

**FENNVILLE PUBLIC SCHOOLS**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional information)**  
**YEAR ENDED JUNE 30, 2011**

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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, 2011, 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, 2011 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.

As described in Notes 1 and 13 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2011, 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 xiv and page 31, 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 33 through 44 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 Costeiron PC*

September 20, 2011

**FENNVILLE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2011**

Fennville Public Schools, a K-12 school district located in Allegan County, Michigan, is in its ninth 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 nine 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)
June 30, 2010 (as restated)	1,463,183	491,442
June 30, 2011	1,803,110	339,927

In 2010-11 the total general fund revenues exceeded \$12.42 million dollars with expenditures approximately \$12.12 million dollars. In 2009-10 the total general fund revenues exceeded \$12.70 million dollars with expenditures approximately \$12.07 million dollars. General fund revenues decreased during the 2010-11 school year by \$282,541 due to a decrease in federal stimulus funds and state categorical funding. Property taxes increased for the year by \$104,217 which causes a reduction in state foundation allowance. Total expenditures increased by \$157,136 at the fund level. This was primarily due to an increase in the retirement rate and health insurance rate increase. The District also experienced added expenses due to a mold remediation issue and increased legal fees due to a legal suit with a former teacher.

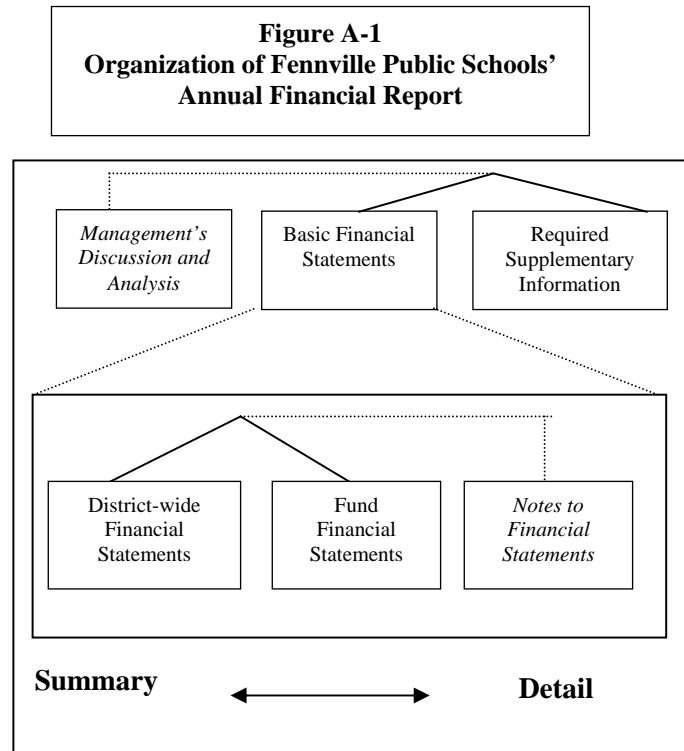
The District continues to participate in short-term borrowing and borrowed \$2.2 million dollars during the year that was repaid in August 2011. The reliance on short-term borrowings to finance operations during the school year, especially until the first State Aid payment in October and the receipt of property taxes beginning in December, will require state aid borrowing in 2011/12, with \$2 million dollars being borrowed to meet cash flow needs.

The food service department finished the fiscal year with a decrease of approximately \$44,000 largely due to purchases of equipment. Food service continues with an enviable fund balance in excess of \$185,000.

## 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.



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 is 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 \$4,273,078 and on June 30, 2011 they were \$4,238,118 which represents a decrease of \$34,960 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 2010-11, the District's combined net assets as of June 30, 2011 totaled \$4,238,118 which was slightly less than as of June 30, 2010, \$4,273,078.

	2011	2010
Current assets	\$ 5,927,633	\$ 6,195,144
Capital assets and other	25,636,480	26,705,418
Total assets	31,564,113	32,900,562
Long-term debt outstanding	23,325,782	24,009,910
Other liabilities	4,000,213	4,617,574
Total liabilities	27,325,995	28,627,484
Net assets:		
Invested in capital assets, net of related debt	1,632,970	1,992,983
Restricted for debt service	645,939	625,736
Restricted for special revenue (food service)	128,617	159,561
Unrestricted	1,830,592	1,494,798
Total net assets	\$ 4,238,118	\$ 4,273,078

<b>Table A-4</b>		
<b>Changes in Fennville Public Schools' Net Assets</b>		
	2011	2010
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 278,744	\$ 233,062
Federal and state categorical grants	1,851,990	1,938,471
General revenues:		
Property taxes	3,989,395	3,936,377
Investment	6,883	13,928
State aid - unrestricted	8,068,653	8,158,458
Federal ARRA sources - unrestricted	172,189	409,059
Intermediate sources	385,323	392,171
Other	128,989	140,800
Total revenues	<u>14,882,166</u>	<u>15,222,326</u>
<b>Expenses:</b>		
Instruction	7,814,285	7,849,325
Support services	4,916,701	4,686,344
Community services	185,313	178,385
Outgoing transfers and other	90,350	83,217
Food services	816,326	744,361
Athletics	-	91,395
Interest on long-term debt	1,094,151	1,113,654
Total expenses	<u>14,917,126</u>	<u>14,746,681</u>
Change in net assets	<u>\$ (34,960)</u>	<u>\$ 475,645</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 2010-2011. The per student amount increase by \$154 from the prior year or a 2% 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 2010-11 was 18.0000 mills which the voters approved in May 2010.

**Student Enrollment**

Student enrollment decreased from 2009-10 to 2010-11. A decrease of pupils is expected in fall of 2011.

**GOVERNMENTAL FUNDS**

**Results of Operations:**

For the fiscal years ended June 30, 2011 and 2010, the district-wide results of operations were:

	2011	2010
<b>REVENUES:</b>		
Local sources:		
Property taxes	\$ 3,988,236	\$ 3,940,081
Investment earnings	6,883	13,928
Food sales, athletics, community service and transportation	271,024	206,587
Other	98,616	94,048
Total local sources	4,364,759	4,254,644
State sources	8,543,989	8,691,617
Federal sources	1,548,843	1,817,983
Intermediate sources	423,416	446,474
<b>TOTAL REVENUES</b>	<b>\$ 14,881,007</b>	<b>\$ 15,210,718</b>
<b>EXPENDITURES:</b>		
Current:		
Instruction	\$ 6,961,342	\$ 7,176,498
Supporting services	4,810,773	4,566,456
Food service activities	815,134	796,647
Athletic activities	-	221,589
Community service activities	72,240	65,349
Outgoing transfers and other	90,350	83,217
Debt service:		
Principal	733,635	699,543
Interest expense	1,086,277	1,105,347
Other	744	838
Capital outlay	-	12,147
<b>TOTAL EXPENDITURES</b>	<b>\$ 14,570,495</b>	<b>\$ 14,727,631</b>

The following summarizes the revenues and expenses by comparing fiscal year 2011 to 2010 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 showed a decrease due to decreases in Title I allocation and federal stimulus funding.

- Intermediate sources decreased over the previous year as the result of Act 18 funding.
- 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 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 2010. 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 over two million in revenue for the District in fiscal year 2010-11.

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

Fiscal year	Non-Homestead	
	Levy	Mills
2010 - 2011	\$ 2,316,278	18.0000
2009 - 2010	2,255,711	18.0000
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 MI requires that the local BOE approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The 2010-11 budget was approved on June 21, 2010.

The 2010-11 budget was revised three times throughout the fiscal year, with the final revision approved on June 20, 2011, representing changes that were estimated during the month of February 2011. The final budget revision anticipated lower revenues and lower expenses than was expected in June 2010 when the original budget was approved. The decrease in revenues was a result of receiving less state and federal funds. The decrease in expenses was the result the reduction in federal grant fund expenses.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2011, the District had invested \$35.2 million in a broad range of capital assets.

	2011			2010
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 337,337	\$ -	\$ 337,337	\$ 337,337
Buildings and additions	29,427,934	6,292,066	23,135,868	23,777,169
Land improvements	1,735,401	401,608	1,333,793	1,420,438
Computer and office	1,946,822	1,691,079	255,743	507,478
Outdoor equipment	539,803	398,613	141,190	148,905
Transportation equipment	1,287,927	1,018,482	269,445	343,872
Total	\$ 35,275,224	\$ 9,801,848	\$ 25,473,376	\$ 26,535,199

**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.

	2011	2010
General obligation bonds - net	\$ 22,886,686	\$ 23,386,987
Limited obligation bonds	37,930	55,614
Compensated absences	33,927	42,125
Bus loans	-	54,281
Other loans	1,078,894	1,215,553
	\$ 24,037,437	\$ 24,754,560

## **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 funding received from the State of Michigan continues to be of concern. Due to the State's cut in funding to K-12 education for the 2011-12 school year, the District will have to take several cost reduction measures as well as spend down some of the general fund's fund balance. The District has reduced expenses in non-instructional areas in the past several years as costs for retirement and health insurance continue to rise while State and Federal funds have not increased at the same pace.
- The current teacher's contract will end June 30, 2012. The MESSA health insurance rates continue to increase at a rate of more than 10% each year for the past several years and it is expected to continue to increase. A change in coverage was made in 2010 to help contain the increase but additional changes in coverages and co-pays will also need to be discussed in the upcoming negotiation meetings. The non-union health insurance plan also experienced increases but at a lower rate than the MESSA insurance. Even so, the District will consider a change in coverage and increased employee co-pays as a way of keeping costs down.
- The State employee retirement pension rate continues to increase at an alarming rate with projections for 2012-13 to increase the rate to 27% of gross pay. This is an expense the District has no control over.
- A student enrollment decrease is anticipated for the upcoming school year, which will play a role in the District's balancing of their budget.

## **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, 2011**

	<u>Governmental activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 2,040,000
Investments	1,945,823
Receivables:	
Accounts receivable	6,244
Taxes receivable	1,565
Due from other governmental units	1,785,212
Inventories	97,815
Prepaid expenditures	<u>50,974</u>
<b>TOTAL CURRENT ASSETS</b>	<u><u>5,927,633</u></u>
<b>NONCURRENT ASSETS:</b>	
Deferred charges, net of amortization	163,104
Capital assets	35,275,224
Less accumulated depreciation	<u>(9,801,848)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u><u>25,636,480</u></u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 31,564,113</u></u>



<b>LIABILITIES AND NET ASSETS</b>	<b><u>Governmental activities</u></b>
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 19,058
Note payable	2,200,000
Accrued interest	195,551
Accrued salaries and related items	797,919
Deferred revenue	76,030
Current portion of bonded debt obligations	555,000
Current portion of other long-term obligations	<u>156,655</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>4,000,213</u></b>
<b>NONCURRENT LIABILITIES:</b>	
Noncurrent portion of bonded debt obligations	22,331,686
Noncurrent portion of other long-term obligations	960,169
Noncurrent portion of compensated absences	<u>33,927</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<b><u>23,325,782</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>27,325,995</u></b>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	1,632,970
Restricted for debt service	645,939
Restricted for special revenue (food service)	128,617
Unrestricted	<u>1,830,592</u>
<b>TOTAL NET ASSETS</b>	<b><u>4,238,118</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 31,564,113</u></u></b>

**FENNVILLE PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

<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	\$ 7,814,285	\$ -	\$ 1,036,778	\$ (6,777,507)
Support services	4,916,701	111,853	163,615	(4,641,233)
Community services	185,313	13,258	-	(172,055)
Outgoing transfers and other	90,350	-	-	(90,350)
Food services	816,326	153,633	651,597	(11,096)
Interest on long-term debt	1,094,151	-	-	(1,094,151)
Total governmental activities	<u>\$ 14,917,126</u>	<u>\$ 278,744</u>	<u>\$ 1,851,990</u>	<u>(12,786,392)</u>
General revenues:				
Property taxes, levied for general purposes				2,364,810
Property taxes, levied for debt service				1,624,585
Investment earnings				6,883
State sources				8,068,653
Federal ARRA sources - unrestricted				172,189
Intermediate sources				385,323
Other				<u>128,989</u>
Total general revenues				<u>12,751,432</u>
<b>CHANGE IN NET ASSETS</b>				(34,960)
<b>NET ASSETS, beginning of year</b>				<u>4,273,078</u>
<b>NET ASSETS, end of year</b>				<u>\$ 4,238,118</u>

See notes to financial statements.

**FENNVILLE PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

		<u>General Fund</u>	<u>2005 Debt service</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
<b>ASSETS:</b>					
	Cash and cash equivalents	\$ 1,039,412	\$ 826,864	\$ 173,724	\$ 2,040,000
	Investments	1,945,823	-	-	1,945,823
	Receivables:				
	Property taxes receivable	1,565	-	-	1,565
	Accounts receivable	1,522	-	4,722	6,244
	Due from other governmental units	1,779,458	-	5,754	1,785,212
	Due from other funds	4,147	-	-	4,147
	Inventories	86,408	-	11,407	97,815
	Prepaid expenditures	50,974	-	-	50,974
	<b>TOTAL ASSETS</b>	<u>\$ 4,909,309</u>	<u>\$ 826,864</u>	<u>\$ 195,607</u>	<u>\$ 5,931,780</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
	Accounts payable	\$ 19,058	\$ -	\$ -	\$ 19,058
	Due to other funds	-	-	4,147	4,147
	Note payable	2,200,000	-	-	2,200,000
	Accrued interest	14,626	-	-	14,626
	Accrued salaries and related items	797,919	-	-	797,919
	Deferred revenue	74,596	-	2,999	77,595
	<b>TOTAL LIABILITIES</b>	<u>3,106,199</u>	<u>-</u>	<u>7,146</u>	<u>3,113,345</u>
<b>FUND BALANCES:</b>					
	Nonspendable:				
	Inventories	86,408	-	11,407	97,815
	Prepaid expenditures	50,974	-	-	50,974

See notes to financial statements.

	<u>General Fund</u>	<u>2005 Debt service</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>FUND BALANCES (Concluded):</b>				
Restricted for:				
Debt service	\$ -	\$ 826,864	\$ -	\$ 826,864
Food service	-	-	128,617	128,617
Assigned for subsequent year expenditures	151,653	-	48,437	200,090
Unassigned	<u>1,514,075</u>	<u>-</u>	<u>-</u>	<u>1,514,075</u>
<b>TOTAL FUND BALANCES</b>	<u>1,803,110</u>	<u>826,864</u>	<u>188,461</u>	<u>2,818,435</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,909,309</u>	<u>\$ 826,864</u>	<u>\$ 195,607</u>	<u>\$ 5,931,780</u>
<b>Total governmental fund balances</b>				\$ 2,818,435
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>(40,142)</u>	163,104
Capital assets used in governmental activities are not financial resources and are not reported in the funds				
The cost of the capital assets is			35,275,224	
Accumulated depreciation is			<u>(9,801,848)</u>	25,473,376
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Bonds payable				(22,886,686)
Other long-term debt				(1,116,824)
Compensated absences				(33,927)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(180,925)
Deferred revenue at June 30, 2011, expected to be collected after September 1, 2011				<u>1,565</u>
<b>Net assets of governmental activities</b>				<u>\$ 4,238,118</u>

See notes to financial statements.

**FENNVILLE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>2005 Debt service</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 2,360,776	\$ 1,627,460	\$ -	\$ 3,988,236
Tuition	13,258	-	-	13,258
Investment earnings	4,759	1,932	192	6,883
Food sales	-	-	147,842	147,842
Athletics	88,701	-	-	88,701
Transportation	21,223	-	-	21,223
Other	87,547	-	11,069	98,616
Total local sources	<u>2,576,264</u>	<u>1,629,392</u>	<u>159,103</u>	<u>4,364,759</u>
State sources	8,488,160	-	55,829	8,543,989
Federal sources	932,743	-	616,100	1,548,843
Intermediate school districts	423,416	-	-	423,416
Total revenues	<u>12,420,583</u>	<u>1,629,392</u>	<u>831,032</u>	<u>14,881,007</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	6,961,342	-	-	6,961,342
Supporting services	4,810,773	-	-	4,810,773
Food service activities	-	-	815,134	815,134
Community service activities	72,240	-	-	72,240
Outgoing transfers and other	90,350	-	-	90,350

See notes to financial statements.

	<u>General Fund</u>	<u>2005 Debt service</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>EXPENDITURES (Concluded):</b>				
Debt service:				
Principal repayment	\$ 185,951	\$ 530,000	\$ 17,684	\$ 733,635
Interest	-	1,083,629	2,648	1,086,277
Other	-	744	-	744
Total expenditures	<u>12,120,656</u>	<u>1,614,373</u>	<u>835,466</u>	<u>14,570,495</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>299,927</u>	<u>15,019</u>	<u>(4,434)</u>	<u>310,512</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	40,000	-	-	40,000
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>
Total other financing sources (uses)	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	339,927	15,019	(44,434)	310,512
<b>FUND BALANCES:</b>				
Beginning of year, as restated (see Note 13)	<u>1,463,183</u>	<u>811,845</u>	<u>232,895</u>	<u>2,507,923</u>
End of year	<u>\$ 1,803,110</u>	<u>\$ 826,864</u>	<u>\$ 188,461</u>	<u>\$ 2,818,435</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, 2011**

**Net change in fund balances total governmental funds** \$ 310,512

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	(1,130,182)
Capital outlay	68,359

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	186,109
Accrued interest payable, end of the year	(180,925)

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:

Payments on bonded debt	530,000
Payments on other long-term debt	208,624
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	(406)
Deferred revenue, end of the year	1,565

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	42,125
Accrued compensated absences and termination benefits, end of the year	(33,927)

**Change in net assets of governmental activities** \$ (34,960)

**FENNVILLE PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITES  
JUNE 30, 2011**

	<u>Agency fund</u>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 116,613</u>
<b>LIABILITIES:</b>	
Accounts payable	\$ 2,518
Due to student and other groups	<u>114,095</u>
	<u>\$ 116,613</u>



**FENNVILLE PUBLIC SCHOOLS  
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 SCHOOLS  
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.

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Other Non-major Funds**

The *special revenue fund* accounts 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 activities in the special revenue fund.

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).

**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.

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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, 2011, the foundation allowance was based on pupil membership counts taken in February and September of 2010.

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 2010 to August 2011. 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.

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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.

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

2. Property taxes (Concluded)

For the year ended June 30, 2011, 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	4.90

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 SCHOOLS  
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 SCHOOLS  
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.

9. Fund Balance

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District's Debt Service and Food Service fund balance is considered restricted.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.



**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**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 fund.

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.
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, 2011. The District does not consider these amendments to be significant.

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

As of June 30, 2011, 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 - CMF	\$ 2,551	0.0027	AAAm	0.1%
MILAF External Investment pool - MAX	19,846	0.0027	AAAm	1.1%
State and Local Government Series	<u>1,923,426</u>	0.0027	AAAm	<u>98.8%</u>
Total fair value	<u>\$1,945,823</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals approximately .0027 years.

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, 2011, 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.

**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.

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)**

**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, 2011, \$1,648,424 of the District's bank balance of \$2,398,424 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. The carrying value on the books for deposits at the end of the year was \$2,156,613.

**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 \$116,613	\$ 2,156,613
Investments	<u>1,945,823</u>
	<u><u>\$ 4,102,436</u></u>

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	\$ 116,613
District wide:	
Current assets:	
Cash and cash equivalents	2,040,000
Investments	<u>1,945,823</u>
	<u><u>\$ 4,102,436</u></u>

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Receivables at June 30, 2011 consist of the following:

	Government wide
State aid	\$ 1,564,159
Federal revenue	140,629
Intermediate sources	80,424
	\$ 1,785,212

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

**NOTE 5 - CAPITAL ASSETS**

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

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets not being depreciated:				
Land	\$ 337,337	\$ -	\$ -	\$ 337,337
Other capital assets:				
Building and additions	29,427,934	-	-	29,427,934
Land improvements	1,735,401	-	-	1,735,401
Computer and office equipment	1,893,308	53,514	-	1,946,822
Outdoor equipment	524,958	14,845	-	539,803
Transportation equipment	1,287,927	-	-	1,287,927
Subtotal	34,869,528	68,359	-	34,937,887
Accumulated depreciation:				
Building and additions	5,650,765	641,301	-	6,292,066
Land improvements	314,963	86,645	-	401,608
Computer and office equipment	1,385,830	305,249	-	1,691,079
Outdoor equipment	376,053	22,560	-	398,613
Transportation equipment	944,055	74,427	-	1,018,482
Total accumulated depreciation	8,671,666	1,130,182	-	9,801,848
Net capital assets being depreciated	26,197,862	(1,061,823)	-	25,136,039
Net governmental capital assets	\$ 26,535,199	\$ (1,061,823)	\$ -	\$ 25,473,376

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS (Concluded)**

Depreciation for the fiscal year ended June 30, 2011 amounted to \$1,130,182. The District allocated depreciation to the various activities as follows:

Instruction	\$ 858,408
Support services	143,991
Community services	113,073
Food service	14,710
	1,130,182
	\$ 1,130,182

**NOTE 6 - NOTE PAYABLE**

At June 30, 2011, the District has outstanding a \$2,200,000 revenue note (state aid note) dated August 20, 2010. The note, which has an interest rate of .80%, matures August 20, 2011. The note is secured by the full faith and credit of the District as well as pledged state aid.

Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
\$ 3,000,000	\$ 2,200,000	\$ 3,000,000	\$ 2,200,000

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**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, 2011:

	General obligation bonds	Limited obligation bonds	Compensated absences	Roof replacement loan	Bus loans
Balance July 1, 2010	\$ 23,386,987	\$ 55,614	\$ 42,125	\$ 477,502	\$ 54,281
Deletions	<u>(500,301)</u>	<u>(17,684)</u>	<u>(8,198)</u>	<u>(62,496)</u>	<u>(54,281)</u>
Balance June 30, 2011	22,886,686	37,930	33,927	415,006	-
Less current portion	<u>(555,000)</u>	<u>(18,525)</u>	<u>-</u>	<u>(65,392)</u>	<u>-</u>
Total due after one year	<u>\$ 22,331,686</u>	<u>\$ 19,405</u>	<u>\$ 33,927</u>	<u>\$ 349,614</u>	<u>\$ -</u>

	Land purchase	Data storage	Energy notes	Total
Balance July 1, 2010	\$ 191,781	\$ 4,989	\$ 541,281	\$ 24,754,560
Deletions	<u>(24,874)</u>	<u>(4,989)</u>	<u>(44,300)</u>	<u>(717,123)</u>
Balance June 30, 2011	166,907	-	496,981	24,037,437
Less current portion	<u>(26,408)</u>	<u>-</u>	<u>(46,330)</u>	<u>(711,655)</u>
Total due after one year	<u>\$ 140,499</u>	<u>\$ -</u>	<u>\$ 450,651</u>	<u>\$ 23,325,782</u>

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT (Continued)**

Bonds payable at June 30, 2011 is comprised of the following issues:

1998 limited obligation bonds (Durant bonds) due in annual installments of \$18,525 to \$19,405 through May 15, 2013, with interest at 4.76%. Certain state aid payments have been pledged as security.	\$ 37,930
2004 serial bonds due in annual installments of \$555,000 to \$1,295,000 through May 1, 2029 with interest from 3.75% to 5.00%.	15,820,000
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	(395,520)
Less: issuance discounts	(282,794)
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%.	166,907
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%.	415,006
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%.	496,981
Total bonded debt and other long-term obligations	24,003,510
Compensated absences	33,927
Total general long-term debt	<u>\$ 24,037,437</u>

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, 2011, \$7,345,000 of bonds outstanding are considered defeased.

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT (Concluded)**

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2011, including interest of \$15,335,568 are as follows:

Year ending June 30,	Principal	Interest	Total
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	804,514	1,022,717	1,827,231
2016	847,364	989,068	1,836,432
2017 - 2021	4,271,934	4,408,409	8,680,343
2022 - 2026	5,080,000	3,332,725	8,412,725
2027 - 2031	6,695,000	1,922,644	8,617,644
2032 - 2034	4,755,000	404,250	5,159,250
	<u>24,681,824</u>	<u>15,335,568</u>	<u>40,017,392</u>
Deferred amount on bond refinancing	(395,520)	-	(395,520)
Issuance discounts	(282,794)	-	(282,794)
Compensated absences	33,927	-	33,927
	<u>\$ 24,037,437</u>	<u>\$ 15,335,568</u>	<u>\$ 39,373,005</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, 2011 was approximately \$1,175,000.

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2011 are as follows:

Receivable fund	Payable fund
General fund <u>\$ 4,147</u>	Food service <u>\$ 4,147</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.



**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**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.

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPERS who became a member of MPERS after June 30, 2010 is a Pension Plus Member. The Pension Plus Plan pairs a guaranteed retirement income (defined benefit pension) with a flexible and transferable retirement savings (defined contribution) account.

**FENNVILLE PUBLIC SCHOOLS  
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 rate through September 30, 2010 was 16.94% of payroll and increased to 19.41% for the base plan and 17.91% for pension plus members effective October 1, 2010 through October 31, 2010 at which time it increased again due to the number of retirees associated with the early retirement incentive to 20.66% for basic plan members and 19.16% for pension plus members for the period November 1, 2010 through June 30, 2011. In addition, the district is required to match 50% up to 1% of the employees contribution in the pension plus plan. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The health care portion is 5.5% before the 3% for the injunction. The District contributions to MPSERS for the year ended June 30, 2011, 2010 and 2009 were \$1,218,810, \$1,029,600, and \$1,085,496, respectively, and were equal to the required contribution for those years.

Other Post-employment Benefits - Retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premiums is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to contribute 3% (or 1.5%) of their compensation to offset employer contributions for health care benefits of current retirees. For the school fiscal year that began July 1, 2010, members who were employed by a reporting unit and were paid less than \$18,000 in the prior school year and members who were hired on or after July 1, 2010, with a starting salary of less than \$18,000 are required to contribute 1.5% of the members' compensation. For each school fiscal year that begins on or after July 1, 2011, members shall contribute 3% of compensation into the health care funding account. Effective April 1, 2011, a court order eliminated this requirement. The court order is being appealed by the State of Michigan.

Pension recipients are generally eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing coverage.

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

**FENNVILLE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**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, 2011 or any of the prior three years.

**NOTE 11 - TRANSFERS**

The food service fund transferred \$40,000 to the general fund for indirect cost reimbursement.

**NOTE 12 - SUBSEQUENT EVENTS**

The District has approved borrowing \$2,000,000 for fiscal year 2012 to replace the note payable as described in Note 6.

**NOTE 13 - FUND BALANCE RECLASSIFICATION**

Beginning July 1, 2010, the Districted adopted GASB Statement No. 54 (*Fund Balance Reporting and Governmental Fund Type Definitions*), which redefined the definition of a special revenue fund. As a result, the athletic activities are now included in the general fund rather than a separate fund. The reclassification of the beginning fund balance is as follows:

	<u><b>General Fund</b></u>
Fund balance, as previously stated	\$ 1,462,002
Adoption of GASB 54 (athletic fund balance)	<u>1,181</u>
Fund balance, as restated	<u><u>\$ 1,463,183</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**FENNVILLE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2011**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>REVENUES:</b>				
Local sources	\$ 2,401,434	\$ 2,553,168	\$ 2,576,264	\$ 23,096
State sources	8,629,612	8,552,958	8,488,160	(64,798)
Federal sources	1,228,086	908,509	932,743	24,234
Intermediate school districts	598,480	561,090	423,416	(137,674)
Total revenues	<u>12,857,612</u>	<u>12,575,725</u>	<u>12,420,583</u>	<u>(155,142)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	5,208,765	5,232,770	5,082,536	150,234
Added needs	1,833,031	1,699,878	1,806,785	(106,907)
Adult and continuing education	43,076	73,076	72,021	1,055
Total instruction	<u>7,084,872</u>	<u>7,005,724</u>	<u>6,961,342</u>	<u>44,382</u>
Supporting services:				
Pupil	478,142	366,662	364,151	2,511
Instructional staff	468,300	288,052	288,681	(629)
General administration	385,324	444,103	448,782	(4,679)
School administration	633,134	680,910	670,492	10,418
Business	368,830	312,126	307,121	5,005
Operation/maintenance	1,585,480	1,657,560	1,612,410	45,150
Pupil transportation	760,178	735,510	706,969	28,541
Central	7,000	164,276	136,527	27,749
Athletics	213,041	262,223	275,640	(13,417)
Total supporting services	<u>4,899,429</u>	<u>4,911,422</u>	<u>4,810,773</u>	<u>100,649</u>
Community services	50,388	57,597	72,240	(14,643)
Outgoing transfers and other	90,840	90,400	90,350	50
Debt service	189,443	186,706	185,951	755
Total expenditures	<u>12,314,972</u>	<u>12,251,849</u>	<u>12,120,656</u>	<u>131,193</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>542,640</u>	<u>323,876</u>	<u>299,927</u>	<u>(23,949)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	-	40,000	40,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 542,640</u>	<u>\$ 363,876</u>	<u>339,927</u>	<u>\$ (23,949)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,463,183</u>	
End of year			<u>\$ 1,803,110</u>	

**ADDITIONAL INFORMATION**

**FENNVILLE PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUND TYPES  
 JUNE 30, 2011**

		<u>Special revenue</u>
		<u>Food Service</u>
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash and cash equivalents	\$	173,724
Accounts receivable		4,722
Due from other governmental units		5,754
Inventories		11,407
		<hr/>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>195,607</b>
		<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Due to other funds	\$	4,147
Deferred revenue		2,999
		<hr/>
<b>TOTAL LIABILITIES</b>		<b>7,146</b>
		<hr/>
<b>FUND BALANCES:</b>		
Nonspendable:		
Inventories		11,407
Restricted		128,617
Assigned for subsequent year expenditures		48,437
		<hr/>
<b>TOTAL FUND BALANCES</b>		<b>188,461</b>
		<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$</b>	<b>195,607</b>
		<hr/> <hr/>

**FENNVILLE PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2011**

	<u>Special revenue</u>	<u>Debt service</u>	<u>Total nonmajor governmental funds</u>
	<u>Food Service</u>	<u>Durant</u>	
<b>REVENUES:</b>			
Sales	\$ 147,842	\$ -	\$ 147,842
State aid	35,497	20,332	55,829
Federal aid	616,100	-	616,100
Investment earnings	192	-	192
Other	11,069	-	11,069
Total revenues	<u>810,700</u>	<u>20,332</u>	<u>831,032</u>
<b>EXPENDITURES:</b>			
Current:			
Salaries	230,059	-	230,059
Benefits	95,658	-	95,658
Purchased services	15,304	-	15,304
Supplies and materials	35,248	-	35,248
Food purchase	363,100	-	363,100
Donated commodities	58,999	-	58,999
Capital outlay	16,718	-	16,718
Other expenses	48	-	48
Debt service:			
Principal	-	17,684	17,684
Interest	-	2,648	2,648
Total expenditures	<u>815,134</u>	<u>20,332</u>	<u>835,466</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,434)</u>	<u>-</u>	<u>(4,434)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers to other funds	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(44,434)</u>	<u>-</u>	<u>(44,434)</u>
<b>FUND BALANCES:</b>			
Beginning of year	<u>232,895</u>	<u>-</u>	<u>232,895</u>
End of year	<u>\$ 188,461</u>	<u>\$ -</u>	<u>\$ 188,461</u>



**FENNVILLE PUBLIC SCHOOLS  
 AGENCY FUNDS - STUDENT ACTIVITIES  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND LIABILITIES BY ACTIVITY  
 YEAR ENDED JUNE 30, 2011**

	Balance 07/01/10	Additions	Deductions	Balance 06/30/11
All School Play Fund	\$ 2,140	\$ 4,775	\$ 6,060	\$ 855
Annual fund - yearbook	3,799	4,700	6,033	2,466
Art Department	86	-	-	86
ArtStar	683	-	-	683
Athletic Contributions	(1,156)	-	-	(1,156)
Band Club	543	-	-	543
Baseball Fundraiser	414	4,534	254	4,694
Bo Mason Memorial Fund	964	-	-	964
Boys Basketball Fundraiser	624	8,207	9,282	(451)
CAC Classes	9,715	2,570	2,762	9,523
Camp Blackhawk Fundraisers	394	-	-	394
Cheerleaders	(329)	3,556	3,528	(301)
Children's Theater	2,000	-	-	2,000
Class of:				
1997	157	-	-	157
2003	987	-	-	987
2004	1,673	-	-	1,673
2005	(236)	-	-	(236)
2006	1,554	-	-	1,554
2007	700	-	-	700
2008	2,392	-	-	2,392
2010	1,874	6	700	1,180
2011	3,144	6,938	7,364	2,718
2012	890	6,103	3,019	3,974
2013	647	3,701	1,735	2,613
2014	-	488	255	233

**FENNVILLE PUBLIC SCHOOLS  
 AGENCY FUNDS - STUDENT ACTIVITIES  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND LIABILITIES BY ACTIVITY  
 YEAR ENDED JUNE 30, 2011**

	Balance 07/01/10	Additions	Deductions	Balance 06/30/11
Community Athletic Center	\$ 20,227	\$ 24,082	\$ 24,811	\$ 19,498
Community Partnership Institute	102	-	-	102
Cross Country Fundraiser	12	-	-	12
D.A.R.E	58	-	-	58
DI/OM Fundraisers	2,456	-	-	2,456
Ed Foundation Mini-Grants	4,890	748	5,638	-
Eighth Grade Fund	(1,907)	62,165	59,628	630
Elementary Dance	854	660	1,235	279
Elementary Flower Fund	85	-	79	6
Elementary Library Fund	2,375	9,320	9,591	2,104
Elementary Office Fund (Lower)	601	4,508	5,092	17
Elementary Office Fund (Upper)	2,757	3,838	2,411	4,184
Elementary Playground	288	-	-	288
Elementary Pop Fund	(181)	1,700	587	932
Elementary Student Council (Lower)	1,047	3,423	2,089	2,381
Elementary Student Council (Upper)	8,892	9,957	13,122	5,727
Elementary Yearbook	(1)	-	-	(1)
Fennville Chamber Scholarship	1,250	1,000	500	1,750
Fennville Foundation	(1,025)	-	-	(1,025)
First Grade Fund	-	1,120	389	731
Football Fundraisers	727	3,669	3,971	425
Fund Raisers	156	-	-	156
Future Educators of America	23	-	-	23
Girls Basketball Fundraisers	566	2,523	2,841	248
Hawk's Nest	1,691	11,517	10,447	2,761
High School Choir	1,525	13,663	14,043	1,145
High School Library Fund	401	-	-	401
High School Student Council	1,215	585	737	1,063
Hunt Memorial Fund	624	-	-	624

**FENNVILLE PUBLIC SCHOOLS  
 AGENCY FUNDS - STUDENT ACTIVITIES  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND LIABILITIES BY ACTIVITY  
 YEAR ENDED JUNE 30, 2011**

	Balance 07/01/10	Additions	Deductions	Balance 06/30/11
Kickstart	\$ -	\$ 505	\$ 377	\$ 128
Kindergarten Fund	-	1,665	1,474	191
Middle School Cheerleading	505	-	-	505
Middle School Art Club	(28)	272	272	(28)
Middle School Fund	634	4,779	5,721	(308)
Middle School Library	1,718	2,413	2,263	1,868
Middle School Pop Fund	742	1,031	1,332	441
Middle School Student Council	2,170	1,859	2,742	1,287
Miscellaneous contingency	6,870	1,659	1,385	7,144
National Honor Society	52	765	695	122
One in a Million	1,678	564	456	1,786
Pearl Project Fund	1,734	103	1,079	758
Performing Arts Day	(241)	3,521	4,614	(1,334)
Perrigo Scholarship	620	-	-	620
Quiz Bowl	13	320	265	68
RIF Program	643	689	352	980
Saugatuck/Douglas Garden Club	-	3,000	3,000	-
Second Grade Fund	-	638	638	-
Seventh Grade Fund	2,035	14,843	13,650	3,228
Sixth Grade Fund	1,858	225	58	2,025
Ski Club	1,226	3,079	2,643	1,662
Soccer Fundraising	60	1,737	1,789	8
Softball Fundraiser	10	-	-	10
Sorensen Memorial Staff Development.	2,560	-	-	2,560
Spanish Club	87	-	-	87
Spirit of Christmas	(786)	3,786	3,114	(114)
Students Assisting Students Association	415	9,428	9,585	258
Student Pop Fund	(82)	8,663	9,113	(532)
Student Relief Fund	3,196	1,230	1,750	2,676
Summer Recreation	(2,090)	17,860	15,703	67

**FENNVILLE PUBLIC SCHOOLS  
 AGENCY FUNDS - STUDENT ACTIVITIES  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND LIABILITIES BY ACTIVITY  
 YEAR ENDED JUNE 30, 2011**

	Balance 07/01/10	Additions	Deductions	Balance 06/30/11
Superintendent Office Fund	\$ 84	\$ -	\$ -	\$ 84
Teachers Pop Fund (HS)	1,348	463	892	919
Third Grade Fundraiser	325	274	281	318
Track Fundraiser	(48)	97	47	2
VFW Scholarship	1,500	2,000	2,000	1,500
Volleyball Fundraiser	131	1,156	888	399
Wrestling Fundraising	(310)	697	897	(510)
	<u>\$ 111,996</u>	<u>\$ 289,377</u>	<u>\$ 287,278</u>	<u>\$ 114,095</u>

**FENNVILLE PUBLIC SCHOOLS  
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS 1998 DEBT  
1998 SCHOOL IMPROVEMENT BONDS (DURANT)  
YEAR ENDED JUNE 30, 2011**

Year ending June 30,	Interest rate	Principal amount	Interest amount	Total
2012	4.76%	\$ 18,525	\$ 1,806	\$ 20,331
2013		19,405	924	20,329
		<u>\$ 37,930</u>	<u>\$ 2,730</u>	<u>\$ 40,660</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, 2011**

\$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
\$ 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>\$ 15,820,000</u>	<u>\$ 4,161,669</u>	<u>\$ 4,161,669</u>		<u>\$ 24,143,338</u>

The above bonds were authorized at an election June 14, 2004 and have interest rates from 3.75% 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, 2011**

\$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	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>\$ 3,403,660</u>	<u>\$ 3,403,659</u>		<u>\$ 14,552,319</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, 2011**

\$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>
\$ 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
17,543	308	2017	17,851
<u>\$ 166,907</u>	<u>\$ 29,464</u>		<u>\$ 196,371</u>



**FENNVILLE PUBLIC SCHOOLS  
ROOF REPLACEMENT LOAN  
YEAR ENDED JUNE 30, 2011**

\$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>
\$ 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
56,291	996	2017	57,287
<u>\$ 415,006</u>	<u>\$ 56,700</u>		<u>\$ 471,706</u>

**FENNVILLE PUBLIC SCHOOLS  
SCHEDULE OF ENERGY NOTES  
YEAR ENDED JUNE 30, 2011**

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

<u>Principal</u>	<u>Interest</u>	<u>June 30,</u>	<u>Amount</u>
\$ 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
61,096	2,304	2020	63,400
<u>\$ 496,981</u>	<u>\$ 116,016</u>		<u>\$ 612,997</u>