represented the first time since 1986 whereby enrollment declined in Walled Lake School District. In 2008-2009, the School District expanded the openings to School of Choice children and experienced a slight increase in students, but enrollment declined again in 2009-2010, 2010-2011, and 2012-2013. Enrollment is projected to decline by 292 students to 14,974 for 2013-2014.

Massive job losses have caused many families to leave Michigan. In addition, our incoming kindergarten classes are smaller than our graduating seniors. These two factors lead us to believe that the School District will continue to experience declining enrollment for the next several years. As mentioned earlier, these projections prompted the Board of Education to have a facility study completed. The study resulted in recommendations and the Board of Education approved the closure of two elementary buildings at the end of the 2011-2012 school year.

Certificate of Excellence

This report has been prepared following the guidelines recommended by the Association of School Business Officials International (ASBO). The ASBO awarded a certificate of excellence in financial reporting to the Walled Lake Consolidated School District for its Comprehensive Annual Financial Report for each of the fiscal years ended June 30, 1994 through June 30, 2012. In order to be awarded a certificate of excellence, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A certificate of excellence is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the certificate of excellence program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

Meritorious Budget Award

The ASBO has awarded a meritorious budget award to Walled Lake Consolidated School District for its budget documents created for each of the fiscal years ended June 30, 2005 through June 30, 2013. We have submitted our budget document for June 30, 2014 and anticipate receiving the certificate. The program was designed to encourage school districts to achieve a very high standard of excellence in budget presentation. In order to be awarded the meritorious budget award, a school district must meet minimum presentation standards for a school system's annual budget document.

Acknowledgments

The preparation of this report was accomplished through the commitment and dedication of the entire business office staff. We would also like to express our appreciation to other departmental individuals who assisted in the preparation of this report.

The School District is highly committed to a program of excellence. A highly dedicated Board of Education has adopted sound policies that facilitate the continued growth and improvement of the total school program. In addition, there is a wide, all-encompassing array of support provided by parents, students, employees, citizens, civic organizations, and hundreds of volunteers that enables the School District to achieve high goals.

Sincerely,



Teri L. Les
Assistant Superintendent of Business Services



Kenneth Gutman
Superintendent of Schools
Board of Education

Walled Lake Consolidated School District

District Officials

Administration

Kenneth Gutman

Superintendent of Schools

Christopher J. Delgado

Deputy Superintendent of Schools

Teri L. Les

Assistant Superintendent of Business Services

Margaret Hazlett

Assist. Superintendent of Human Resources

Mark A. Hess

Exec. Dir. of Instruction, Technology
and Assessment

William Chatfield

Director of Operations

Judy Evola

Director of Community Relations and Marketing

Board of Education

Peggy Casagrande

President

Greg Janicki

Vice President

Denise Bither

Secretary

Mark A. Siegler

Treasurer

Kathy Lyall

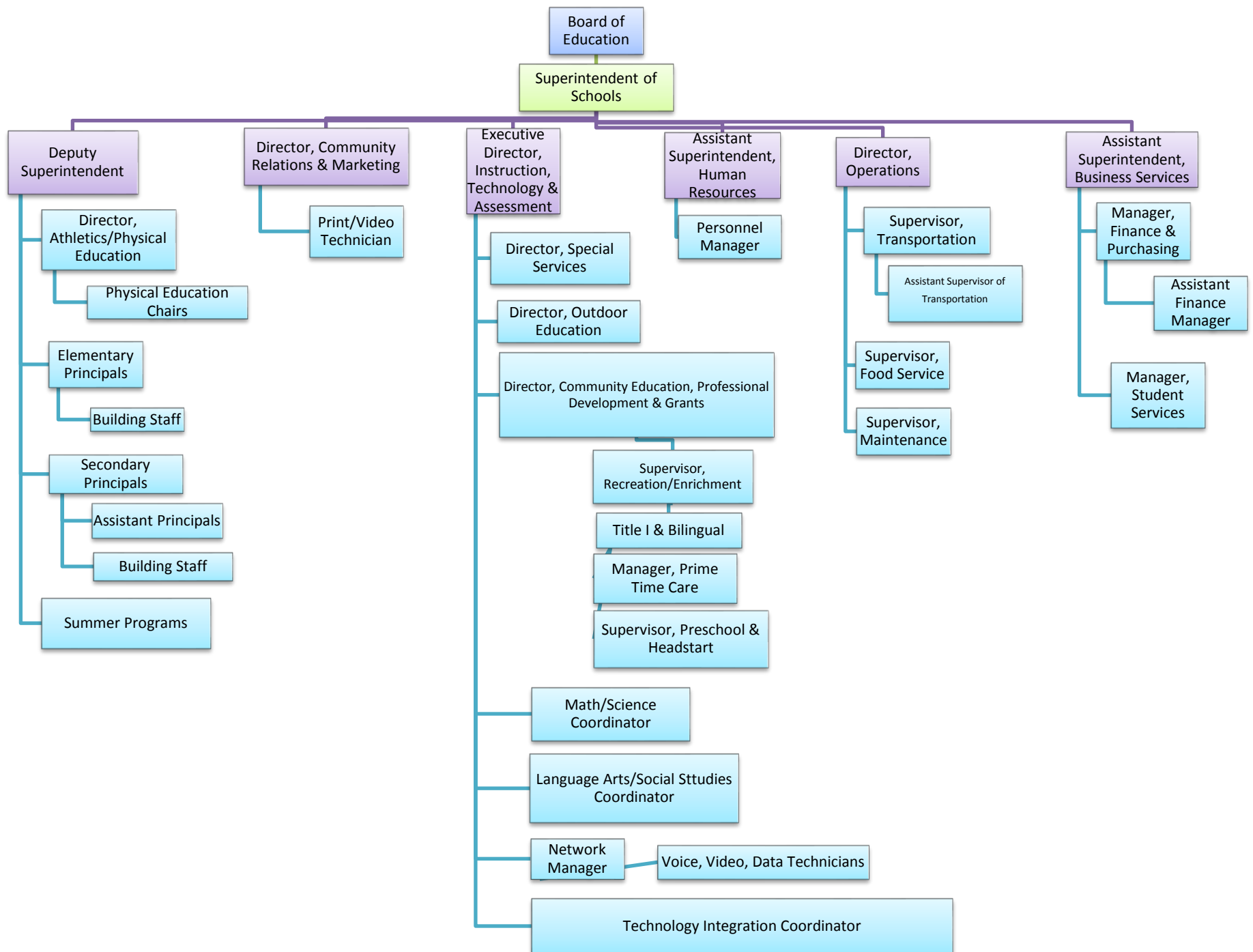
Trustee

Christopher Titus

Trustee

Nancy van Leuwen

Trustee



Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Walled Lake Consolidated School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

Independent Auditor's Report

To the Board of Education
Walled Lake Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Walled Lake Consolidated School District (the "School District") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Walled Lake Consolidated School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Education
Walled Lake Consolidated School District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Walled Lake Consolidated School District as of June 30, 2013 and the respective changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2012, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 62, No. 63, and No. 65. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund budgetary comparison schedules as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Walled Lake Consolidated School District's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Walled Lake Consolidated School District

The accompanying introductory section and statistical tables, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013 on our consideration of Walled Lake Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walled Lake Consolidated School District's internal control over financial reporting and compliance.

Plante & Morse, PLLC

September 25, 2013

Walled Lake Consolidated School District

Management's Discussion and Analysis

This section of Walled Lake Consolidated School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the years ended June 30, 2013 and 2012. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Walled Lake Consolidated School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund - the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Supplemental Information

Statistical Section

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

Reporting the School District as a Whole - Government-wide Financial Statements

The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

These two statements report the School District's net position and how it has changed. Net position - the difference between assets and liabilities, as reported in the statement of net position - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant fund, the General Fund - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Cafeteria and Prime Time Care Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

Governmental Funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2013 and 2012:

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

TABLE I

	Governmental Activities	
	2013	2012
	(in millions)	
Assets		
Current and other assets	\$ 37.3	\$ 43.5
Property and equipment	214.8	219.4
Total assets	252.1	262.9
Deferred Outflows of Resources - Deferred charges on bond refunding	1.9	1.5
Total assets and deferred outflows of resources	254.0	264.4
Liabilities		
Current liabilities	22.6	20.2
Long-term liabilities	125.8	138.2
Total liabilities	148.4	158.4
Net Position		
Net investment in capital assets	96.1	88.1
Restricted	3.2	6.2
Unrestricted	6.3	11.7
Total net position	<u>\$ 105.6</u>	<u>\$ 106.0</u>

The above analysis focuses on the net position (see Table I). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was \$105.6 million and \$106 million at June 30, 2013 and 2012, respectively. Net investment in capital assets, totaling \$96.1 million, compares the original cost less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position amounts are reported separately to show legal constraints from enabling legislation that limit the School District's ability to use net position for day-to-day operations. The remaining amount of net position (\$6.3 million) was unrestricted.

The \$6.3 million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years June 30, 2013 and 2012 (see Table 2).

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

TABLE 2

Governmental Activities	
Year Ended June 30	
2013	2012
(in millions)	

Revenue

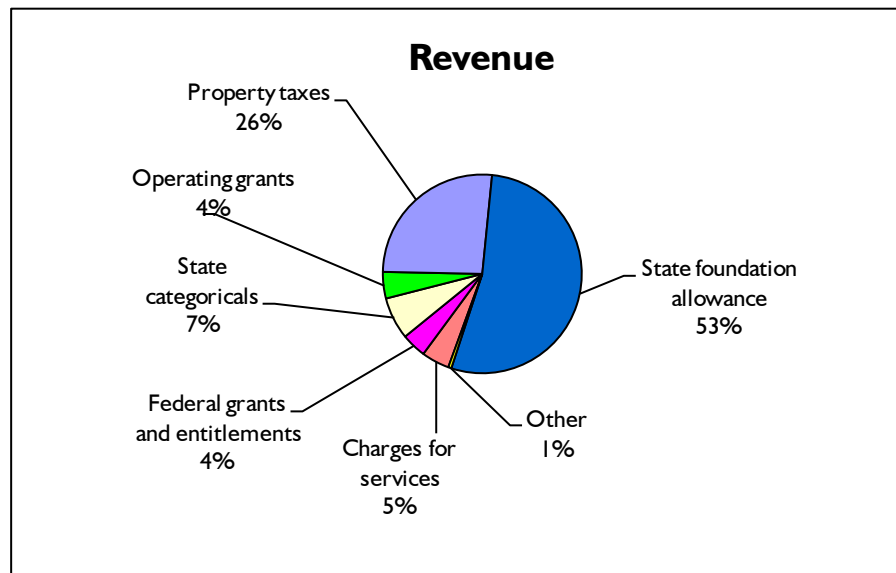
Program revenue:

Charges for services	\$ 8.0	\$ 8.0
Federal grants and entitlements	7.1	7.1
State categoricals	12.1	8.0
Operating grants	7.6	9.6

General revenue:

Property taxes	46.2	49.7
State foundation allowance	94.1	95.4
Federal stabilization funds	0.1	0.5
Impairment loss on capital assets	-	(6.8)
Other	0.8	1.3

Total revenue	176.0	172.8
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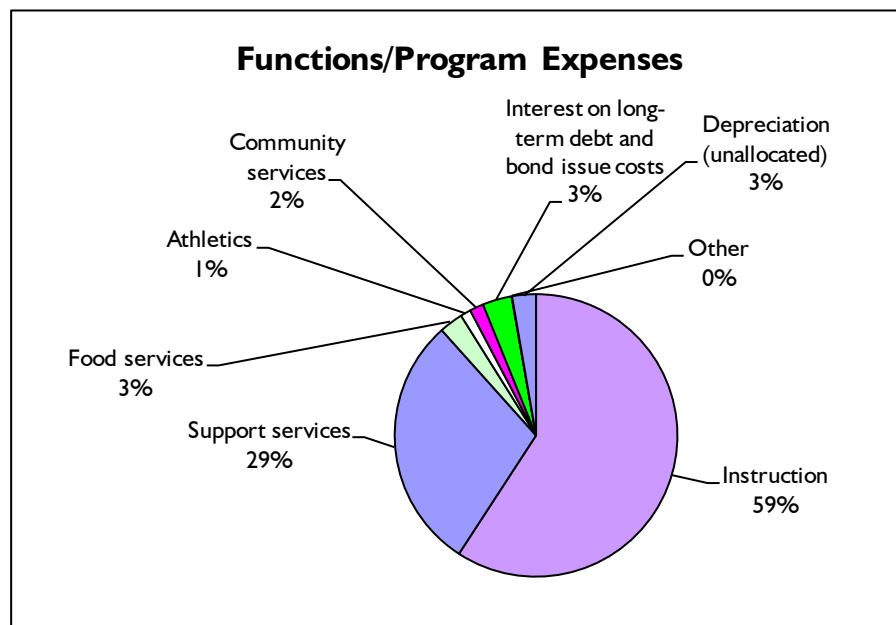


Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental Activities	
	Year Ended June 30	
	2013	2012
	(in millions)	
Functions/Program Expenses		
Instruction	\$ 104.4	\$ 101.6
Support services	51.5	49.7
Food services	4.8	4.9
Athletics	2.1	2.1
Community services	2.8	2.5
Interest on long-term debt and bond issue costs	5.9	6.7
Other	0.1	-
Depreciation (unallocated)	4.8	5.1
Total functions/program expenses	176.4	172.6
(Decrease) Increase in Net Position	(0.4)	0.2
Net Position - Beginning of year	106.0	105.8
Net Position - End of year	<u>\$ 105.6</u>	<u>\$ 106.0</u>



Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$176.4 million. Certain activities were partially funded from those who benefited from the programs (\$8.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$26.8 million). We paid for the remaining "public benefit" portion of our governmental activities with \$46.2 million in taxes, \$94.1 million in state foundation allowance, and with our other revenue (i.e., interest and other general revenue).

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of School District operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the General Fund reported a fund balance of \$11.2 million, which is a decrease of \$4.8 million from last year. This use of fund balance was planned in an effort to provide some stability after numerous years of staff cuts and concessions.

The School District budgeted a decrease of \$5.3 million. The difference was due primarily to expenditure reductions and restrictions imposed by the School District during 2012-2013.

The General Fund fund balance is available to fund costs related to allowable school operating purposes.

The other nonmajor government funds have a combined fund balance of \$4.2 million, which represents a decrease of approximately \$3.6 million. This net decrease is primarily due to the use of fund balance within the debt service funds for the payment of interest and principal on the various bond issues.

Budgetary Highlights

Over the course of the year, the School District revises its budget to reflect changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in early June. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

There were significant revisions made to the 2012-2013 General Fund original budget. Budgeted State source revenue and retirement expenditures for all groups were adjusted to reflect an appropriation approved by the State. Monies were allocated to school districts to assist with the increasing cost of retirement. The revenue from the State and the corresponding expenses were budgeted when they began to be known, following the adoption of the original budget.

A large amount of federal revenue was deferred along with the related expenditures. As a result, federal revenue and the expenses in several areas were also reduced.

Budgeted expenditures for transportation were increased as a result of employee payouts following privatization of that operation.

There were no significant budget amendments to the special revenue funds, capital projects funds, or the debt service funds during the year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2013 and 2012, the School District had \$214.8 million and \$219.4 million, respectively, invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$4.6 million from last year.

	2013	2012
Assets not being depreciated - Land	\$ 12,934,330	\$ 12,934,330
Assets not being depreciated - Construction in progress	214,333	660,264
Building and building improvements	293,189,883	290,579,848
Furniture and equipment	14,102,476	14,057,951
Buses and other vehicles	8,327,319	8,545,089
Total capital assets	328,768,341	326,777,482
Less accumulated depreciation	113,925,248	107,334,841
Net capital assets	<u>\$ 214,843,093</u>	<u>\$ 219,442,641</u>

This year's additions of \$3.2 million included equipment, building renovations, and site improvements completed during the 2013 fiscal year as well as site improvements that began during the 2013 fiscal year. The School District passed a 0.50 mill Building and Site Improvement Fund, or Sinking Fund, during 2004. In November 2012, the community passed a 10-year renewal of the Sinking Fund. These funds have allowed the School District to proceed with several projects and capital additions.

We present more detailed information about our capital assets in the notes to the financial statements.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

Debt

At the end of this year, the School District had \$115.3 million in General Obligation Bonds outstanding versus \$127.7 million last year - a decrease of 10.0 percent.

The School District's general obligation bond rating is "AA-" from Standard & Poor's Corporation and "Aa2" from Moody's Investor Services. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," that is, debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District does not have any outstanding unqualified general obligation debt.

Other obligations include debt premiums, compensated absences, workers' compensation, and other amounts. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2014 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2014 fiscal year has changed and will include 90 percent of the October 2013 count and 10 percent of the February 2014 count. The 2014 budget was adopted in June 2013, based on an estimate of students that will be enrolled in September 2013. Approximately 88 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts. The School Aid Bill for the 2013-2014 school year included a \$30 per-pupil increase. The total foundation grant for Walled Lake Consolidated Schools will be \$8,195 for 2013-2014. Additional funding will continue to assist districts with increasing retirement costs. A new allocation was approved by the State which is known as Hold Harmless funding. The purpose of this funding is to ensure that all Michigan school districts experience an increase of at least \$5 per pupil. The School District also expects to continue to qualify for \$52 per pupil offered by the State to all districts able to accomplish defined best practices.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

We are currently projecting fund balance to be approximately \$7.2 million at the end of 2013-2014. The superintendent annually recommends, and the Board of Education approves, a minimum fund balance level. Administration will need to continue to monitor funding and reduce expenditures as necessary to maintain this approved level, which is currently \$7 million.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business department at 850 Ladd Road, Building D, Walled Lake, Michigan 48390.

Walled Lake Consolidated School District

Statement of Net Position June 30, 2013

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 11,604,118
Receivables:	
Accounts receivable	259,745
Due from other governmental units (Note 6)	22,010,121
Inventories	221,288
Prepaid costs	331,430
Restricted assets (Notes 3 and 9)	2,834,978
Capital assets not being depreciated (Note 4)	13,148,663
Capital assets - Less accumulated depreciation of \$113,925,248 (Note 4)	201,694,430
Total assets	252,104,773
Deferred Outflows of Resources - Deferred charges on bond refunding (Note 8)	1,953,484
Total assets and deferred outflows of resources	254,058,257
Liabilities	
Accounts payable	1,307,845
Accrued payroll and other liabilities	20,907,149
Unearned revenue (Note 7)	443,995
Long-term liabilities (Note 8):	
Bonds and other obligations, due within one year	14,630,551
Bonds and other obligations, due in more than one year	111,138,434
Total liabilities	148,427,974
Net Position	
Net investment in capital assets	96,189,270
Restricted:	
Capital projects	2,518,036
Food service	636,720
Unrestricted	6,286,257
Total net position	\$ 105,630,283

Walled Lake Consolidated School District

Statement of Activities Year Ended June 30, 2013

	Program Revenue			Governmental
				Activities
				Net (Expense)
				Revenue and
				Changes in Net
	Expenses	Charges for	Operating	Position
		Services	Grants and	
			Contributions	
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 104,389,365	\$ 1,309,159	\$ 22,836,329	\$ (80,243,877)
Support services	51,537,413	-	2,025,630	(49,511,783)
Athletics	2,072,852	1,014,774	-	(1,058,078)
Food services	4,764,522	2,586,801	1,811,320	(366,401)
Community services	2,784,067	3,095,110	111,453	422,496
Interest	6,049,847	-	-	(6,049,847)
Depreciation expense (unallocated), excluding direct depreciation allocated to programs	4,802,801	-	-	(4,802,801)
Total primary government	<u>\$ 176,400,867</u>	<u>\$ 8,005,844</u>	<u>\$ 26,784,732</u>	(141,610,291)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				28,406,987
Property taxes, levied for debt service				15,842,447
Property taxes, levied for sinking fund				1,920,768
State aid not restricted to specific purposes				94,070,693
Federal sources - Unrestricted				82,661
Interest and investment earnings				61,028
Gain on the sale of capital assets				72,030
Other				810,109
Total general revenue				<u>141,266,723</u>
Change in Net Position				(343,568)
Net Position - Beginning of year				<u>105,973,851</u>
Net Position - End of year				<u>\$ 105,630,283</u>

Walled Lake Consolidated School District

Governmental Funds Balance Sheet June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total
Assets			
Cash and investments (Note 3)	\$ 11,072,407	\$ 531,711	\$ 11,604,118
Receivables:			
Accounts receivable	257,272	2,473	259,745
Due from other governmental units (Note 6)	21,922,538	87,583	22,010,121
Due from other funds (Note 5)	-	1,073,265	1,073,265
Inventories	169,573	51,715	221,288
Prepaid costs	331,430	-	331,430
Restricted assets (Notes 3 and 9)	-	2,834,978	2,834,978
Total assets	<u>\$ 33,753,220</u>	<u>\$ 4,581,725</u>	<u>\$ 38,334,945</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 860,931	\$ 330,483	\$ 1,191,414
Accrued payroll and other liabilities	19,988,677	-	19,988,677
Due to other funds (Note 5)	1,155,590	34,106	1,189,696
Unearned revenue (Note 7)	385,355	58,640	443,995
Total liabilities	22,390,553	423,229	22,813,782
Deferred Inflows of Resources - Unavailable revenue (Note 7)	144,495	-	144,495
Total liabilities and deferred inflows of resources	22,535,048	423,229	22,958,277
Fund Balances			
Nonspendable:			
Inventories	169,573	51,715	221,288
Prepaid costs	331,430	-	331,430
Restricted:			
Capital projects	-	2,518,036	2,518,036
Debt service	-	25,001	25,001
Special revenue funds - Food service	-	585,005	585,005
Committed:			
Community education	-	158,053	158,053
Enrichment/Prime Time Care	-	635,038	635,038
Preschool	-	185,648	185,648
Assigned - 2014 appropriation	3,548,618	-	3,548,618
Unassigned - General Fund	7,168,551	-	7,168,551
Total fund balances	<u>11,218,172</u>	<u>4,158,496</u>	<u>15,376,668</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,753,220</u>	<u>\$ 4,581,725</u>	<u>\$ 38,334,945</u>

Walled Lake Consolidated School District

Governmental Funds **Reconciliation of the Balance Sheet of Governmental Funds to the** **Statement of Net Position** **June 30, 2013**

Fund Balance Reported in Governmental Funds \$ 15,376,668

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

Capital assets used in governmental activities are
not financial resources and are not reported
in the funds:

Cost of capital assets	\$ 328,768,341	
Accumulated depreciation	<u>(113,925,248)</u>	214,843,093

Other long-term assets are not available to pay current period expenditures, therefore are deferred in the funds		144,495
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Deferred charges reported as expenditures in the governmental funds are capitalized and amortized in the statement of activities		1,953,484
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Long-term liabilities are not due and payable in
the current period and are not reported in
the funds:

Bonds payable including premium	(120,607,295)	
Compensated absences and longevity	(4,695,536)	
Risk liabilities	<u>(466,154)</u>	
Total long-term liabilities		(125,768,985)

Accrued interest payable is not included as a liability in governmental activities		<u>(918,472)</u>
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Net Position of Governmental Activities **\$ 105,630,283**

Walled Lake Consolidated School District

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Local sources	\$ 31,899,959	\$ 23,199,246	\$ 55,099,205
State sources	105,934,892	214,397	106,149,289
Federal sources	5,548,067	1,596,923	7,144,990
Interdistrict sources	7,529,134	-	7,529,134
Total revenue	150,912,052	25,010,566	175,922,618
Expenditures			
Current:			
Instruction	102,680,760	-	102,680,760
Support services	50,314,478	-	50,314,478
Athletics	2,072,852	-	2,072,852
Food services	-	4,633,140	4,633,140
Community services	187,462	2,596,605	2,784,067
Debt service:			
Principal	-	12,510,000	12,510,000
Interest	-	5,779,454	5,779,454
Other	-	135,154	135,154
Capital outlay	541,717	2,841,494	3,383,211
Total expenditures	155,797,269	28,495,847	184,293,116
Excess of Revenue Under Expenditures	(4,885,217)	(3,485,281)	(8,370,498)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	72,030	-	72,030
Payment to escrow agent	-	(7,786,798)	(7,786,798)
Transfers in	-	1,608,127	1,608,127
Transfers out	-	(1,608,127)	(1,608,127)
Face value of debt issued	-	7,225,000	7,225,000
Premium on debt issued	-	461,790	461,790
Total other financing sources (uses)	72,030	(100,008)	(27,978)
Net Change in Fund Balances	(4,813,187)	(3,585,289)	(8,398,476)
Fund Balances - Beginning of year	16,031,359	7,743,785	23,775,144
Fund Balances - End of year	<u>\$11,218,172</u>	<u>\$ 4,158,496</u>	<u>\$ 15,376,668</u>

Walled Lake Consolidated School District

Governmental Funds **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances of Governmental Funds** **to the Statement of Activities** **Year Ended June 30, 2013**

Net Change in Fund Balances - Total Governmental Funds **\$ (8,398,476)**

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, these costs are
allocated over their estimated useful lives as depreciation:

Depreciation expense	\$ (7,149,153)	
Capitalized capital outlay	<u>2,549,605</u>	(4,599,548)

Revenue is reported in the statement of activities that does not
provide current financial resources and is not reported as
revenue in the governmental funds 144,495

Revenue is reported in the statement of activities that does not
provide current financial resources and is not reported as
revenue in the governmental funds - Prior year (227,119)

Increases in bonded and other debt are reported as revenue
when the proceeds from the debt are received (7,225,000)

Underwriter's premium reported as revenue in the funds and
amortized in the statement of activities. 165,533

Accrued interest expense is recorded in the statement of
activities when incurred; it is not reported in governmental
funds until paid (918,472)

Accrued interest expense is recorded in the statement of
activities when incurred; it is not reported in governmental
funds until paid - Prior year 783,233

Deferred charges on debt refunding were recognized at the
government-wide level and are being amortized to expense
over the life of the bonds in the statement of activities 447,043

Issuance costs were recognized as expenditures in the
governmental funds when the debt was issued, but were
deferred in prior years and written off in the current year (222,293)

Repayment of bond principal is an expenditure in the
governmental funds, but not in the statement of activities
(where it reduces long-term debt) 19,590,000

Compensated absences, as well as self-insured liability claims,
are recorded when earned in the statement of activities. In
the current year, more was paid out than was earned 117,036

Change in Net Position of Governmental Activities **\$ (343,568)**

Walled Lake Consolidated School District

Fiduciary Funds **Statement of Fiduciary Assets and Liabilities** **June 30, 2013**

	<u>Agency Funds</u>
Assets	
Cash and investments (Note 3)	\$ 1,746,473
Due from other funds (Note 5)	116,431
Accounts receivable	<u>1,946</u>
Total assets	<u>\$ 1,864,850</u>
Liabilities	
Accounts payable	\$ 45,263
Due to student groups	<u>1,819,587</u>
Total liabilities	<u>\$ 1,864,850</u>

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies

The accounting policies of Walled Lake Consolidated School District (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the School District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District. Based on the application of the criteria, the School District does not contain any component units. The accompanying financial statements include all funds, departments, and other operations that are subject to the oversight of the Board of Education described above. There are no other agencies or other units of government that have been or should be combined within the Schools District's financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. All of the School District's government-wide activities are considered 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. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note I - Nature of Business and Significant Accounting Policies (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes, unrestricted state aid, and unrestricted federal funds.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The School District reports the following major governmental fund:

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

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds are shown in the nonmajor governmental funds combining schedules included in the other supplemental information. Any operating deficit generated by these activities is the responsibility of the General Fund.

The School District's special revenue funds are as follows:

The Cafeteria Fund accounts for all monies generated from the cafeteria operations throughout the various buildings of the School District. Revenue sources for the Cafeteria Fund include sales to customers and dedicated grants from state and federal sources.

The Community Education Fund is used to account for all monies originating from educational programs run by the School District other than preschool and kindergarten through 12th grade programs. Revenue sources for the Community Education Fund consist primarily of tuition and fees charged to users.

The Preschool Fund accounts for all monies originating from the preschool programs run by the School District. Revenue sources for the Preschool Fund consist primarily of tuition charged to users.

The Enrichment/Prime Time Care Fund accounts for all monies originating from the School District's Enrichment and Prime Time Care (Latchkey) programs. Revenue sources for the Enrichment/Prime Time Care Fund consist primarily of tuition and fees charged to users.

Debt Service Funds - Debt Service Funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the various bond issues. The School District currently has five debt retirement funds. The 2004 Debt Service Fund was created for school building and site improvements. The 2005 Debt Service Fund was created for the advance refunding of a portion of the 2000 bond issue. The 2006 Debt Service Fund and 2012 Debt Service Fund were created for the advance refunding of a portion of the 2004 bond issue. The 2011 Debt Service Fund was created for the advance refunding of a portion of the 2001 bond issue.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note I - Nature of Business and Significant Accounting Policies (Continued)

Capital Projects Funds - Capital Projects Funds are used to record bond proceeds, sinking funds, or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The funds operate until the purpose for which they were created is accomplished.

The School District currently has two Capital Projects Funds. The 2000 Bond Issue Project Fund contains the proceeds and accounts for the capital outlay of the bond issue. The Sinking Fund contains the related tax revenue and accounts for the expenditures of approved Sinking Fund projects.

Student Activities Agency Fund - The School District presently maintains an Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Assets, Liabilities, and Net Position or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the debt service fund is generally allocated to each fund using the same percentages used to split property tax revenue.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds."

The School District considers all trade and property tax receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on July 1 for taxes due August 15. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements. Prepaid costs of governmental funds are recorded as expenditures when consumed rather than when purchased.

Restricted Assets - The unspent bond proceeds and related interest of the capital projects funds require amounts to be set aside for construction. In addition, the unspent property taxes levied in the Debt Service Funds and Sinking Fund are required to be set aside for future bond principal and interest payments and approved Sinking Fund projects, respectively. These amounts have been classified as restricted assets.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and other equipment	5 to 10 years

Compensated Absences (Vacation and Sick Leave) and Longevity - The liability for compensated absences reported in the government-wide statements consists of salary-related payments resulting from accumulated unpaid annual vacation and sick balances. The liability for longevity is a future benefit that consists of amounts due to eligible employees based on their respective contracts. A liability for these amounts is reported in the governmental funds when it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The School District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grant payments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education
- **Unassigned:** Amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note I - Nature of Business and Significant Accounting Policies (Continued)

On an annual basis, the superintendent recommends, and the Board of Education approves a fund balance policy. The fund balance policy prescribed the minimum fund balance for 2012-2013 of \$7 million. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Flow Assumption - Restricted resources are utilized first when both restricted and unrestricted resources are used for the same purpose. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy is to spend funds in this order: committed, assigned, and unassigned.

Comparative Data - Comparative data is not included in the School District's financial statements.

Accounting Change - Effective July 1, 2012, the School District implemented the provisions of Governmental Accounting Standards Board No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. This statement did not have a significant impact on the School District's financial statements.

Effective July 1, 2012, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement impacted the format and report of the balance sheet at the government-wide and also at the fund level.

Also effective July 1, 2012, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, special revenue funds (Cafeteria), debt service funds, and capital projects funds. Capital projects funds are budgeted together in one budget. Budgets not required by law (debt service and capital projects) are not formally adopted by the Board of Education. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. For budgeting purposes, capital outlay is classified within the related function and proceeds from the sale of capital assets are classified within local revenue.

Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds - The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance - The Sinking Fund Capital Projects Fund records capital project activities funded with sinking fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the State of Michigan School Code.

Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has utilized three financial institutions for the deposit of its funds.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 3 - Deposits and Investments (Continued)

The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government and bank accounts and CDs, and the remainder of state statutory authority as listed above.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$14,685,360 had \$14,185,360 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District did not have investment securities that were uninsured and unregistered.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 3 - Deposits and Investments (Continued)

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
Bank investment pools:				
JPMorgan Chase Michigan Governmental Money Market Fund	\$ 1,765,052	Not required	Aaa	Moody's
Comerica J Fund	<u>21,839</u>	Not required	AI/PI/FI	Moody's
Total	<u>\$ 1,786,891</u>			

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 4 - Capital Assets

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

	Balance July 1, 2012	Additions and Adjustments	Disposals and Adjustments	Balance June 30, 2013
Assets not being depreciated:				
Land	\$ 12,934,330	\$ -	\$ -	\$ 12,934,330
Construction in progress	660,264	214,333	660,264	214,333
Subtotal	13,594,594	214,333	660,264	13,148,663
Capital assets being depreciated:				
Buildings and building improvements	290,579,848	2,610,035	-	293,189,883
Furniture and equipment	14,057,951	44,525	-	14,102,476
Buses and other vehicles	8,545,089	340,976	558,746	8,327,319
Subtotal	313,182,888	2,995,536	558,746	315,619,678
Accumulated depreciation:				
Buildings and building improvements	89,655,816	6,010,685	-	95,666,501
Furniture and equipment	10,813,866	528,022	-	11,341,888
Buses and other vehicles	6,865,159	610,446	558,746	6,916,859
Subtotal	107,334,841	7,149,153	558,746	113,925,248
Net capital assets being depreciated	205,848,047	(4,153,617)	-	201,694,430
Net capital assets	\$ 219,442,641	\$ (3,939,284)	\$ 660,264	\$ 214,843,093

Depreciation expense was charged to activities of the School District (primary government) as follows:

Governmental activities:

Instruction	\$ 1,931,701
Support services	414,651
Unallocated	4,802,801

Total governmental activities \$ 7,149,153

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 1,155,590
Nonmajor governmental funds	1,073,265	34,106
Fiduciary Fund	116,431	-
Total	<u>\$ 1,189,696</u>	<u>\$ 1,189,696</u>

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund balances represent routine deposits received by the General Fund that will be transferred to other funds' investment accounts and temporary cash flow assistance between funds. Interfund balances due to the debt service funds are due to the timing of property tax receipts received in the General Fund.

Interfund Transfers

The 2004 Debt Retirement Fund transferred \$205,000 to the 2012 Debt Retirement Fund as a contribution from prior bonds' debt retirement fund to supplement the advanced refunding. The 2005 Debt Service Fund transferred \$708,000 and \$652,000 to the 2011 Debt Retirement Fund and 2004 Debt Retirement Fund, respectively, and the 2012 Debt Retirement Fund and 2006 Debt Retirement Fund transferred \$25,275 and \$17,852, respectively, to the 2005 Debt Retirement Fund in order to redistribute tax revenue needed to cover required debt principal and interest payments.

Note 6 - Due from Other Governmental Units

The State of Michigan distributes state aid payments from October through August. At June 30, 2013, two payments are still outstanding which make up the majority of the balance due from other governmental units. The remainder relates to federal grant receivables due from various governmental units.

Note 7 - Unavailable/Unearned Revenue

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

	Deferred Inflow - Unavailable	Liability - Unearned
Tuition received in advance	\$ -	\$ 128,938
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	315,057
Grant payments not available to liquidate current liabilities	144,495	-
Total	<u>\$ 144,495</u>	<u>\$ 443,995</u>

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 8 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences and risk liabilities. Compensated absences and risk liabilities are paid through the related funds, which include the General Fund and all special revenue funds.

During the year, the School District entered into a line of credit agreement with an available borrowing limit of \$5,000,000. Interest is payable monthly at the bank's prime rate (an effective rate of 3.25 percent at June 30, 2013). There was no outstanding balance on the line of credit at June 30, 2013.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds	\$ 127,690,000	\$ 7,225,000	\$ 19,590,000	\$ 115,325,000	\$ 11,800,000
Bond premium	5,447,828	461,790	627,323	5,282,295	627,323
Less deferred amounts:					
Deferred outflow - Deferred charges from refunding bonds	(1,506,441)	706,798	(259,755)	(1,953,484)	-
Issuance costs	(222,293)	-	(222,293)	-	-
Total bonds payable	131,409,094	6,979,992	19,735,275	118,653,811	12,427,323
Compensated absences and longevity	4,643,285	2,334,727	2,282,476	4,695,536	1,978,370
Workers' compensation	565,583	108,081	207,510	466,154	224,858
High deductible health insurance	69,858	-	69,858	-	-
Total governmental activities	\$ 136,687,820	\$ 9,422,800	\$ 22,295,119	\$ 123,815,501	\$ 14,630,551

Annual debt service requirements to maturity for the above governmental bond obligations are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	\$ 11,800,000	\$ 5,372,831	\$ 17,172,831
2015	12,385,000	4,797,560	17,182,560
2016	12,855,000	4,293,250	17,148,250
2017	12,730,000	3,684,550	16,414,550
2018	12,635,000	3,103,050	15,738,050
2019-2023	51,305,000	6,668,400	57,973,400
2024	1,615,000	64,600	1,679,600
Total	\$ 115,325,000	\$ 27,984,241	\$ 143,309,241

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 8 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following at June 30, 2013:

\$27,260,000 general obligation bonds due in an installment of \$1,625,000 on May 1, 2014; interest at 4.125 percent. Purpose of issue: renovations to middle school, high school, and outdoor education center, purchase 61 buses, upgrade technology infrastructure, and make stadium upgrades. A total of \$9,170,000 and \$7,080,000 of these bonds was refunded in 2007 and 2012, respectively	\$ 1,625,000
\$71,190,000 general obligation bonds due in annual installments of \$5,800,000 to \$5,825,000 through May 1, 2022; interest at 5.0 percent. Purpose of issue: partial refunding of 2000 bond issue	52,350,000
\$10,000,000 general obligation bonds due in annual installments of \$60,000 to \$1,685,000 through May 1, 2024; interest at 4.0 percent. Purpose of issue: partial refunding of 2004 bond issue	9,670,000
\$49,485,000 general obligation bonds due in annual installments of \$4,315,000 to \$5,385,000 through May 1, 2022; interest at 2.0 to 5.0 percent. Purpose of issue: partial refunding of 2001 bond issue	44,455,000
\$7,225,000 general obligation bonds due in annual installments of \$590,000 to \$1,705,000 through May 1, 2019; interest at 3.0 percent. Purpose of issue: partial refunding of 2004 bond issue	<u>7,225,000</u>
Total bonded debt	<u>\$ 115,325,000</u>

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 8 - Long-term Debt (Continued)

Advance and Current Refundings - During the year, the School District issued \$7,225,000 in general obligation bonds with an interest rate of 3.0 percent. The proceeds of these bonds were used to advance refund \$7,080,000 of outstanding general obligation bonds with an average interest rate of 5.25 percent. The net proceeds of \$7,121,556 (after payment of \$103,444 in underwriting fees, insurance, and other issuance costs) plus an additional \$205,000 of 2004 Debt Retirement Fund monies and a premium of \$461,790, were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the School District's long-term obligations. The advance refunding reduced total debt service payments by approximately \$428,000, which represents an economic gain of approximately \$411,000.

In prior years, the School District defeased certain 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 accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2013, \$16,250,000 of bonds outstanding are considered defeased.

Note 9 - Restricted Assets

The balances for the restricted asset accounts are as follows:

	Governmental Activities
Unspent bond proceeds and related interest	\$ 21,839
Unspent sinking fund property taxes levied	2,811,389
Unspent debt service property taxes levied	1,750
Total restricted assets	<u>\$ 2,834,978</u>

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property and general liability claims and participates in the Metropolitan Association for Improved School Legislation risk pool (MAISL) for claims relating to property and general liability. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three years. No significant reduction in insurance coverage has occurred.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 10 - Risk Management (Continued)

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District is self-insured for workers' compensation claims. The workers' compensation liabilities are recorded when the occurrence of the liabilities is probable and reasonably estimable. The amounts recorded as of June 30, 2013 are based on compensation and medical costs expected to be paid for all claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded on the statement of net position as other obligations.

As of July 1, 2012, the School District is no longer self-insured for a high deductible medical plan. All health insurance is fully insured. The liability of \$69,858 as of June 30, 2012 was paid using the School District's deposit and all unused funds were paid back to the School District subsequent to year end.

Changes in the estimated liabilities of the School District's self-insured plans for the past two fiscal years were as follows:

	2013	2012
Estimated liability - Beginning of year	\$ 635,441	\$ 523,660
Estimated claims incurred - Including changes in estimates	108,081	855,835
Claim payments	(277,368)	(744,054)
Unpaid claims - End of year	<u>\$ 466,154</u>	<u>\$ 635,441</u>

Note 11 - Defined Benefit Pension Plan and Postemployment Benefits

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 11 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate for basic plan members was 15.96 percent of covered payroll for the period from July 1, 2012 through September 30, 2012. The employer contribution rate for pension plus plan members was 14.73 percent for the period from July 1, 2012 through September 30, 2012. Beginning October 1, 2012 through January 31, 2013, employees were given the following plan options with the corresponding employer contribution rates:

	First Worked Before July 1, 2010*	First Worked on or After July 1, 2010, Through September 3, 2012**	First Worked on or After September 4, 2012 and Remain Pension Plus	First Worked on or After September 4, 2012 and Elect DC
Pension contributions	16.25 %	15.02 %	15.02 %	12.78 %
Health contributions	9.11 %	9.11 %	8.18 %	8.18 %

* Basic, MIP Fixed, MIP Graded, MIP Plus

** Pension Plus

For the period from February 1, 2013 through June 30, 2013, employees could transition to a defined contribution plan (DC), and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF), depending upon their date of hire and retirement plan election. Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21 %	15.02 %	15.02 %	12.78 %	12.78 %	12.78 %	15.21 %
Health contributions	9.11 %	9.11 %	8.18 %	8.18 %	9.11 %	8.18 %	8.18 %
Defined contribution plan employer contributions:							
DC employer contributions	0.00 %	1.00 %	1.00 %	3.00 %	4.00 %	4.00 %	0.00 %
Personal Healthcare Fund	0.00 %	0.00 %	2.00 %	2.00 %	0.00 %	2.00 %	2.00 %

* First worked September 4, 2012 or later

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 11 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

The School District's required and actual contributions to the plan for the years ended June 30, 2013, 2012, and 2011 were \$13,583,755, \$12,793,645, and \$10,755,434, respectively.

Postemployment Benefits - Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 8.5 percent of covered payroll for the period from July 1, 2012 through September 30, 2012. For the period from October 1, 2012 through June 30, 2013, the employer contribution rate ranged from 8.18 percent to 9.11 percent dependent upon the employee's date of hire and plan election as noted above. Effective February 1, 2013, members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 401(k) account.

The School District's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2013, 2012, and 2011 were \$7,756,558, \$7,222,666, and \$7,363,349, respectively.

Note 12 - Lease Commitments

The School District leases computer equipment under noncancellable operating lease agreements that expire at various dates through October 2016. Total lease expense for computer equipment operating leases was \$1,449,253 for the year ended June 30, 2013.

The future minimum lease payments for these leases are as follows:

Years Ending June 30	Amount
2014	\$ 1,429,762
2015	1,247,898
2016	1,208,903
2017	896,963
2018	475,451
Total	<u>\$ 5,258,977</u>

Walled Lake Consolidated School District

Notes to Financial Statements June 30, 2013

Note 13 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

Required Supplemental Information

Walled Lake Consolidated School District

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 34,125,710	\$ 32,057,376	\$ 31,971,989	\$ (85,387)
State sources	102,868,199	105,598,445	105,934,892	336,447
Federal sources	5,696,414	6,424,480	5,548,067	(876,413)
Interdistrict sources	7,551,855	7,645,263	7,529,134	(116,129)
Total revenue	150,242,178	151,725,564	150,984,082	(741,482)
Expenditures - Current				
Instruction:				
Basic program	85,040,744	85,117,364	84,795,686	(321,678)
Added needs	18,318,219	18,441,945	18,023,542	(418,403)
Support services:				
Pupil	12,436,810	12,932,268	12,773,098	(159,170)
Instructional staff	5,617,632	5,492,756	5,369,093	(123,663)
General administration	597,485	631,850	624,206	(7,644)
School administration	8,704,391	8,747,360	8,639,108	(108,252)
Business services	2,184,831	1,992,248	2,007,110	14,862
Operations and maintenance	10,108,478	9,882,946	9,950,398	67,452
Pupil transportation services	7,180,900	7,592,024	7,715,869	123,845
Central	4,011,113	3,788,588	3,638,845	(149,743)
Athletics	2,193,858	2,103,029	2,072,852	(30,177)
Community services	148,771	280,780	187,462	(93,318)
Total expenditures	156,543,232	157,003,158	155,797,269	(1,205,889)
Net Change in Fund Balance	(6,301,054)	(5,277,594)	(4,813,187)	464,407
Fund Balance - Beginning of year	16,031,359	16,031,359	16,031,359	-
Fund Balance - End of year	<u>\$ 9,730,305</u>	<u>\$ 10,753,765</u>	<u>\$ 11,218,172</u>	<u>\$ 464,407</u>

Walled Lake Consolidated School District

Note to Required Supplemental Information Year Ended June 30, 2013

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, Special Revenue Funds (Cafeteria), Debt Service Funds, and Capital Project Funds. Capital Projects Funds are budgeted together as one budget. Budgets not required by law (Debt Service and Capital Projects) are not formally adopted by the Board of Education. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the individual function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits school districts to amend their budgets during the year. During the year, the budgets were amended in a legally permissible manner. For budgeting purposes, capital outlay is classified within the related function and proceeds from the sale of capital assets are classified within local revenue.

Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds - The School District did not have significant expenditure budget variances.

Other Supplemental Information

Walled Lake Consolidated School District

	Special Revenue Funds				Debt Service Funds	
	Cafeteria	Community Education	Enrichment/ Prime Time Care	Preschool	2004 Debt Retirement Fund	2005 Debt Retirement Fund
Assets						
Cash and investments	\$ 527,907	\$ -	\$ 3,800	\$ 4	\$ -	\$ -
Receivables:						
Accounts receivable	-	2,244	196	33	-	-
Due from other governmental units	87,583	-	-	-	-	-
Due from other funds	-	204,206	644,697	201,111	4,846	4,097
Inventories	51,715	-	-	-	-	-
Restricted assets	-	-	-	-	154	904
Total assets	\$ 667,205	\$ 206,450	\$ 648,693	\$ 201,148	\$ 5,000	\$ 5,001
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 118	\$ 15,718	\$ 3,194	\$ -	\$ -	\$ -
Due to other funds	30,367	-	-	-	-	-
Unearned revenue	-	32,679	10,461	15,500	-	-
Total liabilities	30,485	48,397	13,655	15,500	-	-
Fund Balances						
Nonspendable - Inventories	51,715	-	-	-	-	-
Restricted:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	5,000	5,001
Special revenue funds - Food service	585,005	-	-	-	-	-
Committed:						
Community education	-	158,053	-	-	-	-
Enrichment/Prime Time Care	-	-	635,038	-	-	-
Preschool	-	-	-	185,648	-	-
Total fund balances	636,720	158,053	635,038	185,648	5,000	5,001
Total liabilities and fund balances	\$ 667,205	\$ 206,450	\$ 648,693	\$ 201,148	\$ 5,000	\$ 5,001

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

Debt Service Funds			Capital Projects Fund		Total
2006 Debt Retirement Fund	2011 Debt Retirement Fund	2012 Debt Retirement Fund	2000 Bond Issue Project	Sinking Fund (A)	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531,711
-	-	-	-	-	2,473
-	-	-	-	-	87,583
5,000	4,318	4,990	-	-	1,073,265
-	-	-	-	-	51,715
-	682	10	21,839	2,811,389	2,834,978
<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 21,839</u>	<u>\$ 2,811,389</u>	<u>\$ 4,581,725</u>
\$ -	\$ -	\$ -	\$ 21,380	\$ 290,073	\$ 330,483
-	-	-	459	3,280	34,106
-	-	-	-	-	58,640
-	-	-	21,839	293,353	423,229
-	-	-	-	-	51,715
-	-	-	-	2,518,036	2,518,036
5,000	5,000	5,000	-	-	25,001
-	-	-	-	-	585,005
-	-	-	-	-	158,053
-	-	-	-	-	635,038
-	-	-	-	-	185,648
<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>2,518,036</u>	<u>4,158,496</u>
<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 21,839</u>	<u>\$ 2,811,389</u>	<u>\$ 4,581,725</u>

Walled Lake Consolidated School District

	Special Revenue Funds				Debt Service Funds	
	Cafeteria	Community Education	Enrichment/ Prime Time Care	Preschool	2004 Debt Retirement Fund	2005 Debt Retirement Fund
Revenue						
Local sources	\$ 2,586,801	\$ 857,861	\$ 1,499,549	\$ 456,158	\$ 1,240,703	\$ 8,246,752
State sources	214,397	-	-	-	-	-
Federal sources	1,596,923	-	-	-	-	-
Total revenue	4,398,121	857,861	1,499,549	456,158	1,240,703	8,246,752
Expenditures						
Current:						
Food services	4,633,140	-	-	-	-	-
Community services	-	806,091	1,336,666	453,848	-	-
Debt service:						
Principal	-	-	-	-	1,625,000	5,800,000
Interest	-	-	-	-	132,031	2,907,500
Other	-	-	-	-	2,693	16,395
Capital outlay	131,382	-	-	-	-	-
Total expenditures	4,764,522	806,091	1,336,666	453,848	1,759,724	8,723,895
Excess of Revenue (Under) Over Expenditures	(366,401)	51,770	162,883	2,310	(519,021)	(477,143)
Other Financing Sources (Uses)						
Payment to escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	652,000	43,127
Transfers out	-	-	-	-	(205,000)	(1,360,000)
Face value of debt issued	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	447,000	(1,316,873)
Net Change in Fund Balances	(366,401)	51,770	162,883	2,310	(72,021)	(1,794,016)
Fund Balances - Beginning of year	1,003,121	106,283	472,155	183,338	77,021	1,799,017
Fund Balances - End of year	<u>\$ 636,720</u>	<u>\$ 158,053</u>	<u>\$ 635,038</u>	<u>\$ 185,648</u>	<u>\$ 5,000</u>	<u>\$ 5,001</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

Debt Service Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
2006 Debt Retirement Fund	2011 Debt Retirement Fund	2012 Debt Retirement Fund	2000 Bond Issue Project	Sinking Fund (A)	
\$ -	\$ 6,188,161	\$ 194,300	\$ 12	\$ 1,928,949	\$ 23,199,246
-	-	-	-	-	214,397
-	-	-	-	-	1,596,923
-	6,188,161	194,300	12	1,928,949	25,010,566
-	-	-	-	-	4,633,140
-	-	-	-	-	2,596,605
55,000	5,030,000	-	-	-	12,510,000
389,000	2,185,350	165,573	-	-	5,779,454
346	12,276	103,444	-	-	135,154
-	-	-	21,380	2,688,732	2,841,494
444,346	7,227,626	269,017	21,380	2,688,732	28,495,847
(444,346)	(1,039,465)	(74,717)	(21,368)	(759,783)	(3,485,281)
-	-	(7,786,798)	-	-	(7,786,798)
-	708,000	205,000	-	-	1,608,127
(17,852)	-	(25,275)	-	-	(1,608,127)
-	-	7,225,000	-	-	7,225,000
-	-	461,790	-	-	461,790
(17,852)	708,000	79,717	-	-	(100,008)
(462,198)	(331,465)	5,000	(21,368)	(759,783)	(3,585,289)
467,198	336,465	-	21,368	3,277,819	7,743,785
<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$2,518,036</u>	<u>\$ 4,158,496</u>

Walled Lake Consolidated School District

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Cafeteria Fund Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Cafeteria Fund</u>
Revenue			
Local sources	\$ 2,748,520	\$ 2,476,520	\$ 2,586,801
State sources	222,000	202,000	214,397
Federal sources	<u>1,700,000</u>	<u>1,570,000</u>	<u>1,596,923</u>
Total revenue	4,670,520	4,248,520	4,398,121
Expenditures - Food service	<u>4,516,233</u>	<u>4,769,239</u>	<u>4,764,522</u>
Net Change in Fund Balance	154,287	(520,719)	(366,401)
Fund Balance - July 1, 2012	<u>1,003,121</u>	<u>1,003,121</u>	<u>1,003,121</u>
Fund Balance - June 30, 2013	<u>\$ 1,157,408</u>	<u>\$ 482,402</u>	<u>\$ 636,720</u>

Walled Lake Consolidated School District

	Original Budget	Final Budget	2004 Debt Retirement Fund	2005 Debt Retirement Fund
Revenue - Local				
Property tax	\$ 16,451,761	\$ 15,842,000	\$ 1,238,568	\$ 8,232,752
Interest and other	<u>17,200</u>	<u>27,332</u>	<u>2,135</u>	<u>14,000</u>
Total revenue	16,468,961	15,869,332	1,240,703	8,246,752
Expenditures - Debt service				
Principal	12,510,000	12,510,000	1,625,000	5,800,000
Interest	5,985,582	5,779,453	132,031	2,907,500
Other	<u>26,211</u>	<u>134,384</u>	<u>2,693</u>	<u>16,395</u>
Total expenditures	<u>18,521,793</u>	<u>18,423,837</u>	<u>1,759,724</u>	<u>8,723,895</u>
Excess of Revenue Under Expenditures	(2,052,832)	(2,554,505)	(519,021)	(477,143)
Other Financing (Uses) Sources				
Payment to escrow agent		(7,789,784)	-	-
Transfers in	-	1,565,000	652,000	43,127
Transfers out	-	(1,565,000)	(205,000)	(1,360,000)
Face value of debt issued	-	7,225,000	-	-
Premium on debt issued	<u>-</u>	<u>461,790</u>	<u>-</u>	<u>-</u>
Total other financing (uses) sources	<u>-</u>	<u>(102,994)</u>	<u>447,000</u>	<u>(1,316,873)</u>
Net Change in Fund Balances	(2,052,832)	(2,657,499)	(72,021)	(1,794,016)
Fund Balances - July 1, 2012	<u>2,679,701</u>	<u>2,679,701</u>	<u>77,021</u>	<u>1,799,017</u>
Fund Balances - June 30, 2013	<u>\$ 626,869</u>	<u>\$ 22,202</u>	<u>\$ 5,000</u>	<u>\$ 5,001</u>

Other Supplemental Information
Budgetary Comparison Schedule - Debt Service Finds
Year Ended June 30, 2013

2006 Debt Retirement Fund	2011 Debt Retirement Fund	2012 Debt Retirement Fund	Total
\$ -	\$ 6,177,267	\$ 193,860	\$ 15,842,447
-	10,894	440	27,469
-	6,188,161	194,300	15,869,916
55,000	5,030,000	-	12,510,000
389,000	2,185,350	165,573	5,779,454
346	12,276	103,444	135,154
444,346	7,227,626	269,017	18,424,608
(444,346)	(1,039,465)	(74,717)	(2,554,692)
-	-	(7,786,798)	(7,786,798)
-	708,000	205,000	1,608,127
(17,852)	-	(25,275)	(1,608,127)
-	-	7,225,000	7,225,000
-	-	461,790	461,790
(17,852)	708,000	79,717	(100,008)
(462,198)	(331,465)	5,000	(2,654,700)
467,198	336,465	-	2,679,701
<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 25,001</u>

Walled Lake Consolidated School District

Other Supplemental Information Budgetary Comparison Schedule - Capital Projects Funds Year Ended June 30, 2013

	Original Budget	Final Budget	2000 Bond Issue Projects	Sinking Fund	Total
Revenue - Local					
Property tax	\$ 2,095,000	\$ 2,109,000	\$ -	\$ 1,920,768	\$ 1,920,768
Interest income	14,000	14,000	12	8,181	8,193
Total revenue	2,109,000	2,123,000	12	1,928,949	1,928,961
Expenditures - Capital outlay	1,096,175	2,938,944	21,380	2,688,732	2,710,112
Net Change in Fund Balances	1,012,825	(815,944)	(21,368)	(759,783)	(781,151)
Fund Balances - July 1, 2012	3,299,187	3,299,187	21,368	3,277,819	3,299,187
Fund Balances - June 30, 2013	<u>\$ 4,312,012</u>	<u>\$ 2,483,243</u>	<u>\$ -</u>	<u>\$ 2,518,036</u>	<u>\$2,518,036</u>

Walled Lake Consolidated School District

Other Supplemental Information Statement of Changes in Fiduciary Assets and Liabilities Student Activities Funds Year Ended June 30, 2013

	July 1, 2012	Additions	Deletions	June 30, 2013
Assets				
Cash and investments	\$ 1,767,846	\$ 3,146,402	\$ 3,167,775	\$ 1,746,473
Due from other funds	-	817,347	700,916	116,431
Accounts receivable	22,389	-	20,443	1,946
Total assets	<u>\$ 1,790,235</u>	<u>\$ 3,963,749</u>	<u>\$ 3,889,134</u>	<u>\$ 1,864,850</u>
Liabilities				
Accounts payable	\$ 16,282	\$ 2,299,916	\$ 2,270,935	\$ 45,263
Due to other funds	23,915	3,851,816	3,875,731	-
Due to student groups	1,750,038	1,837,969	1,768,420	1,819,587
Total liabilities	<u>\$ 1,790,235</u>	<u>\$ 7,989,701</u>	<u>\$ 7,915,086</u>	<u>\$ 1,864,850</u>

Walled Lake Consolidated School District

Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2013

	2004 Debt Retirement Fund Principal	2005 Debt Retirement Fund Principal	2006 Debt Retirement Fund Principal	2011 Debt Retirement Fund Principal	2012 Debt Retirement Fund Principal
June 30					
2014	\$ 1,625,000	\$ 5,800,000	\$ 60,000	\$ 4,315,000	\$ -
2015	-	5,800,000	60,000	4,875,000	1,650,000
2016	-	5,800,000	60,000	5,385,000	1,610,000
2017	-	5,825,000	65,000	5,135,000	1,705,000
2018	-	5,825,000	65,000	5,075,000	1,670,000
2019	-	5,825,000	1,115,000	5,000,000	590,000
2020	-	5,825,000	1,685,000	4,935,000	-
2021	-	5,825,000	1,665,000	4,890,000	-
2022	-	5,825,000	1,650,000	4,845,000	-
2023	-	-	1,630,000	-	-
2024	-	-	1,615,000	-	-
Total	\$ 1,625,000	\$ 52,350,000	\$ 9,670,000	\$ 44,455,000	\$ 7,225,000
Principal payments due	May 1	May 1	May 1	May 1	May 1
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	4.125%	5.0%	4.0%	2% to 5%	3%
Original issue	\$ 27,260,000	\$ 71,190,000	\$ 10,000,000	\$ 49,485,000	\$ 7,225,000

Statistical and Other Information (Unaudited)

Walled Lake Consolidated School District

Notes to Statistical Section

This part of the School District's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the School District's overall financial health.

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Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	56-63
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	64-69
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	70-74
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand how the environment within which the School District's financial activities take place.	75-76
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	77-81

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Walled Lake Consolidated School District

	June 30				
	2004	2005	2006	2007	2008
Net investment in capital					
assets	\$ 35,898,799	\$ 38,240,633	\$ 48,300,255	\$ 55,449,802	\$ 63,840,781
Restricted	4,936,687	2,685,062	2,201,947	2,559,815	4,861,996
Unrestricted	22,425,689	25,046,395	20,628,892	18,023,191	17,988,752
Total primary government net position	<u>\$ 63,261,175</u>	<u>\$ 65,972,090</u>	<u>\$ 71,131,094</u>	<u>\$ 76,032,808</u>	<u>\$ 86,691,529</u>

Source: Walled Lake Consolidated School District audited financial reports

Note: Prior to fiscal year ended June 30, 2013, net position was referred to as net assets.

**Net Position by Component - Governmental Activities
Last Ten Fiscal Years**

		June 30		
2009	2010	2011	2012	2013
\$ 70,436,461	\$ 78,597,866	\$ 86,969,472	\$ 88,054,915	\$ 96,189,270
7,870,816	7,816,605	9,722,571	6,177,408	3,154,756
<u>15,587,457</u>	<u>7,480,444</u>	<u>9,123,027</u>	<u>11,741,528</u>	<u>6,286,257</u>
<u>\$ 93,894,734</u>	<u>\$ 93,894,915</u>	<u>\$105,815,070</u>	<u>\$ 105,973,851</u>	<u>\$ 105,630,283</u>

Walled Lake Consolidated School District

	Year Ended June 30				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
Instruction	\$ 83,242,498	\$ 87,171,135	\$ 93,145,310	\$ 100,218,643	\$ 100,854,553
Support services	58,329,945	60,292,944	64,061,903	64,167,101	61,907,279
Food services	3,358,708	3,312,538	3,366,128	3,501,826	3,601,168
Athletics	1,975,347	2,095,283	2,223,551	2,379,677	2,150,836
Community services	2,892,310	3,173,853	3,526,149	3,426,593	3,092,267
Interest on long-term debt	10,420,918	8,282,132	10,717,807	10,559,478	9,224,294
Bond issue costs	129,898	6,541,209	-	46,488	46,488
Depreciation (unallocated)	4,447,993	4,440,294	4,834,276	4,859,493	4,968,183
Total governmental activities	164,797,617	175,309,388	181,875,124	189,159,299	185,845,068
Revenue					
Program revenue:					
Charges for services:					
Instruction	1,292,324	1,531,919	1,538,907	1,564,793	1,335,342
Food services	2,696,732	2,561,073	2,801,561	2,868,171	2,827,664
Athletics	297,922	452,311	491,049	467,802	570,806
Community services	2,684,437	2,847,572	2,967,982	3,330,670	3,402,544
Total charges for services	6,971,415	7,392,875	7,799,499	8,231,436	8,136,356
Operating grants and contributions	21,087,592	21,080,994	21,365,046	22,404,437	25,337,260
Total program revenue	28,059,007	28,473,869	29,164,545	30,635,873	33,473,616
Net expense	(136,738,610)	(146,835,519)	(152,710,579)	(158,523,426)	(152,371,452)
General revenue:					
Property taxes	53,183,615	54,901,506	58,054,416	61,901,029	64,601,815
State aid not restricted to specific purposes	90,892,899	92,555,824	95,854,717	98,172,603	96,516,761
Federal sources - Unrestricted	-	-	-	-	-
Investment earnings	312,271	1,169,228	2,919,692	2,476,774	1,524,534
Impairment loss on capital assets	-	-	-	-	-
Other	1,298,041	919,876	1,040,758	874,734	280,397
Total general revenue	145,686,826	149,546,434	157,869,583	163,425,140	162,923,507
Special Item	-	-	-	-	106,666
Change in Net Position	\$ 8,948,216	\$ 2,710,915	\$ 5,159,004	\$ 4,901,714	\$ 10,658,721

Source: Walled Lake Consolidated School District audited financial reports

Changes in Governmental Net Position Last Ten Fiscal Years

Year Ended June 30				
2009	2010	2011	2012	2013
\$ 104,535,249	\$ 105,018,664	\$ 100,163,446	\$ 101,594,912	\$ 104,389,365
62,119,063	60,620,168	52,854,685	49,697,572	51,537,413
3,960,706	4,290,084	4,249,872	4,916,724	4,764,522
2,241,657	2,216,454	2,278,273	2,035,880	2,072,852
2,651,671	2,523,598	2,463,324	2,509,976	2,784,067
8,741,446	8,238,805	7,143,803	6,734,473	6,049,847
46,488	46,488	-	-	-
5,051,827	5,041,823	5,109,730	5,121,973	4,802,801
189,348,107	187,996,084	174,263,133	172,611,510	176,400,867
1,393,707	1,474,493	1,248,008	1,237,856	1,309,159
2,779,498	2,678,838	2,683,055	2,785,577	2,586,801
609,164	624,473	1,025,578	975,719	1,014,774
2,782,575	2,524,658	2,730,580	2,956,392	3,095,110
7,564,944	7,302,462	7,687,221	7,955,544	8,005,844
30,221,946	27,736,092	27,186,624	24,665,309	26,784,732
37,786,890	35,038,554	34,873,845	32,620,853	34,790,576
(151,561,217)	(152,957,530)	(139,389,288)	(139,990,657)	(141,610,291)
61,288,223	58,671,069	52,777,238	49,690,052	46,170,202
95,789,282	88,522,345	93,476,653	95,420,636	94,070,693
-	4,405,614	3,081,354	521,706	82,661
462,413	141,429	218,178	91,112	61,028
-	-	-	(6,817,429)	-
1,218,896	1,217,254	1,756,020	1,243,361	882,139
158,758,814	152,957,711	151,309,443	140,149,438	141,266,723
5,608	-	-	-	-
\$ 7,203,205	\$ 181	\$ 11,920,155	\$ 158,781	\$ (343,568)

Walled Lake Consolidated School District

	June 30			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 7,112,679	\$ 11,029,963	\$ 1,048,385	\$ 863,997
Unreserved	14,607,195	12,288,062	18,216,581	15,589,416
Nonspendable:				
Inventories	-	-	-	-
Prepaid costs	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 21,719,874</u>	<u>\$ 23,318,025</u>	<u>\$ 19,264,966</u>	<u>\$ 16,453,413</u>
All Other Governmental Funds				
Reserved	\$ 42,749,017	\$ 32,642,652	\$ 18,600,362	\$ 12,653,193
Unreserved - Reported in:				
Special revenue funds	979,695	1,105,280	1,223,200	1,647,892
Capital projects funds	3,795,778	5,353,020	5,065,439	3,999,073
Debt service funds	-	-	-	-
Nonspendable - Inventories	-	-	-	-
Restricted:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Special revenue funds - Food service	-	-	-	-
Committed:				
Community education	-	-	-	-
Enrichment/Prime time care	-	-	-	-
Preschool	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 47,524,490</u>	<u>\$ 39,100,952</u>	<u>\$ 24,889,001</u>	<u>\$ 18,300,158</u>

Source: Walled Lake Consolidated School District's books and records

Fund Balances - Governmental Funds Last Ten Fiscal Years

June 30					
2008	2009	2010	2011	2012	2013
\$ 910,337	\$ 1,652,623	\$ 854,323	\$ -	\$ -	\$ -
15,461,308	13,771,883	7,494,023	-	-	-
-	-	-	267,650	288,778	169,573
-	-	-	989,659	440,906	331,430
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,364,337	6,301,054	3,548,618
-	-	-	6,191,991	9,000,621	7,168,551
<u>\$ 16,371,645</u>	<u>\$ 15,424,506</u>	<u>\$ 8,348,346</u>	<u>\$ 12,813,637</u>	<u>\$ 16,031,359</u>	<u>\$ 11,218,172</u>
\$ 9,179,780	\$ 11,457,831	\$ 12,227,110	\$ -	\$ -	\$ -
2,120,485	1,755,523	1,584,360	-	-	-
4,153,202	4,683,819	195,266	-	-	-
-	-	-	-	-	-
-	-	-	43,855	47,923	51,715
-	-	-	3,764,976	3,299,187	2,518,036
-	-	-	5,690,820	2,679,701	25,001
-	-	-	1,190,635	955,198	585,005
-	-	-	105,563	106,283	158,053
-	-	-	400,785	472,155	635,038
-	-	-	162,157	183,338	185,648
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 15,453,467</u>	<u>\$ 17,897,173</u>	<u>\$ 14,006,736</u>	<u>\$ 11,358,791</u>	<u>\$ 7,743,785</u>	<u>\$ 4,158,496</u>

Walled Lake Consolidated School District

	Year Ended June 30			
	2004	2005	2006	2007
Revenue				
Local revenue	\$ 61,803,541	\$ 64,324,611	\$ 69,692,760	\$ 73,229,750
State revenue	98,313,605	99,439,327	103,612,813	107,267,327
Federal revenue	4,980,622	5,560,082	5,702,403	4,641,950
Interdistrict revenue	8,670,879	8,671,863	7,573,075	7,792,539
Total revenue	173,768,647	177,995,883	186,581,051	192,931,566
Expenditures				
Current:				
Instruction	81,637,428	85,169,167	91,661,806	97,008,299
Support services	58,048,334	59,866,004	63,970,415	63,208,534
Community services	2,892,310	3,173,853	3,526,149	3,426,593
Food services	3,358,708	3,312,538	3,366,128	3,501,826
Athletics	1,975,347	2,095,283	2,223,551	2,379,677
Other	-	-	-	-
Debt service:				
Principal	9,462,000	10,392,000	11,522,000	12,017,000
Interest and other	10,688,002	9,797,914	10,808,968	10,080,410
Capital outlay	2,511,908	9,030,251	17,810,998	10,842,115
Total expenditures	170,574,037	182,837,010	204,890,015	202,464,454
Excess of Revenue Over (Under) Expenditures	3,194,610	(4,841,127)	(18,308,964)	(9,532,888)
Other Financing Sources (Uses)				
Debt issuance	-	-	-	-
Debt premium or discount	691,651	-	-	-
Sale of capital assets	85	72,023	43,954	-
Transfers in	1,677,425	4,333,071	2,461,777	3,260,475
Transfers out	(1,677,425)	(4,333,071)	(2,461,777)	(3,260,475)
Proceeds of bond offering	27,260,000	76,231,743	-	-
Proceeds of refunding bond	-	-	-	9,960,292
Payment to refunded bond escrow agent	-	(78,288,026)	-	(9,827,800)
Total other financing sources (uses)	27,951,736	(1,984,260)	43,954	132,492
Net Change in Fund Balances	31,146,346	(6,825,387)	(18,265,010)	(9,400,396)
Fund Balances - Beginning of year	38,098,018	69,244,364	62,418,977	44,153,967
Fund Balances - End of year	\$ 69,244,364	\$ 62,418,977	\$ 44,153,967	\$ 34,753,571
Debt service as a percentage of noncapital expenditures	11.99%	11.62%	11.94%	11.53%

Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years

Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 74,676,296	\$ 70,196,046	\$ 67,272,273	\$ 62,339,100	\$ 58,638,432	\$ 55,099,205
106,173,131	104,401,044	96,885,961	102,745,056	103,794,824	106,149,289
5,890,090	11,761,004	13,557,430	11,229,618	8,159,222	7,144,990
9,799,135	9,647,722	9,949,328	9,103,625	8,972,263	7,529,134
196,538,652	196,005,816	187,664,992	185,417,399	179,564,741	175,922,618
98,699,135	101,548,563	102,985,379	99,073,307	99,444,924	102,680,760
61,357,566	60,758,296	60,298,536	52,718,235	49,216,638	50,314,478
3,092,267	2,651,671	2,523,598	2,463,324	2,509,976	2,784,067
3,601,168	3,960,706	4,290,084	4,249,872	4,916,724	4,633,140
2,150,836	2,241,657	2,216,454	2,278,273	2,035,880	2,072,852
-	-	-	-	-	-
12,626,000	11,585,000	11,820,000	12,205,000	12,655,000	12,510,000
9,311,404	8,824,319	8,323,398	7,139,061	6,672,352	5,914,608
8,761,368	2,954,805	6,203,098	3,005,187	2,510,531	3,383,211
199,599,744	194,525,017	198,660,547	183,132,259	179,962,025	184,293,116
(3,061,092)	1,480,799	(10,995,555)	2,285,140	(397,284)	(8,370,498)
-	-	-	-	-	7,225,000
-	-	-	2,557,866	-	461,790
132,633	15,768	28,958	30,324	-	72,030
1,580,030	1,956,815	91,138	1,863,000	1,936,374	1,608,127
(1,580,030)	(1,956,815)	(91,138)	(1,863,000)	(1,936,374)	(1,608,127)
-	-	-	-	-	-
-	-	-	49,485,000	-	-
-	-	-	(52,540,984)	-	(7,786,798)
132,633	15,768	28,958	(467,794)	-	(27,978)
(2,928,459)	1,496,567	(10,966,597)	1,817,346	(397,284)	(8,398,476)
34,753,571	31,825,112	33,321,679	22,355,082	24,172,428	23,775,144
\$ 31,825,112	\$ 33,321,679	\$ 22,355,082	\$ 24,172,428	\$ 23,775,144	\$ 15,376,668
11.50%	10.65%	10.47%	10.74%	10.89%	10.18%

Walled Lake Consolidated School District

Taxable Value by Property Type						
Real Property						
Tax Year	Residential	Commercial	Industrial	Agricultural and Other	Personal Property	Total Value
2003	\$ 3,001,921,809	\$ 515,023,778	\$ 364,747,525	\$ 12,187,260	\$ 336,678,630	\$ 4,230,559,002
2004	3,240,433,547	559,001,420	384,225,732	6,281,780	353,168,972	4,543,111,451
2005	3,514,271,190	615,956,520	400,975,500	3,005,170	334,887,820	4,869,096,200
2006	3,788,259,690	664,752,000	415,189,120	172,880	333,229,940	5,201,603,630
2007	3,988,659,349	696,134,860	423,402,560	179,260	332,627,270	5,441,003,299
2008	3,937,865,040	730,829,590	433,742,160	625,740	280,308,810	5,383,371,340
2009	3,629,338,350	769,454,490	438,273,050	653,260	277,218,300	5,114,937,450
2010	3,114,970,060	720,211,930	384,339,710	651,290	265,377,510	4,485,550,500
2011	2,903,284,640	874,551,470	137,896,900	662,340	266,973,210	4,183,368,560
2012	2,845,641,240	804,757,380	119,051,070	680,210	277,019,440	4,047,149,340

Note: Under Michigan law, the revenue base is taxable value. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: Michigan Department of Treasury L-4029

Taxable Value and Actual Value of Taxable Property Last Ten Fiscal Years

Tax Rate (Mills) Homestead	Tax Rate (Mills) Nonhomestead	Estimated Actual Value	Taxable Value as a Percent of Actual
7.5248	23.1000	\$ 10,329,602,090	40.96
7.0548	22.7900	11,048,422,588	41.12
6.8975	22.7900	11,737,914,500	41.48
6.7841	22.7900	10,403,207,260	50.00
6.6700	22.7900	10,882,006,598	50.00
6.5722	22.7900	10,766,742,680	50.00
6.4793	22.5000	10,229,874,900	50.00
6.7508	22.5000	8,971,101,000	50.00
6.8812	22.5000	8,366,737,120	50.00
7.0254	22.5600	8,094,298,680	50.00

Walled Lake Consolidated School District

Millage Rates - Direct School District Taxes													
		Operating						Total Direct Taxes					
		Homestead						Homestead					
Tax Year	Year Ended June 30	Commercial Personal	Industrial Personal	Other **	Non-Homestead	Debt*	Sinking Fund*	Commercial Personal	Industrial Personal	Other **	Non-homestead	County	Community College
2003	2004	-	-	2.42480	18.00000	5.10000	-	-	-	7.52480	23.10000	4.19000	1.59830
2004	2005	-	-	2.26480	18.00000	4.29000	0.50000	-	-	7.05480	22.79000	4.19000	1.58890
2005	2006	-	-	2.10750	18.00000	4.29000	0.50000	-	-	6.89750	22.79000	4.19000	1.58440
2006	2007	-	-	1.99410	18.00000	4.29000	0.50000	-	-	6.78410	22.79000	4.19000	1.58440
2007	2008	-	-	1.88000	18.00000	4.29000	0.50000	-	-	6.67000	22.79000	4.19000	1.58440
2008	2009	7.7822	1.7822	1.78220	18.00000	4.29000	0.50000	12.57220	6.57220	6.57220	22.79000	4.19000	1.58440
2009	2010	7.9793	1.9793	1.97930	18.00000	4.00000	0.50000	12.47930	6.47930	6.47930	22.50000	4.19000	1.58440
2010	2011	8.2508	2.2508	2.25080	18.00000	4.00000	0.50000	12.75080	6.75080	6.75080	22.50000	4.19000	1.58440
2011	2012	8.3812	2.3812	2.38120	18.00000	4.00000	0.50000	12.88120	6.88120	6.88120	22.50000	4.19000	1.58440
2012	2013	8.4654	2.4654	2.46540	18.00000	4.06000	0.50000	13.02540	7.02540	7.02540	22.56000	4.19000	1.58440

* Debt and sinking fund millages apply to homestead and nonhomestead property.

** Beginning in 2008/2009, classification of property by the State was changed. Other homestead for tax years 1999 through 2007 include the traditional homestead millage prior to the change. For all tax years beginning with 2008, other homestead includes principal residences, qualified agricultural, and qualified forest properties.

Source: Walled Lake Consolidated School District's books and records

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Overlapping Taxes

Intermediate School District	State Education	City of Walled Lake	City of Farmington Hills	City of Novi	City of Orchard Lake	City of Wixom	Village of Wolverine Lake	Township of Commerce	Township of West Bloomfield	Township of White Lake
3.39910	5.00000	17.44400	11.40610	10.54160	9.10000	11.14330	9.57300	3.43390	9.46930	6.17650
3.37890	6.00000	17.01130	11.40380	10.54160	9.02000	11.73930	9.57300	4.89880	9.36940	6.09320
3.36900	6.00000	17.99280	11.70270	10.54160	8.96000	11.63630	9.57300	4.55600	9.65690	6.03800
3.36900	6.00000	17.89920	10.02160	10.54160	8.57000	11.52140	9.57300	4.53060	8.97340	6.26520
3.36900	6.00000	17.89910	11.60720	10.54160	8.62600	11.73640	9.57300	4.53060	8.99940	6.26520
3.36900	6.00000	17.89910	11.60720	10.54160	8.49500	11.63140	9.57300	4.53060	8.99940	6.58760
3.36900	6.00000	17.89910	11.60720	10.54160	8.44500	11.93140	9.57300	4.53060	8.97740	6.58760
3.36900	6.00000	17.73470	11.60720	10.54160	9.48300	12.74230	9.57300	4.53060	9.00740	9.11160
3.36900	6.00000	17.73470	12.20360	10.54160	10.23000	12.74230	9.57300	4.53060	11.93470	8.81160
3.36900	6.00000	17.73470	13.93620	10.20000	8.82000	13.32590	9.57300	3.48730	12.25370	8.85900

Walled Lake Consolidated School District

Principal Property Taxpayers

	2013		Percentage	2004		Percentage
	Taxable Value	Rank	of Total	Taxable Value	Rank	of Total
Fox Run Village	\$ 44,900,570	1	1.11	\$ -	-	-
Northern Equities Group	28,405,680	2	0.70	-	-	-
Occidental Development LTD	27,012,620	3	0.67	-	-	-
Allerion Associates	24,865,600	4	0.61	26,085,110	4	0.62
Singh/Singh of Brandywine	23,649,990	5	0.58	20,407,190	5	0.48
Silverbrooke Villa	17,779,920	6	0.44	15,025,160	9	0.36
Oakland Management Co.	15,111,370	7	0.37	-	-	-
Detroit Edison Company	14,517,330	8	0.36	39,006,809	2	0.92
MI Development	12,200,690	9	0.30	-	-	-
International Transmission Co.	9,793,510	10	0.24	-	-	-
Ford Motor Company	-	-	-	189,933,688	1	4.49
Edward Rose & Sons	-	-	-	34,592,640	3	0.82
Consumers Energy	-	-	-	20,126,841	6	0.48
MI Development	-	-	-	17,047,300	7	0.40
Farmington Ridge Ltd. Ptr.	-	-	-	16,649,320	8	0.39
Harmon Highway	-	-	-	14,662,590	10	0.35
All others*	<u>3,828,912,060</u>		<u>96.26</u>	<u>3,837,022,354</u>		<u>90.70</u>
Total taxable value	<u>\$ 4,047,149,340</u>		<u>100.00</u>	<u>\$ 4,230,559,002</u>		<u>100.00</u>

* Taxable value is the base upon which revenue is calculated.

Sources: Oakland County Planning and Economic Development Services Division, Crain's Detroit Business Book of Lists, Michigan Manufacturer's Directory, and Ford Motor Company

Walled Lake Consolidated School District

Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2003	2004	\$ 54,728,205	\$ 52,682,878	96.26	\$ 18,936	\$ 52,701,814	96.30
2004	2005	56,581,048	55,205,265	97.57	54,688	55,259,953	97.67
2005	2006	59,558,580	58,824,304	98.77	29,157	58,853,461	98.82
2006	2007	62,824,846	62,311,242	99.18	35,523	62,346,765	99.24
2007	2008	65,113,391	64,739,216	99.43	79,048	64,818,264	99.55
2008	2009	61,630,269	61,445,043	99.70	29,057	61,474,100	99.75
2009	2010	59,458,458	59,271,854	99.69	24,408	59,296,262	99.73
2010	2011	53,763,428	53,612,828	99.72	14,498	53,627,326	99.75
2011	2012	50,254,873	50,081,701	99.66	43,936	50,125,637	99.74
2012	2013	48,270,412	47,622,746	98.66	47,670	47,670,416	98.76

Source: Walled Lake Consolidated School District's books and records

Walled Lake Consolidated School District

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Other General Obligation Debt *	Total General Obligation Debt
2004	\$ 223,890,000	\$ 4,936,687	\$ 218,953,313	\$ 5,809,819	\$ 224,763,132
2005	212,510,000	2,685,062	209,824,938	11,061,805	220,886,743
2006	201,160,000	1,996,916	199,163,084	10,737,224	209,900,308
2007	190,145,000	2,559,815	187,585,185	10,135,267	197,720,452
2008	177,690,000	4,861,996	172,828,004	9,754,669	182,582,673
2009	166,105,000	7,870,816	158,234,184	11,251,268	169,485,452
2010	154,285,000	7,826,647	146,458,353	9,945,496	156,403,849
2011	140,345,000	5,690,820	134,654,180	9,223,304	143,877,484
2012	127,690,000	2,679,701	125,010,299	8,997,820	134,008,119
2013	115,325,000	25,001	115,299,999	8,490,501	123,790,500

Sources: Walled Lake Consolidated School District's books and records, U.S. Census Bureau

* Other general obligation debt includes compensated absences, bond premium, deferred charges, and other debt as indicated in the notes to financial statements

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Taxable Value	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Population	Net General Bonded Debt per Capita	Total Debt per Capita	Total Outstanding Debt to Personal Income
\$ 4,230,559,002	5.18	5.31	88,669	\$ 2,469	\$ 2,535	\$ 3,630.7
4,543,111,451	4.62	4.86	88,669	2,366	2,491	3,568
4,869,096,200	4.09	4.31	88,669	2,246	2,367	3,391
5,201,603,630	3.61	3.80	88,669	2,116	2,230	3,194
5,441,003,299	3.18	3.36	88,669	1,949	2,059	2,949
5,383,371,340	2.94	3.15	88,669	1,785	1,911	2,738
5,114,937,450	2.86	3.06	88,669	1,652	1,764	2,526
4,485,550,500	3.00	3.21	89,871	1,519	1,623	2,297
4,183,368,560	2.99	3.20	89,871	1,391	1,491	2,018
4,047,149,340	2.85	3.06	99,771	1,156	1,241	1,865

Walled Lake Consolidated School District

Direct and Overlapping Governmental Activities Debt June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
City of Walled Lake	\$ 1,765,000	100.00	\$ 1,765,000
City of Farmington Hills	26,325,566	4.25	1,118,837
City of Novi	42,390,000	17.79	7,541,181
City of Orchard Lake	255,000	11.46	29,223
City of Wixom	<u>15,542,000</u>	93.66	<u>14,556,637</u>
Total	86,277,566		25,010,878
Township of Commerce	125,445,000	83.27	104,458,052
Township of West Bloomfield	14,434,974	30.28	4,370,910
Township of White Lake	<u>6,195,000</u>	24.97	<u>1,546,892</u>
Total	146,074,974		110,375,854
Village of Wolverine Lake	2,945,000	100.00	2,945,000
Oakland County	119,779,697	8.22	9,845,891
Oakland County Intermediate Schools	60,095,000	8.24	4,951,828
Oakland Community College	<u>3,765,000</u>	8.27	<u>311,366</u>
Total	<u>183,639,697</u>		<u>15,109,085</u>
Total overlapping debt	<u>\$ 418,937,237</u>		153,440,817
Direct district debt			<u>115,325,000</u>
Total direct and overlapping debt			<u>\$ 268,765,817</u>

Source: Municipal Advisory Council of Michigan

Note: The method used to compute the overlapping debt percentages is Walled Lake Community School District taxable value in each community compared to that community's total taxable value.

Walled Lake Consolidated School District

	2004	2005	2006	2007
Calculation of Debt Limit				
State equalized valuation (SEV)	\$ 5,164,801,045	\$ 5,524,211,294	\$ 5,868,957,250	\$ 6,197,193,550
15% of SEV*	774,720,157	828,631,694	880,343,588	929,579,033
Calculation of Debt Subject to Limit				
Total debt	223,890,000	212,510,000	201,160,000	190,145,000
Less debt not subject to limit - State qualified debt issuance	(222,895,000)	(211,680,000)	(200,510,000)	(189,695,000)
Net Debt Subject to Limit	995,000	830,000	650,000	450,000
Legal Debt Margin	773,725,157	827,801,694	879,693,588	929,129,033
Net Debt Subject to Limit as Percent of Debt Limit	0.13%	0.10%	0.07%	0.05%

* Public Act No. 451 of Michigan 1976, Section 1351A provides debt limits as follows: The bonded indebtedness of a school district shall not exceed 15 percent of all assessed valuation of the district. Bonds not included in the computation of the legal debt margin are:

1. Refunding bonds
2. Any bond qualified under Article IX, Section 16 of the 1963 Michigan Constitution
3. Deficit budget bonds as authorized by Section 1356

Source: Walled Lake Consolidated School District's books and records, Oakland County Equalization "Baseline Taxable Values by School and Use Code" report

Legal Debt Margin Last Ten Fiscal Years

2008	2009	2010	2011	2012	2013
\$ 6,352,631,239 952,894,686	\$ 6,061,220,590 909,183,089	\$ 5,484,970,235 822,745,535	\$ 4,672,882,380 700,932,357	\$ 4,295,081,710 644,262,257	\$ 4,138,835,390 620,825,309
177,690,000	166,105,000	154,285,000	140,345,000	127,690,000	115,325,000
<u>(177,455,000)</u>	<u>(166,105,000)</u>	<u>(154,285,000)</u>	<u>(140,345,000)</u>	<u>(127,690,000)</u>	<u>(115,325,000)</u>
235,000	-	-	-	-	-
952,659,686	909,183,089	822,745,535	700,932,357	644,262,257	620,825,309
0.02%	0.00%	0.00%	0.00%	0.00%	0.00%

Walled Lake Consolidated School District

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate
2004	88,669	\$ 61,907	\$ 36,318	5.6
2005	88,669	61,907	36,318	5.7
2006	88,669	61,907	36,318	5.8
2007	88,669	61,907	36,318	6.7
2008	88,669	61,907	36,318	8.0
2009	88,669	61,907	36,318	14.4
2010	88,669	61,907	36,318	13.0
2011	89,871	62,626	32,534	10.9
2012	89,871	66,390	36,138	8.8
2013	99,771	66,390	36,138	9.0

Sources: U.S. Census Bureau, U.S. Census Estimate of Household Income for Oakland County, Michigan Department of Labor and Economic Growth, Office of Labor Market Information for Oakland County

Walled Lake Consolidated School District

Principal Employers Last Ten Fiscal Years

Taxpayer	2013 Employees	Rank	Percentage of Total Employment	2004 Employees *	Rank	Percentage of Total Employment
Walled Lake Consolidated Schools	1,557	1	3.24	2,078	2	5.92
Mac Air Valves, Inc.	800	2	1.67	270	9	0.77
Moeller Mfg. Co., Inc.	400	3	0.83	-	-	-
Williams International	350	4	0.73	-	-	-
Homedics, Inc.	300	5	0.62	-	-	-
Trijicon, Inc.	225	6	0.47	-	-	-
Alta Lift Truck Services, Inc.	290	7	0.60	-	-	-
American Plastic Toys, Inc.	150	8	0.31	300	7	0.86
U.S. Foodservice, Inc.	130	9	0.27	300	-	0.86
NLB Corp.	120	10	0.25	-	-	-
Ford Motor Company	-	-	-	3,500	1	9.98
Ryken Tube Group	-	-	-	280	8	0.80
Williams International	-	-	-	999	3	2.85
Libralter Plastics, Inc.	-	-	-	750	4	2.14
McCord Heat Transfer Corp.	-	-	-	550	5	1.57
Holloway Companies	-	-	-	350	6	1.00
Pyles Business Unit	-	-	-	249	10	0.71
Total principal taxpayers	<u>4,322</u>			<u>9,626</u>		
Total employment	<u>48,047</u>			<u>35,076</u>		

Sources: Oakland County Planning and Economic Development Services Division, Crain's Detroit Business Book, Michigan Manufacturers Directory, and Ford Motor Company

* Amounts are based on 2002 data as the 2003 information was not readily available

Walled Lake Consolidated School District

Function/Program	2004	2005	2006	2007
General government:				
Instruction	1,456.59	1,379.29	1,365.66	1,375.15
Support services	340.85	335.35	313.74	305.52
Community service	61.06	61.06	69.77	72.38
Athletics	2.00	2.00	2.00	2.00
Food service	81.08	81.08	78.21	76.91
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>1,941.58</u>	<u>1,858.78</u>	<u>1,829.38</u>	<u>1,831.96</u>

Source: Insight FTE Report

**Full-time Equivalent School District Employees
Last Ten Fiscal Years**

2008	2009	2010	2011	2012	2013
1,295.31	1,293.84	1,281.21	1,185.32	1,166.18	1,195.66
290.97	276.40	267.45	181.35	170.25	184.27
68.40	81.60	74.91	50.24	51.09	57.89
2.00	2.00	2.00	2.00	2.00	2.00
81.79	75.17	80.70	75.49	82.15	81.24
<u>1,738.47</u>	<u>1,729.01</u>	<u>1,706.27</u>	<u>1,494.40</u>	<u>1,471.67</u>	<u>1,521.06</u>

Walled Lake Consolidated School District

Operating Indicators Last Ten Fiscal Years

Year	Enrollment*	Operating Expenditures	Cost per Pupil	Operating Revenue	Revenue per Pupil	Total Teaching Staff	Percentage of Students Qualifying for Free/Reduced Meals**	Average Teacher Salary
2004	15,194	\$ 143,680,008	\$ 9,762	\$ 145,588,409	\$ 11,437	976	8.93	\$ 64,415
2005	15,479	145,745,890	9,990	150,626,137	11,499	978	10.23	67,550
2006	15,680	158,098,964	10,507	154,045,905	11,899	1,005	10.83	68,826
2007	15,692	162,908,415	10,803	160,096,862	12,295	1,022	10.00	65,301
2008	15,635	162,130,461	10,370	162,048,693	10,364	859	12.99	74,372
2009	15,711	164,278,455	10,456	163,331,316	10,396	847	16.00	75,803
2010	15,621	165,682,302	10,606	158,606,142	10,153	853	20.50	74,137
2011	15,486	154,206,433	9,958	158,671,724	10,246	793	24.30	78,991
2012	15,544	150,821,411	9,703	153,839,133	9,897	843	26.70	74,938
2013	15,266	155,797,269	10,206	150,912,052	9,886	833	27.16	81,167

* Student F.T.E.

** Michigan Department of Education School Lunch Program

Source: MEIS/SRSD Fall F.T.E. count for LEA/PSA - DS4120 - Audited

Walled Lake Consolidated School District

Function/Program	2004	2005	2006	2007	2008
Instructional buildings:					
Elementary:					
Number of buildings	14	14	14	14	14
Square footage	751,421	751,421	760,541	751,421	751,421
Capacity	5,950	5,950	5,950	5,950	6,625
Enrollment	6,871	6,919	6,896	6,886	6,806
Middle:					
Number of buildings	4	4	4	4	4
Square footage	568,012	568,012	592,981	583,319	568,012
Capacity	3,376	3,376	3,376	3,376	3,376
Enrollment	3,681	3,642	3,672	3,621	3,633
High:					
Number of buildings	3	3	3	3	3
Square footage	999,147	999,147	999,147	999,147	1,005,002
Capacity	5,312	5,312	5,291	5,291	4,829
Enrollment	4,409	4,659	4,891	5,028	5,028
Other:					
Number of buildings	4	4	4	4	4
Square footage	205,624	207,238	205,699	149,355	152,028
Capacity	200	200	200	200	200
Enrollment	190	201	221	223	248
Administrative:					
Number of buildings	1	1	1	1	1
Square footage	52,200	52,200	52,200	52,200	52,200
Transportation:					
Number of garages	1	1	1	1	1
Buses	124	110	110	132	131
Athletics:					
Football fields	7	7	7	7	7
Soccer fields	7	7	7	7	7
Running tracks	2	2	3	3	3
Baseball/Softball	6	6	12	12	12
Swimming pools	2	2	3	3	3
Playgrounds	14	14	14	14	14

Source: Walled Lake Consolidated School District's books and records

**Capital Asset Information
Last Ten Fiscal Years**

2009	2010	2011	2012	2013
14	14	14	14	12
751,421	757,021	757,021	757,021	671,435
6,625	6,765	6,765	6,765	6,765
6,872	6,789	6,675	6,715	6,476
4	4	4	4	4
568,012	568,012	568,012	568,012	568,012
3,416	3,416	3,416	3,416	3,416
3,585	3,558	3,679	3,689	3,661
3	3	3	3	3
1,005,002	1,005,002	1,005,002	1,005,002	1,005,002
4,829	4,829	4,829	4,829	4,829
4,957	4,919	4,985	5,054	5,003
4	4	4	4	4
152,028	152,028	152,028	152,028	152,028
200	200	200	200	200
232	230	69	60	65
1	1	1	1	1
52,200	52,200	52,200	52,200	52,200
1	1	1	1	1
125	123	123	119	119
7	7	7	7	7
7	7	7	7	7
3	3	3	3	3
12	12	12	12	12
3	3	3	3	3
14	14	14	14	12