

FENNVILLE PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Fennville Public Schools

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009, on our consideration of Fennville Public Schools' internal control over financial reporting and on our tests of its 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 controls 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 should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages vi through xv and page 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 the Fennville Public Schools' basic financial statements. The additional information on pages 32 to 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Manes Costeiran PC

September 18, 2009

**FENNVILLE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2009**

Fennville Public Schools, a K-12 school district located in Allegan County, Michigan, is in its fifth year of implementation for the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements.

FINANCIAL HIGHLIGHTS

Below is a table showing the fund balances for the past seven years.

<u>DATE</u>	<u>GENERAL FUND FUND BALANCE</u>	<u>DIFFERENCE</u>
June 30, 2003	\$ 906,648	\$ 91,435
June 30, 2004	1,149,200	242,552
June 30, 2005	1,479,503	303,303
June 30, 2006	1,254,283	(225,220)
June 30, 2007	1,006,356	(247,927)
June 30, 2008	1,058,854	52,498
June 30, 2009	971,741	(87,113)

In 2008-09 the total general fund revenues exceeded \$12.54 million dollars with expenditures approximately \$12.59 million dollars. In 2007-08 the total revenues exceeded \$12.20 million dollars with expenditures approximately \$12.15 million dollars. Revenues increased during the 2008/09 school year by \$321,710 due to property tax revenue increase. District-wide expenditures increased by \$456,703.

The District continues to participate in short-term borrowing and borrowed \$2.1 million dollars during the year that was repaid in August 2009. The increased reliance on short-term borrowings to finance operations during the school year, especially until the first State aid payment in October, will require another increase in state aid borrowing again in 2009/10, with \$3.0 million dollars being borrowed to meet cash flow needs.

On June 14, 2004, the voters approved a \$25,760,000 bond for building a new elementary building, major renovations to the middle school, site renovations to the high school and a new community athletic center. These projects still have a small balance to be used by the District (less than \$17,000).

As in the past several years the food service department was able to generate a surplus of more than \$30,000 and continues with an enviable fund balance in excess of \$290,000.

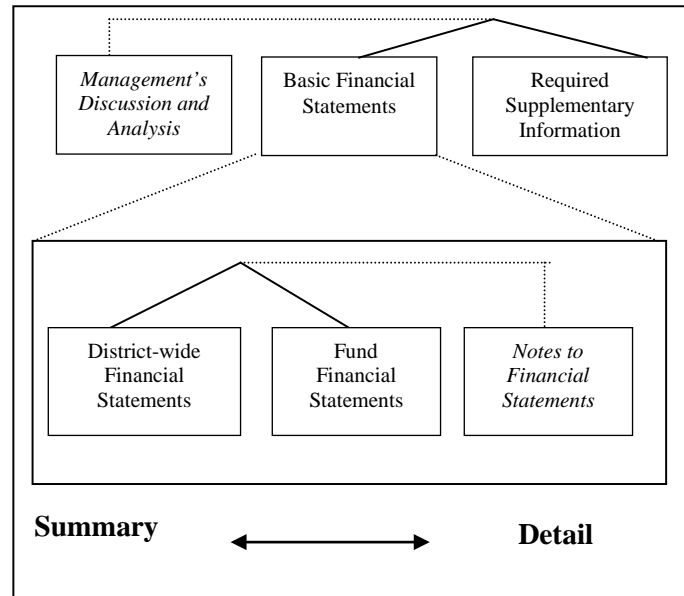
The athletic fund deficit reduced their on-hand dollars to less than \$300, and will need greater supplements in future years unless a new revenue source is found.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more detail* than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

**Figure A-1
Organization of Fennville Public Schools’
Annual Financial Report**



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-2
Major Features of District-Wide and Fund Financial Statements**

	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, FPS's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT WIDE FINANCIAL STATEMENTS:

All of the District’s assets and liabilities are reported in the district-wide financial statements and are on a full accrual basis that are similar to those used by private-sector companies. For example, capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the district-wide financial statements. The difference between the District’s assets and liabilities (net assets) are one way to measure the District’s financial position. However, you need to consider other non-financial factors such as changes in the District’s property tax base and the condition and age of the school buildings and other facilities.

The current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Most of the District's basic services are included here, such as regular and special education, transportation and administration. These activities are financed through the state foundation grant, property taxes and various federal and state programs.

The District's combined net assets at the beginning of the fiscal year were \$4,152,713 and on June 30, 2009 they were \$3,797,433 which represents a decrease of \$355,280 as recorded in the Statement of Activities.

FUND FINANCIAL STATEMENTS

The fund financial statements are reported on a modified accrual basis and consist of governmental funds and fiduciary funds. Governmental funds include most of the District's basic services which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending on future District programs.

Fiduciary funds are for assets that belong to others, such as the scholarship fund and the student activities fund where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. Some of these funds are established by State law and by bond covenants while others can be established for the District to control and manage money for a particular purpose such as school lunch and athletics.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets – In 2008-09, the District's combined net assets as of June 30, 2009 totaled \$3,797,433 which was slightly less than as of June 30, 2008, \$4,152,713.

Table A-3		
Fennville Public Schools		
	<u>2009</u>	<u>2008</u>
Current assets	\$ 4,938,857	\$ 4,863,103
Capital assets and other	<u>27,513,665</u>	<u>27,930,847</u>
Total assets	<u>32,452,522</u>	<u>32,793,950</u>
Long-term debt outstanding	24,724,362	24,920,854
Other liabilities	<u>3,930,727</u>	<u>3,720,383</u>
Total liabilities	<u>28,655,089</u>	<u>28,641,237</u>
Net assets:		
Invested in capital assets, net of related debt	2,110,280	2,419,257
Restricted for debt service	538,102	531,030
Unrestricted	<u>1,149,051</u>	<u>1,202,426</u>
Total net assets	<u>\$ 3,797,433</u>	<u>\$ 4,152,713</u>

Table A-4		
Changes in Fennville Public Schools' Net Assets		
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 247,904	\$ 234,280
Federal and state categorical grants	1,958,069	1,794,240
General revenues:		
Property taxes	3,729,690	3,588,478
Investment	53,032	95,105
State aid - unrestricted	8,170,592	8,599,616
Federal ARRA sources - unrestricted	542,460	
Intermediate sources	269,608	262,543
Gain on sale of capital assets	5,719	-
Other	76,480	36,979
Total revenues	<u>15,053,554</u>	<u>14,611,241</u>
Expenses:		
Instruction	8,194,305	7,820,518
Support services	4,866,655	4,731,571
Community services	167,989	172,712
Outgoing transfers and other	87,106	-
Food services	747,251	703,043
Athletics	211,248	205,161
Interest on long-term debt	1,134,280	1,208,856
Total expenses	<u>15,408,834</u>	<u>14,841,861</u>
Change in net assets	<u>\$ (355,280)</u>	<u>\$ (230,620)</u>

STATE OF MICHIGAN UNRESTRICTED AID (State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. The Michigan State Aid Act per student foundation allowance which was established under Proposal A has increased from \$4,754 per student in 1995 to \$7,316 per student in 2008-2009. The per student amount increased by \$112 from prior year or a 1.55% increase.
- b. Student Enrollment - The blended count is 75 percent of current year's fall count and 25 percent of prior year's February count.
- c. The District's non-homestead levy for 2008-09 was 18.0000 mills which the voters approved in May 2008.

Student Enrollment

Student enrollment remained flat from 2007-08 to 2008-09. A slight decrease of pupils is expected in fall of 2009.

GOVERNMENTAL FUNDS

Results of Operations:

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

	2009	2008
REVENUES:		
Local sources:		
Property taxes	\$ 3,725,832	\$ 3,592,399
Investment earnings	53,032	95,105
Food sales, athletics and community service	233,035	202,184
Other	97,486	69,075
Total local sources	4,109,385	3,958,763
State sources	8,756,198	9,253,962
Federal sources	1,914,923	1,139,894
Intermediate sources	319,518	262,543
TOTAL REVENUES	\$ 15,100,024	\$ 14,615,162
EXPENDITURES:		
Current:		
Instruction	\$ 7,440,673	\$ 7,088,012
Supporting services	4,772,044	4,824,687
Food service activities	740,302	694,286
Athletic activities	199,256	193,520
Community service activities	54,953	62,802
Outgoing transfers and other	87,106	
Debt service:		
Principal	743,781	460,704
Interest expense	1,134,984	1,170,609
Other	643	1,499
Capital outlay	657,532	431,105
TOTAL EXPENDITURES	\$ 15,831,274	\$ 14,927,224

The following summarizes the revenues and expenses by comparing fiscal year 2009 to 2008 as shown in the previous Results of Operations.

- Property taxes continue to increase due to increased taxable values and assessments.
- Interest earnings decreased with the reduction of interest rates the District was able to obtain on their own investment opportunities due to the state of our economy.
- State sources slightly decreased due to the State budget cuts.
- Federal sources also showed an increase due to ARRA funding that the State of Michigan received. The increase to federal sources was a direct decrease to state funding decreasing.

- Intermediate sources increased slightly over the previous year.
- The Community Athletic Center (CAC) continues to be a huge success, with over 1,200 community members becoming members. There will always be costs associated with utility, cleaning and personnel costs to operate the center. Membership fees were increased to offset existing costs this year. The budget adopted for 2009-10 eliminated the CAC recreation specialist position. This had been an ongoing Board discussion of how to operate the CAC without spending large general fund dollars to supplement it.
- The continued success of the food service department is a two edged sword. Too much fund equity can jeopardize federal funding, yet the desire to offer more food options to students requires greater start up costs. The District charges an indirect cost to recover some of the cleaning and utility costs paid by the general fund.
- Salaries and benefits increased due to annual steps in salary as well as insurance rate increases.

The Fennville Public School District voters approved the 18 mill renewal in May 2008 for one year and again in May 2009. The State of Michigan allows each school district to levy 18 mills on Non-PRE property, formally known as non-homestead property, and the foundation grant is calculated after the 18 mills. The approval of this renewal resulted in nearly two million in revenue for the District in fiscal year 2009-10.

Following is a table showing the past eight years of property taxes collected on Non-PRE property, formally known non-homestead property.

Fiscal year	Non-Homestead	
	Levy	Mills
2008 - 2009	\$ 2,096,333	18.0000
2007 - 2008	1,999,760	18.0000
2006 - 2007	1,891,005	18.0000
2005 - 2006	1,739,017	18.0000
2004 - 2005	1,564,900	17.5338
2003 - 2004	1,516,817	18.0000
2002 - 2003	1,407,377	18.0000
2001 - 2002	1,175,266	18.0000

GENERAL FUND AND BUDGET HIGHLIGHTS

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The 2008-09 budget was approved on June 9, 2008.

The budget was revised several times throughout the fiscal year, with final revisions being approved in June of 2009, representing changes that were estimated during the month of April. The final budget revision anticipated a higher revenue figure than was budgeted in June and equally higher expenditures than the original budget had anticipated. Actual results showed expenditures increased by about .65% over the final budget revision, while revenues came in about .4% higher than the final budget predicted level.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2009, the District had invested \$34.9 million in a broad range of capital assets.

	2009			2008
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 337,337	\$ -	\$ 337,337	\$ 337,337
Construction in process	614,739	-	614,739	-
Buildings and additions	28,773,294	5,011,292	23,762,002	24,336,724
Land improvements	1,735,401	228,318	1,507,083	1,593,728
Computer and office	1,798,919	1,090,497	708,422	986,700
Outdoor equipment	457,022	388,587	68,435	83,562
Transportation equipment	1,209,927	871,614	338,313	408,347
Total	\$ 34,926,639	\$ 7,590,308	\$ 27,336,331	\$ 27,746,398

LONG-TERM DEBT

The 2004 construction and remodeling bond was approved by the voters on June 14, 2004 in the amount of \$25,760,000. The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. See Note 7 for more information.

	2009	2008
General obligation bonds - net	\$ 23,862,288	\$ 24,347,589
Limited obligation bonds	72,494	118,666
Compensated absences	41,643	38,533
Bus loans	106,430	156,529
Voluntary severance plan	110,000	220,000
Other loans	1,346,057	846,556
	\$ 25,538,912	\$ 25,727,873

FACTORS BEARING ON THE DISTRICT'S FUTURE

There are several factors that could significantly affect the financial health of the District in the future.

- The foundation allowance from the State of Michigan has not been signed into law for the upcoming 2009-10 school fiscal year. There is a very likely chance that the foundation allowance could be cut significantly in the upcoming fiscal year. This will be detrimental to the financial situation for the school district. The chief problem is that once again the state continues to struggle with revenues needed to balance its budget. With the increase in fuel, food and utility costs, it is becoming extremely difficult for the District to try to maintain a balanced budget.
- The teacher's contract has not been settled and therefore expenditures may change in the 2009-10 budget.
- An enrollment decrease is anticipated for the upcoming school year, which will play a role in the District's balancing of their budget. In addition the health insurance rates increasing at a rapid rate, the retirement rate increase by almost another .5% this year.
- The Capital project fund will be closed out during fiscal 2010. The District's financial advisors have determined that the District will not face an arbitrage requirement, which will allow the last money to be spent on District projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the revenues it receives. If you have any questions about this report or need any additional information, please contact Business Services Office, Fennville Public Schools, Fennville, Michigan 49408, phone 269-561-7331.

BASIC FINANCIAL STATEMENTS

**FENNVILLE PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	<u>Governmental activities</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 2,882,443
Investments	121,331
Receivables:	
Accounts receivable	6,711
Interest receivable	11
Taxes receivable	4,110
Due from other governmental units	1,775,917
Inventories	79,940
Prepaid expenditures	52,278
Restricted cash and cash equivalents - capital projects	<u>16,116</u>
TOTAL CURRENT ASSETS	<u>4,938,857</u>
NONCURRENT ASSETS:	
Deferred charges, net of amortization	177,334
Capital assets	34,926,639
Less accumulated depreciation	<u>(7,590,308)</u>
TOTAL NONCURRENT ASSETS	<u>27,513,665</u>
 TOTAL ASSETS	 <u><u>\$ 32,452,522</u></u>

LIABILITIES AND NET ASSETS	<u>Governmental activities</u>
CURRENT LIABILITIES:	
Accounts payable	\$ 59,539
Retainage payable	60,973
Due to other governmental units	12,359
Note payable	2,100,000
Accrued interest	220,704
Accrued salaries and related items	658,086
Deferred revenue	4,516
Current portion of bonded debt obligations	505,000
Current portion of other long-term obligations	199,550
Current portion of voluntary severance plan	<u>110,000</u>
TOTAL CURRENT LIABILITIES	<u>3,930,727</u>
NONCURRENT LIABILITIES:	
Noncurrent portion of bonded debt obligations	23,357,288
Noncurrent portion of other long-term obligations	1,325,431
Noncurrent portion of compensated absences	<u>41,643</u>
TOTAL NONCURRENT LIABILITIES	<u>24,724,362</u>
TOTAL LIABILITIES	<u>28,655,089</u>
NET ASSETS:	
Invested in capital assets, net of related debt	2,110,280
Restricted for debt service	538,102
Unrestricted	<u>1,149,051</u>
TOTAL NET ASSETS	<u>3,797,433</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 32,452,522</u></u>

**FENNVILLE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>
		<u>Charges for services</u>	<u>Operating grants</u>	<u>Net (expense) revenue and changes in net assets</u>
Governmental activities:				
Instruction	\$ 8,194,305	\$ -	\$ 1,163,099	\$ (7,031,206)
Support services	4,866,655	15,000	173,589	(4,678,066)
Community services	167,989	17,981	-	(150,008)
Outgoing transfers and other	87,106	-	-	(87,106)
Food services	747,251	175,697	621,381	49,827
Athletics	211,248	39,226	-	(172,022)
Interest on long-term debt	1,134,280	-	-	(1,134,280)
Total governmental activities	<u>\$ 15,408,834</u>	<u>\$ 247,904</u>	<u>\$ 1,958,069</u>	<u>(13,202,861)</u>
General revenues:				
Property taxes, levied for general purposes				2,108,179
Property taxes, levied for debt service				1,621,511
Investment earnings				53,032
State sources				8,170,592
Federal ARRA sources - unrestricted				542,460
Intermediate sources				269,608
Gain on sale of capital assets				5,719
Other				<u>76,480</u>
Total general revenues				<u>12,847,581</u>
CHANGE IN NET ASSETS				(355,280)
NET ASSETS, beginning of year				<u>4,152,713</u>
NET ASSETS, end of year				<u>\$ 3,797,433</u>

See notes to financial statements.

**FENNVILLE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General Fund</u>	<u>2005 Debt service</u>	<u>Capital projects fund</u>	<u>Capital projects fund - Energy bonds</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS						
ASSETS:						
Cash and cash equivalents	\$ 1,925,826	\$ 630,052	\$ -	\$ 60,973	\$ 265,592	\$ 2,882,443
Investments	22,338	98,993	-	-	-	121,331
Receivables:						
Property taxes receivable	4,110	-	-	-	-	4,110
Accounts receivable	1,792	-	-	-	4,919	6,711
Interest	-	11	-	-	-	11
Due from other governmental units	1,716,910	-	-	-	59,007	1,775,917
Due from other funds	37,833	-	-	-	-	37,833
Inventories	70,830	-	-	-	9,110	79,940
Prepaid expenditures	52,278	-	-	-	-	52,278
Restricted cash and cash equivalents	-	-	16,116	-	-	16,116
TOTAL ASSETS	<u>\$ 3,831,917</u>	<u>\$ 729,056</u>	<u>\$ 16,116</u>	<u>\$ 60,973</u>	<u>\$ 338,628</u>	<u>\$ 4,976,690</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 55,871	\$ -	\$ -	\$ -	\$ 3,668	\$ 59,539
Retainage payable	-	-	-	60,973	-	60,973
Due to other funds	-	-	-	-	37,833	37,833
Due to other governmental units	12,359	-	-	-	-	12,359
Note payable	2,100,000	-	-	-	-	2,100,000
Accrued interest	29,750	-	-	-	-	29,750
Accrued salaries and related items	658,086	-	-	-	-	658,086
Deferred revenue	4,110	-	-	-	4,516	8,626
TOTAL LIABILITIES	<u>2,860,176</u>	<u>-</u>	<u>-</u>	<u>60,973</u>	<u>46,017</u>	<u>2,967,166</u>
FUND BALANCES:						
Reserved for inventories	70,830	-	-	-	9,110	79,940
Reserved for prepaid expenditures	52,278	-	-	-	-	52,278

See notes to financial statements.

	<u>General Fund</u>	<u>2005 Debt service</u>	<u>Capital projects fund</u>	<u>Capital projects fund - Energy bonds</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
FUND BALANCES (Concluded):						
Reserved for debt service	\$ -	\$ 729,056	\$ -	\$ -	\$ -	\$ 729,056
Reserved for capital outlay	-	-	16,116	-	-	16,116
Designated for subsequent years expenditures	18,953	-	-	-	-	18,953
Unreserved, undesignated	829,680	-	-	-	-	829,680
Unreserved, undesignated reported in special revenue funds	-	-	-	-	283,501	283,501
TOTAL FUND BALANCES	<u>971,741</u>	<u>729,056</u>	<u>16,116</u>	<u>-</u>	<u>292,611</u>	<u>2,009,524</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,831,917</u>	<u>\$ 729,056</u>	<u>\$ 16,116</u>	<u>\$ 60,973</u>	<u>\$ 338,628</u>	<u>\$ 4,976,690</u>
Total governmental fund balances						\$ 2,009,524
Amounts reported for governmental activities in the statement of net assets are different because:						
Value of amortized bond issuance costs					\$ 203,246	
Accumulated amortization					<u>(25,912)</u>	177,334
Capital assets used in governmental activities are not financial resources and are not reported in the funds						
The cost of the capital assets is					34,926,639	
Accumulated depreciation is					<u>(7,590,308)</u>	27,336,331
Long-term liabilities are not due and payable in the current period and are not reported in the funds:						
Bonds payable						(23,862,288)
Other long-term debt						(1,524,981)
Compensated absences						(41,643)
Voluntary severance plan						(110,000)
Accrued interest is not included as a liability in government funds, it is recorded when paid						(190,954)
Deferred revenue at June 30, 2009, expected to be collected after September 1, 2009						<u>4,110</u>
Net assets of governmental activities						<u>\$ 3,797,433</u>

See notes to financial statements.

FENNVILLE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>2005 Debt service</u>	<u>Capital projects fund</u>	<u>Capital projects fund - Energy bonds</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
REVENUES:						
Local sources:						
Property taxes	\$ 2,104,321	\$ 1,621,511	\$ -	\$ -	\$ -	\$ 3,725,832
Tuition	17,981	-	-	-	-	17,981
Investment earnings	42,445	7,707	-	-	2,880	53,032
Food sales and athletics	-	-	-	-	215,054	215,054
Other	68,990	-	16,659	-	11,837	97,486
Total local sources	2,233,737	1,629,218	16,659	-	229,771	4,109,385
State sources	8,645,162	-	-	-	111,036	8,756,198
Federal sources	1,343,586	-	-	-	571,337	1,914,923
Intermediate school districts	319,518	-	-	-	-	319,518
Total revenues	12,542,003	1,629,218	16,659	-	912,144	15,100,024
EXPENDITURES:						
Current:						
Instruction	7,440,673	-	-	-	-	7,440,673
Supporting services	4,772,044	-	-	-	-	4,772,044
Food service activities	-	-	-	-	740,302	740,302
Athletic activities	-	-	-	-	199,256	199,256
Community service activities	54,953	-	-	-	-	54,953
Outgoing transfers and other	87,106	-	-	-	-	87,106
Capital outlay						
Construction	-	-	42,641	614,739	-	657,380
Other	-	-	152	-	-	152

See notes to financial statements.

	<u>General Fund</u>	<u>2005 Debt service</u>	<u>Capital projects fund</u>	<u>Capital projects fund - Energy bonds</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
EXPENDITURES (Concluded):						
Debt service:						
Principal repayment	\$ 182,609	\$ 515,000	\$ -	\$ -	\$ 46,172	\$ 743,781
Interest	-	1,120,164	-	-	14,820	1,134,984
Other	-	643	-	-	-	643
Total expenditures	<u>12,537,385</u>	<u>1,635,807</u>	<u>42,793</u>	<u>614,739</u>	<u>1,000,550</u>	<u>15,831,274</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,618</u>	<u>(6,589)</u>	<u>(26,134)</u>	<u>(614,739)</u>	<u>(88,406)</u>	<u>(731,250)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from long-term notes	22,261	-	-	614,739	-	637,000
Proceeds from sale of fixed assets	5,719	-	-	-	-	5,719
Operating transfers from other funds	40,000	-	-	-	159,711	199,711
Operating transfers to other funds	<u>(159,711)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(199,711)</u>
Total other financing sources (uses)	<u>(91,731)</u>	<u>-</u>	<u>-</u>	<u>614,739</u>	<u>119,711</u>	<u>642,719</u>
NET CHANGE IN FUND BALANCES	(87,113)	(6,589)	(26,134)	-	31,305	(88,531)
FUND BALANCES:						
Beginning of year	<u>1,058,854</u>	<u>735,645</u>	<u>42,250</u>	<u>-</u>	<u>261,306</u>	<u>2,098,055</u>
End of year	<u>\$ 971,741</u>	<u>\$ 729,056</u>	<u>\$ 16,116</u>	<u>\$ -</u>	<u>\$ 292,611</u>	<u>\$ 2,009,524</u>

See notes to financial statements.

**FENNVILLE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BLANACES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Net change in fund balances total governmental funds \$ (88,531)

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

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

Depreciation expense	(1,076,718)
Capital outlay	666,651

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

Accrued interest payable, beginning of the year	204,615
Accrued interest payable, end of the year	(190,954)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Proceeds from long-term notes	(637,000)
Payments on bonded debt	515,000
Payments on other long-term debt	233,770
Amortization of bond issuance costs	(7,115)
Amortization of deferred loss on refunding	(17,385)
Amortization of bond discounts	(12,314)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred revenue, beginning of the year	(56,299)
Deferred revenue, end of the year	4,110

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences, beginning of the year	38,533
Accrued compensated absences and termination benefits, end of the year	(41,643)
Accrued voluntary severance plan, beginning of the year	220,000
Accrued voluntary severance plan, end of the year	<u>(110,000)</u>

Change in net assets of governmental activities **\$ (355,280)**

**FENNVILLE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITES
JUNE 30, 2009**

	<u>Agency fund</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 121,029</u>
 LIABILITIES:	
Accounts payable	\$ 1,918
Due to student and other groups	<u>119,111</u>
	<u>\$ 121,029</u>

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Fennville Public Schools (the "District") is governed by the Fennville Public School's Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements No. 14 and 39.

B. Government-wide and Fund Financial Statements

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

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

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

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The District first utilizes restricted resources to finance qualifying activities.

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

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

The District does not allocate indirect costs.

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

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

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

The District reports the following major governmental funds:

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

The *2005 debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Concluded)

The capital projects fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the capital projects fund. The project for which the 2004 Serial Bonds were issued was considered complete on November 7, 2007 and the cumulative expenditures recognized for the construction period were as follows.

The following is a summary of the revenue and expenditures for the capital projects bond activity since inception:

	<u>Capital projects</u>
Revenue and other financing sources (uses)	\$ 26,596,123
Expenditures	\$ 26,580,007

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *debt service fund* - Durant accounts for the resources accumulated and payments made for principal and interest on long-term limited obligation debt as a result of the Durant settlement.

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

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

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Accrual Method

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Modified Accrual Method

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

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

State Revenue

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

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes (formerly known as Non-Homestead) which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The State revenue is recognized during the foundation period and is funded through payments from October 2008 to August 2009. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Categorical funds which are not expended by the close of the fiscal year are recorded as deferred revenue.

D. Other Accounting Policies

1. Cash and 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 valued 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 valued 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 not 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.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Accounting Policies (Continued)

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

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

Fund	Mills
General fund:	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	5.00

3. Inventories and prepaid expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

4. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Accounting Policies (Continued)

5. Capital assets

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

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

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

Buildings and additions	50 years
Furniture and other equipment	5 - 20 years

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

6. Compensated absences

The District's contracts generally provide for granting vacation and sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method, over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

D. Other Accounting Policies (Concluded)

8. Use of estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year end, if any, are reported as reservations of fund balance because they will be re-appropriated in the subsequent fiscal year.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, for the general fund are noted in the required supplementary information section.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concluded)

5. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2009. The District does not consider these amendments to be significant.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Investment Type	Fair value	Weighted average maturity (years)	Standard & Poor's Rating	%
MILAF External Investment pool - CMF	\$ 19,791	0.0027	AAAm	16.3%
MILAF External Investment pool - MAX	2,547	0.0027	AAAm	2.1%
Dreyfus Treasury Cash Management	<u>98,993</u>	0.0027	AAAm	<u>81.6%</u>
Total fair value	<u>\$ 121,331</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2009, the fair value of the District's investments is the same as the value of the pool shares.

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.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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).

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

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2009, \$3,024,957 of the District's bank balance of \$3,291,073 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. Included in the above figures are bank money market deposits of \$3,744. The carrying value on the books for deposits at the end of the year was \$3,019,588.

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 reported in Note 3:

Deposits - including fiduciary funds of \$121,029	\$ 3,019,588
Investments	<u>121,331</u>
	<u><u>\$ 3,140,919</u></u>

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)

The above amounts are reported in the financial statements as listed below. Certain interest bearing deposits have been reported as investments.

Fiduciary fund:	
Cash and cash equivalents	\$ 121,029
District wide:	
Current assets:	
Cash and cash equivalents	2,882,443
Investments	121,331
Restricted cash and cash equivalents - capital projects	<u>16,116</u>
	<u><u>\$ 3,140,919</u></u>

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Receivables at June 30, 2009 consist of the following:

	<u>Government wide</u>
State aid	\$ 1,124,560
Federal revenue	647,421
Intermediate sources	<u>3,936</u>
	<u><u>\$ 1,775,917</u></u>

No allowance for doubtful accounts is considered necessary based on previous experience.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Assets not being depreciated:				
Land	\$ 337,337	\$ -	\$ -	\$ 337,337
Construction in progress	-	614,739	-	614,739
Total assets not being depreciated	<u>337,337</u>	<u>614,739</u>	<u>-</u>	<u>952,076</u>
Other capital assets:				
Building and additions	28,740,110	33,184	-	28,773,294
Land improvements	1,735,401	-	-	1,735,401
Computer and office equipment	1,789,706	9,213	-	1,798,919
Outdoor equipment	451,007	6,015	-	457,022
Transportation equipment	1,326,918	3,500	120,491	1,209,927
Subtotal	<u>34,043,142</u>	<u>51,912</u>	<u>120,491</u>	<u>33,974,563</u>
Accumulated depreciation:				
Building and additions	4,403,386	607,906	-	5,011,292
Land improvements	141,673	86,645	-	228,318
Computer and office equipment	803,006	287,491	-	1,090,497
Outdoor equipment	367,445	21,142	-	388,587
Transportation equipment	918,571	73,534	120,491	871,614
Total accumulated depreciation	<u>6,634,081</u>	<u>1,076,718</u>	<u>120,491</u>	<u>7,590,308</u>
Net capital assets being depreciated	<u>27,409,061</u>	<u>(1,024,806)</u>	<u>-</u>	<u>26,384,255</u>
Net governmental capital assets	<u>\$ 27,746,398</u>	<u>\$ (410,067)</u>	<u>\$ -</u>	<u>\$ 27,336,331</u>

Depreciation for the fiscal year ended June 30, 2009 amounted to \$1,076,718. The District allocated depreciation to the various activities as follows:

Instruction	\$ 848,835
Support services	94,600
Community services	113,036
Food service	8,255
Athletic activities	<u>11,992</u>
	<u>\$ 1,076,718</u>

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - NOTE PAYABLE

At June 30, 2009, the District has outstanding a \$2,100,000 revenue note (state aid note) dated August 20, 2008. The note, which has an interest rate of 1.70%, matures August 20, 2009. The note is secured by the full faith and credit of the District as well as pledged state aid.

Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
\$ 1,980,000	\$ 2,100,000	\$ 1,980,000	\$ 2,100,000

NOTE 7 - LONG-TERM DEBT

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

The following is a summary of long term obligations for the District for the year ended June 30, 2009:

	General obligation bonds	Limited obligation bonds	Compensated absences	Voluntary severance plan	Bus loans
Balance July 1, 2008	\$ 24,347,589	\$ 118,666	\$ 38,533	\$ 220,000	\$ 156,529
Additions	-	-	3,110	-	-
Deletions	(485,301)	(46,172)	-	(110,000)	(50,099)
Balance June 30, 2009	23,862,288	72,494	41,643	110,000	106,430
Less current portion	(505,000)	(16,880)	-	(110,000)	(52,149)
Total due after one year	\$ 23,357,288	\$ 55,614	\$ 41,643	\$ -	\$ 54,281
	Roof replacement loan	Land purchase	Data storage	Energy notes	Total
Balance July 1, 2008	\$ 594,310	\$ 237,278	\$ 14,968	\$ -	\$ 25,727,873
Additions	-	-	-	637,000	640,110
Deletions	(57,081)	(22,068)	(4,989)	(53,361)	(829,071)
Balance June 30, 2009	537,229	215,210	9,979	583,639	25,538,912
Less current portion	(59,744)	(23,429)	(4,989)	(42,359)	(814,550)
Total due after one year	\$ 477,485	\$ 191,781	\$ 4,990	\$ 541,280	\$ 24,724,362

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM DEBT (Continued)

Bonds payable at June 30, 2009 is comprised of the following issues:

1998 limited obligation bonds (Durant bonds) due in annual installments of \$16,880 to \$19,405 through May 15, 2013, with interest at 4.76%. Certain state aid payments have been pledged as security.	\$ 72,494
2004 serial bonds due in annual installments of \$505,000 to \$1,295,000 through May 1, 2029 with interest from 3.00% to 5.00%.	16,855,000
2007 serial bonds due in annual installments of \$35,000 to \$1,640,000 through May 1, 2034 with interest from 4.00% to 4.20%.	7,745,000
Less: deferred amount on bond refunding	(430,290)
Less: issuance discounts	(307,422)
Land purchase - January 2007 purchase of land. Loan due in monthly installments of \$2,975 through December 14, 2017 with an interest rate of 6.00%.	215,210
Roof replacement - March 2007 replacement of the high school roof. Loan due in monthly installments of \$6,907 through May 10, 2017 with an interest rate of 5.04%.	537,229
Bus loan - October 13, 2005, 5 new buses. Loan due in annual installments of \$52,149 to \$54,281 through October 13, 2011 with interest at 4.10%.	106,430
AAESA Data storage purchase - April 2007 purchase of data warehouse storage. Loan due in annual installments of \$4,989 through April 2011.	9,979
Energy notes - September 2008 purchase of energy conservation materials and equipment. Loan due in monthly installments of \$5,725 through May 1, 2020 with an interest rate of 4.49%.	<u>583,639</u>
Total bonded debt and other long-term obligations	25,387,269
Voluntary severance plan	110,000
Compensated absences	<u>41,643</u>
Total general long-term debt	<u><u>\$ 25,538,912</u></u>

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM DEBT (Concluded)

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2009, \$7,345,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2009, including interest of \$17,650,399 are as follows:

Year ending June 30,	Principal	Interest	Total
2010	\$ 704,550	\$ 1,170,984	\$ 1,875,534
2011	738,625	1,143,847	1,882,472
2012	711,655	1,114,719	1,826,374
2013	749,321	1,086,241	1,835,562
2014	767,036	1,054,795	1,821,831
2015 - 2019	4,162,699	4,767,450	8,930,149
2020 - 2024	4,656,095	3,802,129	8,458,224
2025 - 2029	6,010,000	2,526,661	8,536,661
2030 - 2034	<u>7,625,000</u>	<u>983,573</u>	<u>8,608,573</u>
	26,124,981	17,650,399	43,775,380
Deferred amount on bond refinancing	(430,290)	-	(430,290)
Issuance discounts	(307,422)	-	(307,422)
Voluntary severance	110,000	-	110,000
Compensated absences	<u>41,643</u>	-	<u>41,643</u>
	<u>\$ 25,538,912</u>	<u>\$ 17,650,399</u>	<u>\$ 43,189,311</u>

The Durant bonds, including interest, was issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

Interest expense (all funds) for the year ended June 30, 2009 was approximately \$1,120,000.

The District had entered into voluntary termination benefit arrangements with certain employees. The original agreement provides for a total payment to each individual of either \$18,000 or \$24,000. This amount is paid over three equal payments of either \$6,000 or \$8,000 annually. There are currently thirteen employees entitled to future payments of \$24,000 and one for \$18,000. The liability has been recorded at the face amount as the discounted present value approximates face amount of liability.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2009 are as follows:

Receivable fund	Payable fund
General fund	Food service
<u>\$ 37,833</u>	<u>\$ 37,833</u>

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

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (800) 381-5111.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members joining the system on or after July 1, 2008 contribute at the following graduated rate: 3% of the first \$5,000, 3.6% of \$5,001 through \$15,000, and 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Concluded):

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2009 were 16.72% of payroll through September 30, 2008 and 16.54% effective October 1, 2008 through June 30, 2009. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2009, 2008 and 2007 were \$1,085,496, \$1,050,590 and \$1,186,179, respectively, and were equal to the required contribution for those years.

Other Post-employment Benefits - Also within the MPSERS system, retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The MPSERS has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premium is paid by the MPSERS with the balance deducted from the monthly pension.

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

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2009 or any of the prior three years.

**FENNVILLE PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - TRANSFERS

The general fund transferred \$159,711 to the athletic fund during the current fiscal year. The transfer to the athletic fund was to subsidize operations. The food service fund transferred \$40,000 to the general fund for indirect cost reimbursement.

NOTE 12 - SUBSEQUENT EVENTS

The District has approved borrowing \$3,000,000 for fiscal year 2010 to replace the note payable as described in Note 6.

NOTE 13 - COMMITMENTS

The District has approximately \$16,000 committed to complete its \$25,760,000 bond proposal construction program.

NOTE 14 - THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

During the year ended June 30, 2009 the District received \$542,460 of ARRA funds to off-set a shortage in the State of Michigan foundation funding. It is uncertain if the District will receive ARRA funds in the future.

REQUIRED SUPPLEMENTARY INFORMATION

**FENNVILLE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
REVENUES:				
Local sources	\$ 2,317,000	2,226,749	\$ 2,233,737	\$ 6,988
State sources	8,973,000	9,187,404	8,645,162	(542,242)
Federal sources	707,000	744,583	1,343,586	599,003
Intermediate school districts	331,000	329,890	319,518	(10,372)
Total revenues	<u>12,328,000</u>	<u>12,488,626</u>	<u>12,542,003</u>	<u>53,377</u>
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	5,361,000	4,985,171	5,024,122	(38,951)
Added needs	1,848,000	2,365,469	2,358,668	6,801
Adult and continuing education	-	86,312	57,883	28,429
Total instruction	<u>7,209,000</u>	<u>7,436,952</u>	<u>7,440,673</u>	<u>(3,721)</u>
Supporting services:				
Pupil	611,000	468,832	468,412	420
Instructional staff	505,000	379,489	378,916	573
General administration	322,000	371,920	382,667	(10,747)
School administration	735,000	825,074	815,984	9,090
Business	272,000	310,057	359,996	(49,939)
Operation/maintenance	1,707,000	1,640,295	1,678,739	(38,444)
Pupil transportation	662,000	673,038	674,856	(1,818)
Central	13,000	12,000	12,474	(474)
Total supporting services	<u>4,827,000</u>	<u>4,680,705</u>	<u>4,772,044</u>	<u>(91,339)</u>
Community services	77,000	61,572	54,953	6,619
Outgoing transfers and other	-	86,646	87,106	(460)
Debt service	150,000	189,443	182,609	6,834
Total expenditures	<u>12,263,000</u>	<u>12,455,318</u>	<u>12,537,385</u>	<u>(82,067)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>65,000</u>	<u>33,308</u>	<u>4,618</u>	<u>(28,690)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of long-term note	-	-	22,261	22,261
Proceeds from sale of fixed assets	-	-	5,719	5,719
Operating transfers from other funds	-	40,000	40,000	-
Operating transfers to other funds	(157,000)	(165,279)	(159,711)	5,568
	<u>(157,000)</u>	<u>(125,279)</u>	<u>(91,731)</u>	<u>33,548</u>
NET CHANGE IN FUND BALANCE	<u>\$ (92,000)</u>	<u>\$ (91,971)</u>	<u>(87,113)</u>	<u>\$ 4,858</u>
FUND BALANCE:				
Beginning of year			<u>1,058,854</u>	
End of year			<u>\$ 971,741</u>	

ADDITIONAL INFORMATION

**FENNVILLE PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUND TYPES
 JUNE 30, 2009**

	Special revenue funds		Total nonmajor governmental funds
ASSETS	Food Service	Athletic	funds
ASSETS:			
Cash and cash equivalents	\$ 265,311	\$ 281	\$ 265,592
Accounts receivable	4,919	-	4,919
Due from other governmental units	59,007	-	59,007
Inventories	9,110	-	9,110
	TOTAL ASSETS	\$ 281	\$ 338,628
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 3,668	\$ -	\$ 3,668
Due to other funds	37,833	-	37,833
Deferred revenue	4,516	-	4,516
	TOTAL LIABILITIES	-	46,017
 FUND BALANCES:			
Reserved for inventories	9,110	-	9,110
Unreserved/undesignated	283,220	281	283,501
	TOTAL FUND BALANCES	281	292,611
	TOTAL LIABILITIES AND FUND BALANCES	\$ 281	\$ 338,628

**FENNVILLE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2009**

	<u>Special revenue funds</u>		<u>Debt service</u>	<u>Total nonmajor governmental funds</u>
	<u>Food Service</u>	<u>Athletic</u>	<u>Durant</u>	
REVENUES:				
Sales	\$ 175,828	\$ -	\$ -	\$ 175,828
State aid	50,044	-	60,992	111,036
Federal aid	571,337	-	-	571,337
Admissions	-	39,226	-	39,226
Investment earnings	2,809	71	-	2,880
Other	11,837	-	-	11,837
Total revenues	<u>811,855</u>	<u>39,297</u>	<u>60,992</u>	<u>912,144</u>
EXPENDITURES:				
Current:				
Salaries	218,809	116,694	-	335,503
Benefits	76,680	28,017	-	104,697
Purchased services	9,578	31,704	-	41,282
Supplies and materials	41,931	10,397	-	52,328
Food purchase	349,129	-	-	349,129
Donated commodities	41,368	-	-	41,368
Capital outlay	2,807	2,721	-	5,528
Other expenses	-	9,723	-	9,723
Debt service:				
Principal	-	-	46,172	46,172
Interest	-	-	14,820	14,820
Total expenditures	<u>740,302</u>	<u>199,256</u>	<u>60,992</u>	<u>1,000,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>71,553</u>	<u>(159,959)</u>	<u>-</u>	<u>(88,406)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	-	159,711	-	159,711
Operating transfers to other funds	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Total other financing sources (uses)	<u>(40,000)</u>	<u>159,711</u>	<u>-</u>	<u>119,711</u>
NET CHANGE IN FUND BALANCES	<u>31,553</u>	<u>(248)</u>	<u>-</u>	<u>31,305</u>
FUND BALANCES:				
Beginning of year	<u>260,777</u>	<u>529</u>	<u>-</u>	<u>261,306</u>
End of year	<u>\$ 292,330</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 292,611</u>

**FENNVILLE PUBLIC SCHOOLS
 AGENCY FUNDS – STUDENT ACTIVITIES
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND LIABILITIES BY ACTIVITY
 YEAR ENDED JUNE 30, 2009**

	<u>Balance</u> 07/01/08	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 06/30/09
All School Play Fund	\$ 3,673	\$ 2,608	\$ 3,414	\$ 2,867
Alternative Education	348	-	348	-
Animal Science	36	-	36	-
Annual fund - yearbook	8,618	8,873	15,376	2,115
Art Department	86	-	-	86
ArtStar	956	1,195	831	1,320
Athletic Contributions	(4,220)	4,694	4,220	(3,746)
Auditorium	470	-	470	-
Band Club	9,490	10,591	19,538	543
Baseball Fundraiser	(314)	744	314	116
Bo Mason Memorial Fund	964	-	-	964
Boys Basketball Fundraiser	1,412	12,582	14,174	(180)
CAC Classes	3,222	16,020	8,798	10,444
Camp Blackhawk Fundraisers	394	-	-	394
Cheerleaders	(2,134)	11,149	8,946	69
Childrens Theater	2,000	-	-	2,000
Class of:				
1997	157	-	-	157
1999	1,428	-	-	1,428
2003	987	-	-	987
2004	1,673	-	-	1,673
2005	(236)	236	236	(236)
2006	1,554	-	-	1,554
2007	1,524	-	1,524	-
2008	2,498	-	106	2,392
2009	2,832	4,527	4,008	3,351
2010	979	5,659	4,119	2,519
2011	774	330	-	1,104
2012	-	280	-	280

**FENNVILLE PUBLIC SCHOOLS
 AGENCY FUNDS – STUDENT ACTIVITIES
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND LIABILITIES BY ACTIVITY
 YEAR ENDED JUNE 30, 2009**

	Balance 07/01/08	Additions	Deductions	Balance 06/30/09
Community Athletic Center	\$ 14,072	\$ 27,026	\$ 23,642	\$ 17,456
Community Partnership Institute	102	-	-	102
Conflict Managers	434	-	434	-
Cross Country Fundraiser	115	893	986	22
D.A.R.E	58	-	-	58
DI/OM Fundraisers	2,191	450	185	2,456
Ed Foundation Mini-Grants	2,092	12,763	10,704	4,151
Eighth Grade Fund	(2,542)	57,882	58,511	(3,171)
Elementary Art Department	1,050	-	-	1,050
Elementary Dance	803	660	601	862
Elementary Flower Fund	-	85	-	85
Elementary Library Fund	5,137	8,564	10,157	3,544
Elementary Office Fund (Lower)	183	1,362	1,059	486
Elementary Office Fund (Upper)	1,572	407	842	1,137
Elementary Playground	-	288	-	288
Elementary Pop Fund	1,534	2,572	3,161	945
Elementary Student Council (Lower)	861	2,015	1,854	1,022
Elementary Student Council (Upper)	11,061	9,624	10,777	9,908
Elementary Yearbook	(1,621)	3,345	1,736	(12)
Environmental Club	1,181	-	1,181	-
Fennville Chamber Scholarship	-	2,000	1,000	1,000
Fennville Foundation	(1,025)	1,025	1,025	(1,025)
Football Fundraisers	1,021	2,120	2,984	157
Fund Raisers	156	-	-	156
Future Educators of America	23	-	-	23
Future Farmers of America	1,067	-	1,067	-
Girls Basketball Fundraisers	706	757	1,120	343
Hawk's Nest	-	12,897	10,036	2,861
Hero Team	443	-	443	-
High School Choir	(497)	12,446	12,988	(1,039)

**FENNVILLE PUBLIC SCHOOLS
 AGENCY FUNDS – STUDENT ACTIVITIES
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND LIABILITIES BY ACTIVITY
 YEAR ENDED JUNE 30, 2009**

	Balance 07/01/08	Additions	Deductions	Balance 06/30/09
High School Library Fund	\$ 725	\$ -	\$ -	\$ 725
High School Picture Fund	2,063	-	2,063	-
High School Student Council	1,100	708	721	1,087
High School Technology Fund	1,260	-	1,260	-
Hunt Memorial Fund	624	-	-	624
Journalism Class	131	-	131	-
Middle School Cheerleading	696	469	660	505
Middle School Art Club	507	18	476	49
Middle School Fund	2,134	4,889	6,096	927
Middle School Library	1,696	3,224	3,131	1,789
Middle School Pop Fund	109	1,807	1,009	907
Middle School Student Council	4,114	2,036	3,765	2,385
Miscellaneous contingency	7,285	-	1,305	5,980
Music Revolving Fund	29	-	29	-
National Honor Society	90	469	531	28
One in a Million	1,640	1,059	37	2,662
Parent Teachers Organization	5,791	949	6,740	-
Pearl Project Fund	2,467	1,840	1,294	3,013
Performing Arts Day	847	4,612	4,440	1,019
Perrigo Scholarship	620	-	-	620
Pre-School Co-Op	3,938	119	4,057	-
Professional Library	3	-	3	-
Project Graduation	796	11,823	12,619	-
Quiz Bowl	202	230	371	61
RIF Program	608	369	525	452
Rocket Football	1,264	2,330	3,594	-
SAC Athletic Activities	12	-	12	-
SADD	239	-	239	-
Saugatuck/Douglas Garden Club	3,000	1,000	2,000	2,000

**FENNVILLE PUBLIC SCHOOLS
 AGENCY FUNDS – STUDENT ACTIVITIES
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND LIABILITIES BY ACTIVITY
 YEAR ENDED JUNE 30, 2009**

	Balance 07/01/08	Additions	Deductions	Balance 06/30/09
Senior Trip 2009	\$ -	\$ 22,728	\$ 22,728	\$ -
Seventh Grade Fund	9	8,375	8,428	(44)
Sixth Grade Fund	870	2,697	2,121	1,446
Ski Club	1,521	2,604	3,298	827
Softball Fundraiser	1,716	1,594	2,705	605
Sorensen Memorial Staff Development.	2,560	-	-	2,560
Spanish Club	45	-	-	45
Students Assisting Students Association	260	5,124	4,591	793
Student Coke Fund	555	12,433	8,642	4,346
Student Relief Fund	1,482	2,888	2,175	2,195
Summer Recreation	340	11,904	8,400	3,844
Superintendent Office Fund	134	-	-	134
Teachers Coke Fund (HS)	170	311	457	24
Third Grade Fundraiser	19	1,618	1,312	325
Track Fundraiser	(48)	48	48	(48)
VFW Scholarship	500	2,000	1,500	1,000
Volleyball Fundraiser	1,017	616	559	1,074
Wrestling Fundraising	518	1,154	1,586	86
Youth Committee	518	-	518	-
Youth League Summer Ball	3,370	2,373	5,743	-
	<u>\$ 138,894</u>	<u>\$ 355,087</u>	<u>\$ 374,870</u>	<u>\$ 119,111</u>

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS 1998 DEBT
1998 SCHOOL IMPROVEMENT BONDS (DURANT)
YEAR ENDED JUNE 30, 2009

<u>Year ending June 30,</u>	<u>Interest rate</u>	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total</u>
2010	4.76%	\$ 16,880	\$ 3,452	\$ 20,332
2011		17,684	2,648	20,332
2012		18,525	1,806	20,331
2013		<u>19,405</u>	<u>924</u>	<u>20,329</u>
		<u>\$ 72,494</u>	<u>\$ 8,830</u>	<u>\$ 81,324</u>

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid Payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The School District, as requested by the Authority, hereby irrevocably authorized the payment of the State Aid Payments directly to the Authority's Depository.

**FENNVILLE PUBLIC SCHOOLS
BONDED DEBT
YEAR ENDED JUNE 30, 2009**

\$25,760,000 Bonds issued August 1, 2004 (\$7,740,000 was refunded in 2007)

Principal due May 1,	Interest due		Debt service requirement for fiscal year	
	May 1,	November 1,	June 30,	Amount
\$ 505,000	\$ 389,072	\$ 389,072	2010	\$ 1,283,144
530,000	379,919	379,919	2011	1,289,838
555,000	369,982	369,981	2012	1,294,963
585,000	359,575	359,575	2013	1,304,150
615,000	347,875	347,875	2014	1,310,750
645,000	335,575	335,575	2015	1,316,150
680,000	322,675	322,675	2016	1,325,350
715,000	308,650	308,650	2017	1,332,300
750,000	293,456	293,456	2018	1,336,912
790,000	277,331	277,332	2019	1,344,663
830,000	260,050	260,050	2020	1,350,100
870,000	241,375	241,375	2021	1,352,750
915,000	219,625	219,625	2022	1,354,250
965,000	196,750	196,750	2023	1,358,500
1,015,000	172,625	172,625	2024	1,360,250
1,065,000	147,250	147,250	2025	1,359,500
1,120,000	120,625	120,625	2026	1,361,250
1,175,000	92,625	92,625	2027	1,360,250
1,235,000	63,250	63,250	2028	1,361,500
1,295,000	32,375	32,375	2029	1,359,750
<u>\$ 16,855,000</u>	<u>\$ 4,930,660</u>	<u>\$ 4,930,660</u>		<u>\$ 26,716,320</u>

The above bonds were authorized at an election June 14, 2004 and have interest rates from 3.00% to 5.00%. The bonds were issued for the purpose of erecting, furnishing and equipping a new elementary school; erecting, furnishing and equipping an addition or additions to, and partially remodeling and re-equipping the middle school and high school buildings; partially remodeling a portion of the existing elementary building to use for adult/alternative education and administrative office purposes; erecting, furnishing and equipping a community athletic center; acquiring and installing education technology; constructing and equipping improvements to the outdoor athletic facilities, including a running track, soccer field and playground; and developing and improving sites.

**FENNVILLE PUBLIC SCHOOLS
BONDED DEBT
YEAR ENDED JUNE 30, 2009**

\$7,825,000 Refunding bonds issued March 31, 2007

Principal due May 1,	Interest due		Debt service requirement for fiscal year	
	May 1,	November 1,	June 30,	Amount
\$ -	\$ 161,898	\$ 161,897	2010	\$ 323,795
-	161,897	161,898	2011	323,795
-	161,898	161,897	2012	323,795
-	161,897	161,898	2013	323,795
-	161,898	161,897	2014	323,795
-	161,897	161,898	2015	323,795
-	161,898	161,897	2016	323,795
-	161,897	161,898	2017	323,795
-	161,898	161,897	2018	323,795
-	161,897	161,898	2019	323,795
-	161,898	161,897	2020	323,795
-	161,897	161,898	2021	323,795
-	161,898	161,897	2022	323,795
-	161,897	161,898	2023	323,795
-	161,898	161,897	2024	323,795
-	161,897	161,898	2025	323,795
-	161,898	161,897	2026	323,795
35,000	161,897	161,898	2027	358,795
40,000	161,172	161,171	2028	362,343
45,000	160,341	160,342	2029	365,683
1,405,000	159,408	159,408	2030	1,723,816
1,465,000	130,254	130,253	2031	1,725,507
1,525,000	99,855	99,855	2032	1,724,710
1,590,000	67,830	67,830	2033	1,725,660
1,640,000	34,440	34,440	2034	1,708,880
<u>\$ 7,745,000</u>	<u>\$ 3,727,455</u>	<u>\$ 3,727,454</u>		<u>\$ 15,199,909</u>

The bonds were approved by the board of education at the December 6, 2006 meeting to refinance \$7,740,000 of the 2004 bond issuance. The bonds will refinance the 2029 through 2034 payments. The bonds will carry interest rates from 4.00% to 4.20%.

**FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF LAND PURCHASE
YEAR ENDED JUNE 30, 2009**

\$268,000 for purchase of 33.5 acres of land, loan dated January 14, 2007

<u>Principal</u>	<u>Interest</u>	<u>June 30,</u>	<u>Amount</u>
\$ 23,429	\$ 12,275	2010	\$ 35,704
24,874	10,830	2011	35,704
26,408	9,296	2012	35,704
28,037	7,667	2013	35,704
29,766	5,938	2014	35,704
31,602	4,102	2015	35,704
33,551	2,153	2016	35,704
<u>17,543</u>	<u>308</u>	2017	<u>17,851</u>
<u><u>\$ 215,210</u></u>	<u><u>\$ 52,569</u></u>		<u><u>\$ 267,779</u></u>

**FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF ROOF REPLACEMENT
YEAR ENDED JUNE 30, 2009**

\$650,000 for the replacement of the high school roof, loan dated March 10, 2007.

<u>Principal</u>	<u>Interest</u>	<u>June 30,</u>	<u>Amount</u>
\$ 59,744	\$ 23,157	2010	\$ 82,901
62,496	20,388	2011	82,884
65,392	17,491	2012	82,883
68,425	14,460	2013	82,885
71,596	11,288	2014	82,884
74,915	7,969	2015	82,884
78,387	4,496	2016	82,883
<u>56,274</u>	<u>996</u>	2017	<u>57,270</u>
<u><u>\$ 537,229</u></u>	<u><u>\$ 100,245</u></u>		<u><u>\$ 637,474</u></u>

**FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF BUS LOAN
YEAR ENDED JUNE 30, 2009**

\$250,900 for purchase of 5 buses, loan dated October 13, 2005

<u>Principal due</u> <u>October 13,</u>	<u>Interest due</u> <u>October 13,</u>	<u>June 30,</u>	<u>Amount</u>
\$ 52,149	\$ 3,821	2010	\$ 55,970
<u>54,281</u>	<u>1,949</u>	2011	<u>56,230</u>
<u><u>\$ 106,430</u></u>	<u><u>\$ 5,770</u></u>		<u><u>\$ 112,200</u></u>

**FENNVILLE PUBLIC SCHOOLS
AAESA SCHEDULE OF DATA STORAGE LOAN
YEAR ENDED JUNE 30, 2009**

\$19,957 for the purchase of data storage, loan dated April 2007.

<u>Principal</u>	<u>June 30,</u>
\$ 4,989	2010
<u>4,990</u>	2011
<u><u>\$ 9,979</u></u>	

**FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF ENERGY NOTES
YEAR ENDED JUNE 30, 2009**

\$637,000 for the purchase of energy conservation materials and equipment

<u>Principal</u>	<u>Interest</u>	<u>June 30,</u>	<u>Amount</u>
\$ 42,359	\$ 26,340	2010	\$ 68,699
44,300	24,399	2011	68,699
46,330	22,368	2012	68,698
48,454	20,245	2013	68,699
50,674	18,024	2014	68,698
52,997	15,701	2015	68,698
55,426	13,274	2016	68,700
57,977	10,731	2017	68,708
60,624	8,074	2018	68,698
63,403	5,295	2019	68,698
<u>61,095</u>	<u>2,304</u>	2020	<u>63,399</u>
<u>\$ 583,639</u>	<u>\$ 166,755</u>		<u>\$ 750,394</u>