

DEXTER COMMUNITY SCHOOLS  
DEXTER, MICHIGAN  
FINANCIAL REPORT WITH  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2009

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

September 21, 2009

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Dexter Community Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Dexter Community Schools' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated September 21, 2009 on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dexter Community Schools' basic financial statements. The additional information on pages 19 - 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

DEXTER COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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As administration of Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009.

**Financial Highlights**

- \* The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$12,913,535 (net assets). Of this amount, \$4,733,428 (unrestricted net assets) may be used to meet the District's ongoing obligations to taxpayers, students and creditors.
- \* The District's total net assets increased by \$3,859,890. The increase was accomplished primarily by the repayment of bond principal.
- \* As of the close of the current fiscal year, the District's aggregated fund balance for the District's governmental funds was \$43,955,227 or 60 percent of the total expenditures of these funds.
- \* The general fund had a net change in fund balance of \$410,817. At the end of the year, unreserved fund balance for the general fund was \$2,349,877 or 7 percent, of total general fund expenditures. Total fund balance for the general fund was \$6,243,984.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-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 financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. 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 provide information about the School District's most significant funds - the General Fund, 1998 Debt Fund, 2003 Debt Fund, 2008 Debt Fund and the Capital Projects Fund. All other funds are presented in one column as non-major funds.

**Reporting the District as a Whole**

**The Statement of Net Assets and Statement of Activities** - One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations. However, the School District's goal is to provide services to our students, not to generate profits as private-sector corporations do. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The statement of net assets and the statement of activities present information about the following:

**Governmental Activities** - All of the District's basic services are considered to be governmental activities, including instruction, support services, community services, athletics, food services, and transfers to other local districts. Property taxes, intergovernmental revenues (unrestricted and restricted State Aid), and charges for services finance most of these activities. These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, political conditions at the State Capitol, student enrollment growth, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The government-wide financial statements can be found on pages 1 - 2 of this report.

DEXTER COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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**Reporting the District's Most Significant Funds**

**Fund Financial Statements** - The fund financial statements provide detailed information about the most significant funds - not the District as a whole. The fund financial statements begin on page 3 and provide detailed information about the most significant funds. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." The District's two types of funds: governmental funds and fiduciary funds use different accounting approaches as further discussed in the notes to the financial statements. In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 3 and 4 of this report.

**Fiduciary Funds** - The District is the fiduciary for various student group activities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

The basic fiduciary fund financial statement can be found on page 5 of this report.

**Additional Information** - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7 - 18 of this report.

DEXTER COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**SUMMARY OF NET ASSETS:**

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

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
Current Assets	\$51,240,845	\$16,356,663
Non-Current Assets	<u>91,979,055</u>	<u>88,220,517</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$143,219,900</u></b>	<b><u>\$104,577,180</u></b>
<b><u>LIABILITIES</u></b>		
Current Liabilities	\$13,634,888	\$13,176,147
Long-Term Liabilities	<u>116,671,477</u>	<u>82,347,388</u>
Total Liabilities	<u>\$130,306,365</u>	<u>\$95,523,535</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets - Net of Related Debt	5,353,408	3,022,918
Restricted - Capital Projects and Debt Retirement	2,826,699	1,973,484
Unrestricted	<u>4,733,428</u>	<u>4,057,243</u>
Total Net Assets	<u>\$12,913,535</u>	<u>\$9,053,645</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$143,219,900</u></b>	<b><u>\$104,577,180</u></b>

The above analysis focuses on the net assets. The change in net assets of the School District's governmental activities is discussed below. The net assets differ from fund balances and a reconciliation appears on page 3.

By far the largest portion of the District's net assets reflects its investment in capital assets (i.e. land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In September, 2008, the District issued general obligation bonds in the amount of \$39,770,000 to be used for remodeling and constructing additions to School District buildings, including energy conservation and security improvements; acquiring land and improving and developing sites, including playgrounds, playfields and outdoor athletic fields and facilities in the School District; furnishing, refurbishing, equipping and re-equipping School District buildings, including the acquisition of school buses; and acquiring and installing technology equipment in School District buildings, including classroom technology.

An additional portion of the District's net assets, \$2,826,699, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these amounts are restricted for debt service and capital projects. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. The remaining balance of unrestricted net assets \$4,733,428, may be used to meet the government's ongoing obligations to citizens and creditors.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see table above), which shows the changes in net assets for fiscal year 2009.

DEXTER COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**RESULTS OF OPERATIONS:**

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

	2009	2008
<b><u>REVENUES</u></b>		
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$2,910,629	\$2,816,414
Operating Grants	7,661,822	6,515,812
General Revenues		
Property Taxes	14,238,051	14,193,965
Grants and State Aid	22,862,208	23,249,162
Other	1,052,566	802,960
Total Revenues	\$48,725,276	\$47,578,313
 <b><u>EXPENSES</u></b>		
Instruction & Instructional Support	21,236,718	20,321,027
Support Services	15,617,335	15,552,304
Community Services	1,136,079	1,157,817
Food Service	1,507,306	1,451,656
Athletics	732,903	717,075
Bond Issuance Costs	51,953	0
Interest on Long-Term Debt	4,583,092	4,333,147
Total Expenses	\$44,865,386	\$43,533,026
 <b><u>INCREASE IN NET ASSETS</u></b>	\$3,859,890	\$4,045,287
 <b><u>BEGINNING NET ASSETS (DEFICIT)</u></b>	9,053,645	5,008,358
 <b><u>ENDING NET ASSETS</u></b>	\$12,913,535	\$9,053,645

The District's net assets increased by \$3,859,890 during the current fiscal year. The increase in net assets differs from the change in fund balances and a reconciliation appears on page 4.

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 the School District's 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.

DEXTER COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**General Fund Budgeting and Operating Highlights**

The School District's budgets are prepared according to Michigan law. The most significant budgeted funds are the General Fund and Debt Funds.

During the fiscal year ended June 30, 2009, the School District amended the budget of the General Fund once. State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the School District's general fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

The general fund actual revenue and other financing sources was \$35,359,260. That amount is less than the amended budget estimate of \$35,603,378. The variance was \$244,118, or less than 1%.

The actual expenditures and other financing uses of the general fund were \$34,948,443, which is below the amended budget estimate of \$36,175,579. The variance was \$1,227,136, 3%, favorable to the final amended budget was due to actual health benefit costs were below projected costs in the self funded health benefits plan, special education services required were less than anticipated, and energy saving were the result of a new District energy conservation initiative.

The general fund had total revenues of \$35,359,260 and total expenditures of \$34,948,443 with a net change in fund balance of \$410,817 and an ending fund balance of \$6,243,984.

**Capital Asset and Debt Administration**

A. Capital Assets

The district's net investment in capital assets increased by \$3,781,060 during the fiscal year. This can be summarized as follows:

	<u>Balance</u> <u>7-1-08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6-30-09</u>
Capital Assets	\$120,418,812	\$6,617,346	\$517,354	\$126,518,804
Less: Accumulated Depreciation	<u>(32,198,295)</u>	<u>(284,757)</u>	<u>(506,093)</u>	<u>(31,976,959)</u>
<u>Net Investment Capital Outlay</u>	<u>\$88,220,517</u>	<u>\$6,332,589</u>	<u>\$11,261</u>	<u>\$94,541,845</u>

Significant additions were the purchase of 2 parcels of land contiguous to existing District campus property, 8 buses, computer equipment and architectural services for the remodel and construction to existing school buildings. The current year additions were funded with funds from the capital projects fund.

The district retired 11 buses.



DEXTER COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Capital Asset and Debt Administration** (Continued)

B. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-1-08	Additions	Deductions	Principal Balance 6-30-09
General Obligation Bonds	\$71,129,260	\$59,780,000	\$25,386,792	\$105,522,468
Unamortized Deferred Amount on Refunding	(1,116,655)	1,623,539	0	506,884
Unamortized Bond Premium	912,873	0	725,969	186,904
School Bond Loan Fund	14,272,121	673,494	0	14,945,615
Compensated Absences	1,377,581	68,343	0	1,445,924
<u>Total Long-Term Debt</u>	<u>\$86,575,180</u>	<u>\$62,145,376</u>	<u>\$26,112,761</u>	<u>\$122,607,795</u>

At June 30, 2009, the District had total bonded debt outstanding of \$105,522,468, of which \$257,468 is Durant Resolution Bonds, that are a legal obligation of the School District, but an annual State of Michigan appropriation is the only revenue source making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the District is under no obligation for payment.

The District's total long-term debt increased by \$36,032,615 during the current fiscal year.

State statutes limit the amount of general obligation debt that a School District may issue to 15 percent of its total assessed valuation (State Equalized Value). The current debt limitation for Dexter Community Schools is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 10 on pages 15 - 16 of this report.

**Economic Factors and Next Year's Budgets and Rates**

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the state sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to equalize the per pupil finance resource disparities among school districts. The State aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation guarantee beginning in fiscal year 1994-1995. The Legislature has appropriated funds to establish a foundation guarantee in 2008-2009 of \$7,938 per pupil for Dexter Community Schools, based upon the District's 1993-1994 revenue. In following years the foundation guarantee may be adjusted by an index based upon the change in revenues to the state school aid fund and change in the total number of pupils statewide and the spread between the high and low pupil guarantee will be reduced. The foundation guarantee consists of the locally raised property taxes plus State aid. The source of revenues for the State's contribution to the foundation allowance is derived from a mix of taxing sources, including but not limited to, a statewide property tax of six mills on all property (homestead and non-homestead), a real estate transfer tax, a state sales and use tax, an income tax, gambling revenue, and a tobacco/liquor tax. The funding status for education is volatile. The legislature pro-rated the \$7,938 by \$376 per pupil and a federal ARRA budget stabilization grant was authorized to replace these funds.

DEXTER COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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**Economic Factors and Next Year's Budgets and Rates** (Continued)

The following factors were considered in preparing District's budgets for the 2009-2010 fiscal year:

- \* Foundation allowance of \$7,938
- \* Student enrollment increase of 25 students.
- \* State aid membership count based on 75% September and 25% prior February blend.
- \* Staff salary increase of 0.5%.

**Requests for Information**

This financial report is designed to provide a general overview of the Dexter Community School's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Sharon Raschke  
Executive Director of Finance & Business  
Dexter Community Schools  
7714 Ann Arbor St.  
Dexter, Michigan 48130  
Telephone (734) 424-4100  
Fax (734) 424-4111  
Email: raschkes@dexterschools.org

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2009

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$10,206,363
Investments	34,537,087
Accounts Receivable	45,986
Taxes Receivable	867,620
Due from Other Governmental Unit:	5,376,353
Inventory	36,273
Prepaid Expenses	171,163
Total Current Assets	<u>\$51,240,845</u>
<u>NON-CURRENT ASSETS</u>	
Land	4,953,064
Capital Assets	121,565,740
Less: Accumulated Depreciation	(34,539,749)
Total Noncurrent Assets	<u>\$91,979,055</u>
<u>TOTAL ASSETS</u>	<u>\$143,219,900</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$254,847
State Aid Note Payable	1,600,000
Accrued Expenses	1,497,514
Salaries Payable	2,303,705
Deferred Revenue	2,042,504
Current Portion of Long-Term Obligations:	5,936,318
Total Current Liabilities	<u>\$13,634,888</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations:	<u>116,671,477</u>
<u>TOTAL LIABILITIES</u>	<u>\$130,306,365</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	5,353,408
Restricted for:	
Debt Retirement	2,826,699
Unrestricted	4,733,428
<u>TOTAL NET ASSETS</u>	<u>\$12,913,535</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$143,219,900</u>

See accompanying notes to the basic financial statements:

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$21,236,718	\$10,745	\$4,137,828	(\$17,088,145)
Support Services	15,617,335	159,931	3,215,807	(12,241,597)
Community Services	1,136,079	1,106,013	21,720	(8,346)
Food Service	1,507,306	1,420,719	286,467	199,880
Athletics	732,903	186,250	0	(546,653)
Bond Issuance Costs	51,953	0	0	(51,953)
Interest - Long-Term Obligations	4,583,092	0	0	(4,583,092)
<u>TOTALS</u>	<u>\$44,865,386</u>	<u>\$2,883,658</u>	<u>\$7,661,822</u>	<u>(\$34,319,906)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				14,238,051
State Aid				22,862,208
Investment Earnings				449,742
Miscellaneous				629,795
Total General Revenues and Transfers				<u>\$38,179,796</u>
Change in Net Assets				<u>\$3,859,890</u>
Net Assets - Beginning				<u>9,053,645</u>
<u>Net Assets - Ending</u>				<u>\$12,913,535</u>

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2009

	General Fund	1998 Debt Fund	2003 Debt Fund	2008 Debt Fund	Capital Projects Fund
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$7,304,065	\$790,215	\$385,310	\$1,299,626	\$0
Investments	863	0	0	0	34,536,224
Accounts Receivable	6,480	0	0	0	0
Taxes Receivable	516,072	53,766	86,026	211,756	0
Due from Other Funds	23,870	0	0	0	0
Due from Other Governmental Units	5,355,547	0	0	0	0
Inventory	0	0	0	0	0
Prepaid Expenses	166,070	0	0	0	0
<b><u>TOTAL ASSETS</u></b>	<b><u>\$13,372,967</u></b>	<b><u>\$843,981</u></b>	<b><u>\$471,336</u></b>	<b><u>\$1,511,382</u></b>	<b><u>\$34,536,224</u></b>
<b><u>LIABILITIES</u></b>					
Accounts Payable	\$245,827	\$0	\$0	\$0	\$0
State Aid Note Payable	1,600,000	0	0	0	0
Due to Other Funds	15,398	0	0	0	0
Accrued Expenses	557,210	0	0	0	0
Salaries Payable	2,303,665	0	0	0	0
Deferred Revenue	2,406,883	0	0	0	0
Total Liabilities	\$7,128,983	\$0	\$0	\$0	\$0
<b><u>FUND BALANCES</u></b>					
Reserved For:					
Inventory	0	0	0	0	0
Capital Projects	0	0	0	0	34,536,224
Debt Retirement	0	843,981	471,336	1,511,382	0
Prepaid Expenses	166,070	0	0	0	0
Designated for Special Purposes	3,728,037	0	0	0	0
Unreserved:					
Undesignated, Reported In:					
General Fund	2,349,877	0	0	0	0
School Service Funds	0	0	0	0	0
Total Fund Balances	\$6,243,984	\$843,981	\$471,336	\$1,511,382	\$34,536,224
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$13,372,967</u></b>	<b><u>\$843,981</u></b>	<b><u>\$471,336</u></b>	<b><u>\$1,511,382</u></b>	<b><u>\$34,536,224</u></b>

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2009

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances:	\$43,995,227
		Amounts reported for governmental activities in the statement of net assets are different because:	
\$427,147	\$10,206,363		
0	34,537,087	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$126,518,804 and the accumulated depreciation is \$34,539,749	91,979,055
39,506	45,986		
0	867,620		
15,398	39,268		
20,806	5,376,353		
36,273	36,273	Other long-term assets not available to pay current period expenditures; therefore deferred in the funds	487,349
5,093	171,163		
\$544,223	\$51,280,113	Accrued Interest on Long-Term Deb	(796,498)
		Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
\$9,020	\$254,847		
0	1,600,000		
23,870	39,268		
3	557,213	Bonds Payable	\$105,522,468
40	2,303,705	Deferred Amount on Refunding	(1,650,269)
122,970	2,529,853	Unamortized Premium	2,344,057
\$155,903	\$7,284,886	School Bond Loan Fund	14,945,615
		Compensated Absences Payable	1,445,924
		Total Long-Term Liabilities	(122,607,795)
36,273	36,273	Accrued self-funded insurance is not included as a liability in governmental activities.	(143,803)
0	34,536,224		
0	2,826,699		
0	166,070	<u>TOTAL NET ASSETS -</u>	
0	3,728,037	<u>GOVERNMENTAL ACTIVITIES</u>	\$12,913,535
0	2,349,877		
352,047	352,047		
\$388,320	\$43,995,227		
\$544,223	\$51,280,113		

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	1998 Debt Fund	2003 Debt Fund	2008 Debt Fund	Capital Projects Fund
<b><u>REVENUES</u></b>					
Local Sources	\$4,425,918	\$1,519,658	\$2,418,712	\$5,941,864	\$343,192
State Sources	24,753,534	0	0	0	0
Federal Sources	2,246,502	0	0	0	0
Total Revenues	<u>\$31,425,954</u>	<u>\$1,519,658</u>	<u>\$2,418,712</u>	<u>\$5,941,864</u>	<u>\$343,192</u>
<b><u>EXPENDITURES</u></b>					
Current:					
Instruction	19,933,431	0	0	0	0
Student Services	3,708,990	0	0	0	0
Instructional Support	1,908,150	0	0	0	0
General Administration	563,548	0	0	0	0
School Administration	1,876,730	0	0	0	0
Business Administration	474,675	0	0	0	0
Operation & Maintenance of Plant	3,476,219	0	0	0	0
Transportation	2,075,354	0	0	0	0
Other Support Services	63,113	0	0	0	0
Community Services	148,437	0	0	0	0
Special Revenue	0	0	0	0	0
Debt Service					
Principal	0	0	1,620,000	2,940,000	0
Interest	0	1,593,375	816,560	1,495,369	0
Other	0	32,540	21,862	75	0
Capital Outlay	0	0	0	0	6,421,130
Total Expenditures	<u>\$34,228,647</u>	<u>\$1,625,915</u>	<u>\$2,458,422</u>	<u>\$4,435,444</u>	<u>\$6,421,130</u>
Excess (Deficiency) of Revenues (Under) Expenditures	(\$2,802,693)	(\$106,257)	(\$39,710)	\$1,506,420	(\$6,077,938)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers from (to) Other Funds	(490,787)	0	0	0	0
Bond Proceeds	0	0	0	20,010,000	39,770,000
Bond Premium	0	0	0	816,517	844,162
Payment to Escrow Agent	0	(512,200)	0	(20,769,602)	0
Issuance Costs	0	0	0	(51,953)	0
Transfers from Other Govt. Units	3,182,000	0	0	0	0
Other Transfers	522,297	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$3,213,510</u>	<u>(\$512,200)</u>	<u>\$0</u>	<u>\$4,962</u>	<u>\$40,614,162</u>
Net Change in Fund Balance	\$410,817	(\$618,457)	(\$39,710)	\$1,511,382	\$34,536,224
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>5,833,167</u>	<u>1,462,438</u>	<u>511,046</u>	<u>0</u>	<u>0</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$6,243,984</u>	<u>\$843,981</u>	<u>\$471,336</u>	<u>\$1,511,382</u>	<u>\$34,536,224</u>

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Other Governmental Funds	Total Governmental Funds		
		Total net change in fund balances - governmental funds	\$35,905,393
		Amounts reported for governmental activities in the statement of activities are different because:	
\$2,534,014	\$17,183,358		
114,466	24,868,000	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation in the current period exceeded capital outlay.	3,758,538
227,528	2,474,030		
\$2,876,008	\$44,525,388		
0	19,933,431	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	25,386,792
0	3,708,990		
0	1,908,150		
0	563,548		
0	1,876,730		
0	474,675	Issuance of Bonds	(59,780,000)
0	3,476,219		
0	2,075,354	Net Change - Deferred Amount of Refunding	(1,623,539)
0	63,113		
0	148,437	Net Change - Unamortized Premiums	725,969
3,227,851	3,227,851		
		Net Change - Michigan School Bond Loan	(673,494)
26,792	4,586,792		
7,015	3,912,319	(Increase) in Compensated Absences	(68,343)
0	54,477		
0	6,421,130	Change in accrued interest on long-term liabilities	(224,109)
\$3,261,658	\$52,431,216		
(\$385,650)	(\$7,905,828)	Decrease in taxes and other receivables is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	495,591
490,787	0	(Increase) in Accrued self-funded health insurance is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	(42,908)
0	59,780,000		
0	1,660,679		
0	(21,281,802)		
0	(51,953)	<b><u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u></b>	<b><u>\$3,859,890</u></b>
0	3,182,000		
0	522,297		
\$490,787	\$43,811,221		
\$105,137	\$35,905,393		
283,183	8,089,834		
\$388,320	\$43,995,227		



DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2009

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ASSETS

Cash and Cash Equivalents

\$561,342

LIABILITIES

Due to Student Groups

\$561,342

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$5,715,088	\$4,938,744	\$4,425,918	(\$512,826)
State Sources	25,341,185	26,156,796	24,753,534	(1,403,262)
Federal Sources	777,599	941,812	2,246,502	1,304,690
Total Revenues	<u>\$31,833,872</u>	<u>\$32,037,352</u>	<u>\$31,425,954</u>	<u>(\$611,398)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	19,869,534	20,147,800	19,933,431	214,369
Student Services	3,578,993	3,825,211	3,708,990	116,221
Instructional Support	1,982,812	1,988,578	1,908,150	80,428
General Administration	599,330	623,720	563,548	60,172
School Administration	1,905,785	1,954,944	1,876,730	78,214
Business Administration	579,142	513,054	474,675	38,379
Operation & Maintenance of Plant	3,947,126	3,893,390	3,476,219	417,171
Transportation	2,243,333	2,264,250	2,075,354	188,896
Other Support Services	64,853	65,204	63,113	2,091
Community Services	147,372	148,566	148,437	129
Total Expenditures	<u>\$34,918,280</u>	<u>\$35,424,717</u>	<u>\$34,228,647</u>	<u>\$1,196,070</u>
Excess of Revenues Over Expenditures	(\$3,084,408)	(\$3,387,365)	(\$2,802,693)	\$584,672
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	<u>2,799,544</u>	<u>2,815,164</u>	<u>3,213,510</u>	<u>398,346</u>
	(\$284,864)	(\$572,201)	\$410,817	\$983,018
<u>FUND BALANCE - BEGINNING</u>			<u>5,833,167</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$6,243,984</u>	

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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1) REPORTING ENTITY

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

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. Based on the application of the criteria, the District does not contain any component units.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dexter Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

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

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District's overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District's activities.

- A change in the fund financial statements to focus on the major funds.

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

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

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

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

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

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds: Food Service, Athletic and Community Service Funds.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The Capital Projects Fund includes capital project activities funded with bonds issued September 29, 2008. For this capital project, the school district has complied with the applicable provision of § 1351a of the Revised School Code.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

Accrual

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

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

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

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

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

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are value at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are value at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles and Buses	5 – 10 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgements, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles generally requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the District for these budgetary funds were adopted to the activity level.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2009, the District had the following investments.

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Standard &amp; Poor's Rating</b>	<b>%</b>
MILAF External Investment Pool - MICMS	\$812	0.0027	AAAm	0.00%
MILAF External Investment Pool - MIMAX	34,536,275	0.0027	AAAm	100.00%
Total fair value	<u>\$ 34,537,087</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00.

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

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2009, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.



DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

4) DEPOSITS AND INVESTMENTS (Continued)

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2009, \$8,868,716 of the District’s bank balance of \$11,662,508 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$561,342	\$ 10,766,930
Petty Cash	775
Investments	34,537,087
 <u>TOTAL</u>	 \$ 45,304,792

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 561,342
Cash – District Wide	10,206,363
Investments – District Wide	34,537,087
 <u>TOTAL</u>	 \$ 45,304,792

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

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

General Fund – Non-Homestead	18.000
Debt Funds – Homestead and Non-Homestead	8.500

6) RECEIVABLES

Receivables at June 30, 2009, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

6) RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 1,525,098
Grants Other	3,415,989
DDA/ TIFA Recapture Receivable	435,266
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 5,376,353</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2009, the School District had \$14,763 in estimated claims in conjunction with the program.

8) SHORT-TERM DEBT

The District borrowed \$1,600,000 at 1.7% per annum on August 20, 2008 on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The balance as of June 30, 2009 was \$1,600,000. The note matures August 20, 2009.

	<u>BALANCE</u> <u>JULY 1, 2008</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>
State Aid Note	<u>\$2,500,000</u>	<u>\$1,600,000</u>	<u>\$2,500,000</u>	<u>\$1,600,000</u>

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>BALANCE</u> <u>JULY 1, 2008</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Land	\$2,591,902	\$2,361,162	\$0	\$4,953,064
Buildings and Improvements	113,627,102	1,710,655	0	115,337,757
Equipment and Furniture	1,678,920	1,814,708	0	3,493,628
Vehicles	2,520,888	730,821	517,354	2,734,355
Totals at Historical Cost	<u>\$120,418,812</u>	<u>\$6,617,346</u>	<u>\$517,354</u>	<u>\$126,518,804</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(29,854,470)	(2,290,944)	0	(32,145,414)
Equipment and Furniture	(1,007,666)	(312,032)	0	(1,319,698)
Vehicles	(1,336,159)	(244,571)	(506,093)	(1,074,637)
Total Accumulated Depreciation	<u>(\$32,198,295)</u>	<u>(\$2,847,547)</u>	<u>(\$506,093)</u>	<u>(\$34,539,749)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$88,220,517</u>	<u>\$3,769,799</u>	<u>\$11,261</u>	<u>\$91,979,055</u>

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

Instruction	\$ 1,260,379
Support Services	1,587,168
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 2,847,547</u>

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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10) LONG-TERM LIABILITIES

A) 1998 SCHOOL BUILDING AND SITE BONDS

On April 20, 1998, Dexter Community Schools issued School Building and Site Bonds, in the amount of \$69,600,000, bearing interest at rates varying from 5.00% to 5.1% per annum. The balance of the bonds as of June 30, 2009 was \$31,500,000 due to the 2008 refunding bond amount of \$20,800,000 paid in November, 2008.

B) 2003 REFUNDING BONDS

On March 26, 2003, Dexter Community Schools issued School Building and Site Bonds, in the amount of \$30,210,000, bearing interest at rates varying from 2.50% to 5.00% per annum. The balance of the bonds as of June 30, 2009 was \$16,925,000.

C) DURANT RESOLUTION PACKAGE BONDS

Dexter Community Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$481,417 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2009 was \$257,468.

D) MICHIGAN SCHOOL BOND LOAN FUND

The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of \$671,897 has been assessed for the year ended June 30, 2009, and is included in the amount owing the State at that date. The balance payable at June 30, 2009 was \$14,945,615.

E) 2008 BUILDING AND SITE AND REFUNDING BONDS

On September 29, 2008, Dexter Community Schools issued \$59,780,000 in General Obligation – Unlimited Tax Bonds with an average interest rates ranging from of 3.25% to 5%. The District issued the bonds to refund \$20,800,000 of the outstanding 1998 Bond Issue which are due and payable May 1, 2009 through May 1, 2016, inclusive, with a variable interest rate of 4.7% to 6.25%. These net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. The advanced refunding was done in order to reduce debt payments. The refunding decreased the District's total debt service payments by \$1,458,675. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$1,238,574.

The remainder of the debt issuance, \$39,770,000 will be used for school building and site purposes.

The balance of the bonds at June 30, 2009 was \$59,780,000.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

10) LONG-TERM LIABILITIES (Continued)

F) Debt service requirements at June 30, 2009, were as follows:

YEAR ENDED JUNE 30,	BONDS	INTEREST	TOTAL
2010	\$5,888,067	\$4,784,730	\$10,672,797
2011	5,879,404	4,588,494	10,467,898
2012	6,522,728	4,439,803	10,962,531
2013	6,437,269	4,161,965	10,599,234
2014	5,270,000	3,919,279	9,189,279
2015-2019	31,855,000	16,392,970	48,247,970
2020-2024	24,170,000	7,588,963	31,758,963
2025-2028	19,500,000	1,827,000	21,327,000
<u>TOTAL</u>	<u>\$105,522,468</u>	<u>\$47,703,204</u>	<u>\$153,225,672</u>

G) CHANGES IN LONG-TERM LIABILITIES

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Amount Due in One Year
<u>Governmental Activities:</u>					
School Bond Loan Fund	\$14,272,121	\$673,494	\$0	\$14,945,615	\$0
Deferred Amount on Refunding	(1,116,655)	1,623,539	0	506,884	(181,244)
Unamortized Premium	912,873	0	725,969	186,904	229,495
Building & Site Bonds	71,129,260	59,780,000	25,386,792	105,522,468	5,888,067
Compensated Absences	1,377,581	68,343	0	1,445,924	0
<u>Total Governmental Activities</u>	<u>\$86,575,180</u>	<u>\$62,145,376</u>	<u>\$26,112,761</u>	<u>\$122,607,795</u>	<u>\$5,936,318</u>

The payment dates of sick days payable are undeterminable. The interest expenditures on long-term obligations for the year were \$3,912,319.

11) DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The District has recorded approximately \$2,022,362 in deferred revenue to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and LDFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Due from DDA/TIFA Current Year	\$380,271	\$0	\$380,271
Due from State for DDA/TIFA			0
Future State Aid Adjustment for Prior Year DDA/TIFA Captures	2,022,362	0	2,022,362
Fees and Prepaid Student Lunches	0	127,220	127,220
<u>TOTAL</u>	<u>\$2,402,633</u>	<u>\$127,220</u>	<u>\$2,529,853</u>

The District has also recognized \$495,326 as a prior period revenue adjustment for the correction of the DDA/TIFA overcapture issue.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

12) FUND BALANCE DESIGNATIONS

Portions of fund equity are designated for future specific uses as follows:

Health Insurance Claims	\$192,251
Supply Carryover	101,147
Equipment Maintenance	50,000
Facilities	900,000
Instruction Equipment	1,500,000
Retirement/Severance	900,000
Textbooks	84,639
<b><u>TOTAL</u></b>	<b><u>\$3,728,037</u></b>

13) INTERFUND BALANCES

Interfund balances at June 30, 2009 consisted of the following:

		<b>DUE FROM</b>			
<b>DUE TO</b>		General	Athletics	Community	
		Fund	Fund	Service	Total
	General Fund	\$0	\$397	\$15,001	\$15,398
	Food Services Fund	30	0	0	30
	Athletics Fund	15,672	0	0	15,672
	Community Service	8,168	0	0	8,168
	<b><u>TOTAL</u></b>	<b><u>\$23,870</u></b>	<b><u>\$397</u></b>	<b><u>\$15,001</u></b>	<b><u>\$39,268</u></b>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009, consisted of the following:

		<b>TRANSFERS FROM</b>			
<b>TRANSFERS TO</b>		General	Food	Community	
		Fund	Service	Service	Total
	General Fund	\$0	\$150,342	\$78,667	\$229,009
	Athletics Fund	523,328	0	0	523,328
	Community Service Fund	196,468	0	0	196,468
	<b><u>TOTAL</u></b>	<b><u>\$719,796</u></b>	<b><u>\$150,342</u></b>	<b><u>\$78,667</u></b>	<b><u>\$948,805</u></b>

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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15) DEFINED BENEFIT PENSION PLAN

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 MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS 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, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.72 percent for the period July 1, 2008 through September 30, 2008 and 16.54 percent for the period October 1, 2008 through June 30, 2009 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 6.4 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2009, 2008 and 2007 were approximately \$3,595,785, \$3,526,612 and \$3,677,454, respectively.

Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty, theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to M.A.I.S.L. Joint Management Trust and SET-SEG, Inc. Insurance Trust. The pools maintain loss funds and are also required by the terms of the participation agreements to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pools incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss funds have exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in these pools provide sufficient coverage to protect the District from significant adverse financial impact.

17) GOVERNMENTAL REGULATION

Substantially all of the school district's facilities are subject to federal, state and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the school district expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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18) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2009, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

OTHER SUPPLEMENTAL  
INFORMATION



DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2009

	Special Revenue Funds	Durant Debt Service Fund	Total Other Governmental Funds
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$427,147	\$0	\$427,147
Accounts Receivable	39,506	0	39,506
Due from Other Funds	15,398	0	15,398
Due from Other Governmental Units	20,806	0	20,806
Inventory	36,273	0	36,273
Prepaid Expense	5,093	0	5,093
<b><u>TOTAL ASSETS</u></b>	<b><u>\$544,223</u></b>	<b><u>\$0</u></b>	<b><u>\$544,223</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$9,020	\$0	\$9,020
Due to Other Funds	23,870	0	23,870
Accrued Expenses	3	0	3
Salaries Payable	40	0	40
Deferred Revenue	122,970	0	122,970
Total Liabilities	\$155,903	\$0	\$155,903
<b><u>FUND BALANCES</u></b>			
Reserved For:			
Inventory	36,273	0	36,273
Unreserved:			
Undesignated, Reported In:			
School Service Fund	352,047	0	352,047
Total Fund Balances	\$388,320	\$0	\$388,320
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>\$544,223</u></b>	<b><u>\$0</u></b>	<b><u>\$544,223</u></b>

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Durant Debt Service Fund	Total Other Governmental Funds
<u>REVENUES</u>			
Local Sources	\$2,534,014	\$0	\$2,534,014
State Sources	80,659	33,807	114,466
Federal Sources	227,528	0	227,528
Total Revenues	<u>\$2,842,201</u>	<u>\$33,807</u>	<u>\$2,876,008</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from (to) Other Funds	490,787	0	490,787
Total Revenues & Other Financing Sources (Uses)	<u>\$3,332,988</u>	<u>\$33,807</u>	<u>\$3,366,795</u>
<u>EXPENDITURES</u>			
Special Revenue	3,227,851	0	3,227,851
Debt Service			
Principal	0	26,792	26,792
Interest	0	7,015	7,015
Total Expenditures	<u>\$3,227,851</u>	<u>\$33,807</u>	<u>\$3,261,658</u>
Net Change in Fund Balance	<u>\$105,137</u>	<u>\$0</u>	<u>\$105,137</u>
<u>NET ASSETS - BEGINNING</u>	<u>283,183</u>	<u>0</u>	<u>283,183</u>
<u>NET ASSETS - ENDING</u>	<u>\$388,320</u>	<u>\$0</u>	<u>\$388,320</u>

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUND  
AS OF JUNE 30, 2009

	Food Services Fund	Athletic Fund	Community Service Fund	Total
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$250,715	\$6,716	\$169,716	\$427,147
Accounts Receivable	775	10,000	28,731	39,506
Due from Other Funds	0	397	15,001	15,398
Due from Other Governmental Units	17,095	0	3,711	20,806
Inventory	36,273	0	0	36,273
Prepaid Expenses	5,093	0	0	5,093
<b><u>TOTAL ASSETS</u></b>	<b><u>\$309,951</u></b>	<b><u>\$17,113</u></b>	<b><u>\$217,159</u></b>	<b><u>\$544,223</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$3,907	\$1,441	\$3,672	\$9,020
Due to Other Funds	30	15,672	8,168	23,870
Accrued Expenses	0	0	3	3
Salaries Payable	0	0	40	40
Deferred Revenue	28,822	0	94,148	122,970
Total Liabilities	\$32,759	\$17,113	\$106,031	\$155,903
<b><u>FUND BALANCES</u></b>				
Fund Balance - Reserved for Inventory	36,273	0	0	36,273
Fund Balance - Unreserved and Undesignated	240,919	0	111,128	352,047
Total Fund Balance	\$277,192	\$0	\$111,128	\$388,320
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$309,951</u></b>	<b><u>\$17,113</u></b>	<b><u>\$217,159</u></b>	<b><u>\$544,223</u></b>

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Food Services Fund	Athletic Fund	Community Service Fund	Total
<b><u>REVENUES</u></b>				
<b><u>Local Sources</u></b>				
Cafeteria Sales	\$1,420,719	\$0	\$0	\$1,420,719
Athletic Activities	0	186,250	0	186,250
Earnings on Investments and Deposits	1,891	0	1,757	3,648
Other Local Revenues	1,993	23,325	898,079	923,397
Total Local Sources	<u>\$1,424,603</u>	<u>\$209,575</u>	<u>\$899,836</u>	<u>\$2,534,014</u>
<b><u>State Sources</u></b>				
State Reimbursements	58,939	0	21,720	80,659
<b><u>Federal Sources</u></b>				
Federal Reimbursements	166,922	0	0	166,922
Commodities	60,606	0	0	60,606
Total Federal Sources	<u>\$227,528</u>	<u>\$0</u>	<u>\$0</u>	<u>\$227,528</u>
Total Revenues	<u>\$1,711,070</u>	<u>\$209,575</u>	<u>\$921,556</u>	<u>\$2,842,201</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers from General Fund	0	523,328	196,468	719,796
Total Revenues & Other Financing Sources	<u>\$1,711,070</u>	<u>\$732,903</u>	<u>\$1,118,024</u>	<u>\$3,561,997</u>
<b><u>EXPENDITURES</u></b>				
Salaries - Professional	103,821	92,223	201,303	397,347
Salaries - Non-Professional	391,778	153,700	286,086	831,564
Insurances	96,357	34,914	69,709	200,980
Fica, Retirement, Etc.	119,453	61,979	111,625	293,057
Other Benefits	551	0	0	551
Purchased Services	29,169	330,909	188,812	548,890
Supplies and Materials	757,876	40,454	124,841	923,171
Capital Outlay	3,632	5,871	44	9,547
Other	4,669	12,853	5,222	22,744
Total Expenditures	<u>\$1,507,306</u>	<u>\$732,903</u>	<u>\$987,642</u>	<u>\$3,227,851</u>
<b><u>OTHER FINANCING USES</u></b>				
Transfers to Other Funds	150,342	0	78,667	229,009
Total Expenditures and Other Financing Uses	<u>\$1,657,648</u>	<u>\$732,903</u>	<u>\$1,066,309</u>	<u>\$3,456,860</u>
<b><u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	\$53,422	\$0	\$51,715	\$105,137
<b><u>FUND BALANCE - BEGINNING OF YEAR</u></b>				
	223,770	0	59,413	283,183
<b><u>FUND BALANCE - END OF YEAR</u></b>				
	<u>\$277,192</u>	<u>\$0</u>	<u>\$111,128</u>	<u>\$388,320</u>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
OTHER FINANCING USES

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009

REVENUES FROMLocal Sources

Property Taxes	\$3,843,451
Payments in Lieu of Tax	33,925
Earnings on Investments and Deposits	87,752
Tuition	10,745
Transportation	111,262
Rentals	40,415
Fees	207,934
Other Local Revenues	90,434
Total Revenues from Local Sources	<u>\$4,425,918</u>

State Sources

State Aid - Membership - Sec. 20	22,862,208
At Risk	118,517
Special Education	1,771,897
Vocational Education	912
Total Revenues from State Sources	<u>\$24,753,534</u>

Federal Sources

Special Ed	719,806
ARRA Education Stabilization	1,351,675
Improving Teacher Quality	152,464
Grants from ISD	22,557
Total Revenues from Federal Sources	<u>\$2,246,502</u>
Total Revenues	<u>\$31,425,954</u>

OTHER FINANCING SOURCES

County Special Education Tax	2,961,345
Transfers from Other Funds	229,009
Sale of Fixed Assets	26,971
Prior Period Adjustment for TIFA/DDA Overcapture	495,326
Transfers from Other Governmental Units	220,655
Total Other Financing Sources	<u>\$3,933,306</u>

TOTAL REVENUES AND OTHER  
FINANCING SOURCES

\$35,359,260

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2009

INSTRUCTION

BASIC PROGRAMS

Elementary

Salaries - Professional	\$5,762,114
Salaries - Non-Professional	86,651
Insurances	922,978
Fica, Retirement, Etc.	1,406,623
Purchased Services	152,263
Supplies and Materials	337,320
Capital Outlay	10,490
Other	1,861
Total Elementary	\$8,680,300

Middle/Junior High

Salaries - Professional	1,935,991
Salaries - Non-Professional	55,101
Insurances	331,774
Fica, Retirement, Etc.	479,358
Purchased Services	46,260
Supplies and Materials	64,780
Capital Outlay	945
Other	2,042
Total Middle/Junior High	\$2,916,251

High School

Salaries - Professional	3,354,424
Salaries - Non-Professional	168,659
Insurances	588,389
Fica, Retirement, Etc.	852,223
Purchased Services	90,412
Supplies and Materials	281,261
Other	2,284
Total High School	\$5,337,652

Total Basic Programs	\$16,934,203
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DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2009

INSTRUCTION (Continued)

ADDED NEEDS

SPECIAL EDUCATION

Salaries - Professional	\$798,492
Salaries - Non-Professional	738,508
Insurances	190,843
Fica, Retirement, Etc.	365,339
Purchased Services	123,017
Supplies and Materials	24,206
Other	192,780
Total Special Education	\$2,433,185

COMPENSATORY EDUCATION

Salaries - Professional	150,198
Salaries - Non-Professional	5,294
Insurances	26,914
Fica, Retirement, Etc.	37,263
Purchased Services	1,624
Supplies and Materials	9,766
Total Compensatory Education	\$231,059

VOCATIONAL EDUCATION

Salaries - Professional	113,739
Insurances	15,191
Fica, Retirement, Etc.	27,495
Purchased Services	30
Supplies and Materials	696
Other	177,833
Total Vocational Education	\$334,984

Total Added Needs	\$2,999,228
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<u>Total Instruction</u>	\$19,933,431
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SUPPORT SERVICES

STUDENT SERVICES

Salaries - Professional	2,382,842
Salaries - Non-Professional	115,414
Insurances	396,761
Fica, Retirement, Etc.	602,899
Purchased Services	190,630
Supplies and Materials	20,444
Total Student Services	\$3,708,990



DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2009

SUPPORT SERVICES (Continued)

INSTRUCTIONAL STAFF

Salaries - Professional	\$821,420
Salaries - Non-Professional	290,153
Insurances	222,837
Fica, Retirement, Etc.	269,705
Purchased Services	201,459
Supplies and Materials	41,809
Capital Outlay	60,767
Total Instructional Staff	\$1,908,150

GENERAL ADMINISTRATION

Salaries - Professional	248,285
Salaries - Non-Professional	65,804
Insurances	56,141
Fica, Retirement, Etc.	90,988
Purchased Services	86,559
Supplies and Materials	5,729
Other	10,042
Total General Administration	\$563,548

SCHOOL ADMINISTRATION

Salaries - Professional	778,019
Salaries - Non-Professional	434,840
Insurances	299,084
Fica, Retirement, Etc.	300,530
Other Benefits	352
Purchased Services	34,103
Supplies and Materials	20,854
Other	8,948
Total School Administration	\$1,876,730

BUSINESS ADMINISTRATION

Salaries - Professional	184,716
Salaries - Non-Professional	71,509
Insurances	69,655
Fica, Retirement, Etc.	63,789
Purchased Services	24,251
Supplies and Materials	5,793
Other	54,962
Total Business Administration	\$474,675

OPERATION AND MAINTENANCE OF PLANT

Salaries - Non-Professional	870,280
Insurances	324,215
Fica, Retirement, Etc.	210,471
Other Benefits	4,713
Purchased Services	652,385
Supplies and Materials	1,272,524
Capital Outlay	141,631
Total Operation and Maintenance of Plant	\$3,476,219

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2009

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SUPPORT SERVICES (Continued)

TRANSPORTATION

Salaries - Professional	\$66,748
Salaries - Non-Professional	1,054,622
Insurances	378,800
Fica, Retirement, Etc.	271,361
Other Benefits	8,185
Purchased Services	75,238
Supplies and Materials	216,611
Other	3,789
Total Transportation	<u>\$2,075,354</u>

OTHER SUPPORT SERVICES

Salaries - Non-Professional	37,995
Insurances	12,608
Fica, Retirement, Etc.	9,267
Purchased Services	1,906
Supplies and Materials	1,337
Total Transportation	<u>\$63,113</u>

Total Support Services \$14,146,779

COMMUNITY SERVICES

Salaries - Professional	95,688
Insurances	12,928
Fica, Retirement, Etc.	23,204
Other Benefits	215
Purchased Services	7,934
Supplies and Materials	8,468
Total Community Services	<u>\$148,437</u>

Total Expenditures \$34,228,647

OTHER FINANCING USES

Transfers to Other Funds	<u>719,796</u>
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TOTAL EXPENDITURES AND OTHER FINANCING USES \$34,948,443

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$481,417

1998 DURANT RESOLUTION PACKAGE BONDS

<u>PAYMENT DATE - MAY 15TH</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL PAYMENT</u>
2010	4.761353%	\$28,067	\$5,739	\$33,806
2011	4.761353%	29,404	4,403	33,807
2012	4.761353%	167,728	59,412	227,140
2013	4.761353%	32,269	1,536	33,805
<u>TOTAL</u>		<u>\$257,468</u>	<u>\$71,090</u>	<u>\$328,558</u>

DATE OF ISSUE - April 20, 1998

Original amount of issue - \$69,600,000

1998 SCHOOL BUILDING AND SITE BONDS

<u>PAYMENT DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>NOVEMBER INTEREST REQUIREMENT</u>	<u>MAY INTEREST REQUIREMENT</u>	<u>TOTAL PAYMENT</u>
2009-2010			\$796,687	\$796,688	\$1,593,375
2010-2011			796,688	796,687	1,593,375
2011-2012			796,687	796,688	1,593,375
2012-2013			796,688	796,687	1,593,375
2013-2014			796,687	796,688	1,593,375
2014-2015			796,688	796,687	1,593,375
2015-2016			796,687	796,688	1,593,375
2016-2017	5.10%	2,625,000	796,688	796,687	4,218,375
2017-2018	5.10%	2,625,000	729,750	729,750	4,084,500
2018-2019	5.00%	2,625,000	662,813	662,812	3,950,625
2019-2020	5.00%	2,625,000	597,187	597,188	3,819,375
2020-2021	5.00%	2,625,000	531,562	531,563	3,688,125
2021-2022	5.00%	2,625,000	465,937	465,938	3,556,875
2022-2023	5.00%	2,625,000	400,313	400,312	3,425,625
2023-2024	5.10%	2,625,000	334,687	334,688	3,294,375
2024-2025	5.10%	2,625,000	267,750	267,750	3,160,500
2025-2026	5.10%	2,625,000	200,813	200,812	3,026,625
2026-2027	5.10%	2,625,000	133,875	133,875	2,892,750
2027-2028	5.10%	2,625,000	66,938	66,937	2,758,875
<u>TOTAL</u>		<u>\$31,500,000</u>	<u>\$10,765,125</u>	<u>\$10,765,125</u>	<u>\$53,030,250</u>

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

DATE OF ISSUE - March 26, 2003

Original amount of issue - \$30,210,000

<u>2003 REFUNDING BONDS</u>					
<u>PAYMENT DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>NOVEMBER INTEREST REQUIREMENT</u>	<u>MAY INTEREST REQUIREMENT</u>	<u>TOTAL PAYMENT</u>
2009-2010	3.50%	\$1,780,000	\$381,955	\$381,955	\$2,543,910
2010-2011	4.00%	1,810,000	350,805	350,805	2,511,610
2011-2012	4.00%	1,790,000	314,605	314,605	2,419,210
2012-2013	5.00%	1,885,000	278,805	278,805	2,442,610
2013-2014	4.00%	780,000	231,680	231,680	1,243,360
2014-2015	5.00%	1,770,000	216,080	216,080	2,202,160
2015-2016	5.00%	1,840,000	171,830	171,830	2,183,660
2016-2017	5.00%	1,660,000	125,830	125,830	1,911,660
2017-2018	4.00%	1,955,000	87,630	87,630	2,130,260
2018-2019	5.00%	1,655,000	38,755	38,755	1,732,510
<u>TOTAL</u>		<u>\$16,925,000</u>	<u>\$2,197,975</u>	<u>\$2,197,975</u>	<u>\$21,320,950</u>

DATE OF ISSUE - September 29, 2008

Original amount of issue - \$59,780,000

<u>2008 BUILDING &amp; SITE &amp; REFUNDING BONDS</u>					
<u>PAYMENT DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>NOVEMBER INTEREST REQUIREMENT</u>	<u>MAY INTEREST REQUIREMENT</u>	<u>TOTAL PAYMENT</u>
2009-2010	3.25%	\$4,080,000	\$1,210,853	\$1,210,853	\$6,501,706
2010-2011	3.25%	4,040,000	1,144,553	1,144,553	6,329,106
2011-2012	3.25%	4,565,000	1,078,903	1,078,903	6,722,806
2012-2013	3.25%	4,520,000	1,004,722	1,004,722	6,529,444
2013-2014	5.00%	4,490,000	931,272	931,272	6,352,544
2014-2015	5.00%	4,480,000	819,022	819,022	6,118,044
2015-2016	5.00%	4,470,000	707,022	707,022	5,884,044
2016-2017	5.00%	2,050,000	595,272	595,272	3,240,544
2017-2018	5.00%	2,050,000	553,241	553,241	3,156,482
2018-2019	5.00%	2,050,000	501,991	501,990	3,053,981
2019-2020	5.00%	2,050,000	450,741	450,741	2,951,482
2020-2021	5.00%	2,245,000	406,928	406,928	3,058,856
2021-2022	4.25%	2,250,000	360,000	360,000	2,970,000
2022-2023	4.25%	2,250,000	312,187	312,188	2,874,375
2023-2024	5.00%	2,250,000	264,375	264,375	2,778,750
2024-2025	5.00%	2,250,000	208,125	208,125	2,666,250
2025-2026	4.50%	2,250,000	151,875	151,875	2,553,750
2026-2027	4.50%	2,250,000	101,250	101,250	2,452,500
2027-2028	4.50%	2,250,000	50,625	50,625	2,351,250
<u>TOTAL</u>		<u>\$56,840,000</u>	<u>\$10,852,957</u>	<u>\$10,852,957</u>	<u>\$78,545,914</u>