

**GODFREY-LEE
PUBLIC SCHOOLS
Kent County, Michigan**

Annual Financial Report

For the year ended June 30, 2011

GODFREY-LEE PUBLIC SCHOOLS
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For the year ended June 30, 2011

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Federal Financial Assistance Programs Supplemental Information Issued Under Separate Cover

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INDEPENDENT AUDITOR'S REPORT

October 10, 2011

The Board of Education
Godfrey-Lee Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Godfrey-Lee Public Schools (the "District") 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 the District's elected officials and 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 Godfrey-Lee Public Schools at June 30, 2011, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2011 on our consideration of Godfrey-Lee Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Godfrey-Lee Public Schools' financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hungerford, Aldwin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

As management of the Godfrey-Lee Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, 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.
 - ♦ *Governmental funds statements* tell how basic services such as 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 Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

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



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

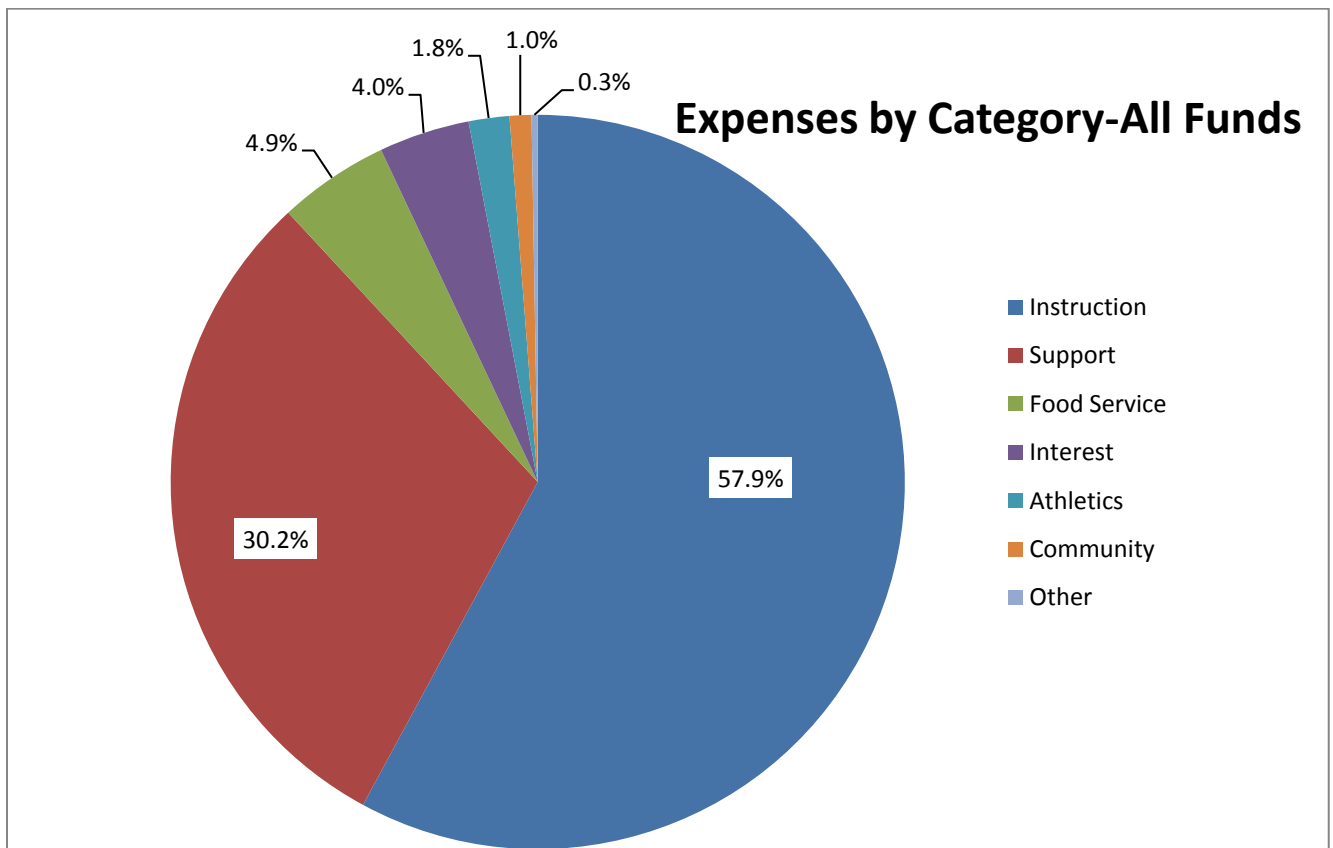
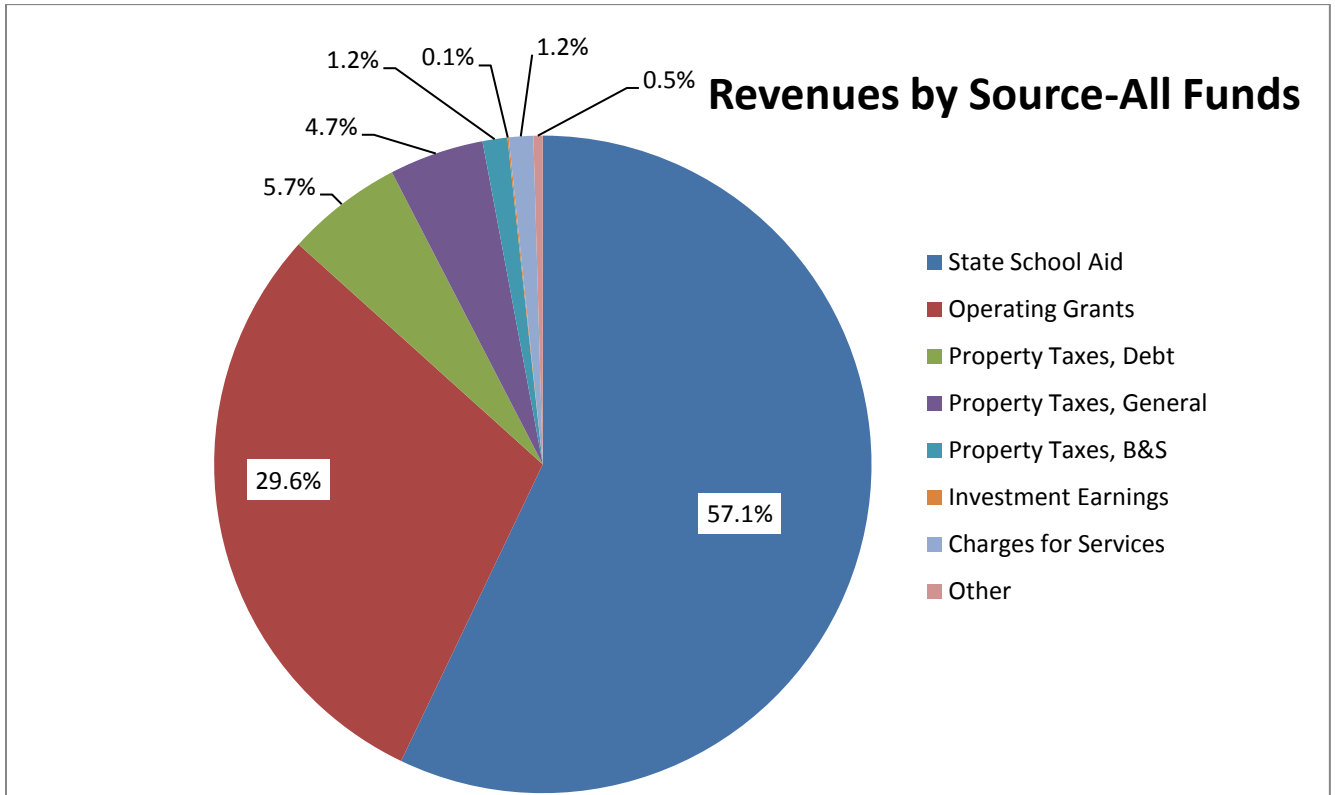
	<u>2011</u>	<u>2010</u>
Assets		
Current assets	\$ 5,621,995	\$ 6,857,983
Net capital assets	<u>19,955,440</u>	<u>19,413,266</u>
Total Assets	<u>25,577,435</u>	<u>26,271,249</u>
Liabilities		
Current liabilities	3,169,152	3,351,389
Long-term liabilities	<u>17,674,835</u>	<u>18,450,823</u>
Total Liabilities	<u>20,843,987</u>	<u>21,802,212</u>
Net Assets		
Invested in capital assets, net of related debt	1,811,013	1,682,926
Restricted	(25,212)	(22,955)
Unrestricted	<u>2,947,647</u>	<u>2,809,066</u>
Total Net Assets	<u>\$ 4,733,448</u>	<u>\$ 4,469,037</u>



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

The Statement of Activities presents changes in net assets from operating results:

	<u>2011</u>	<u>2010</u>
Program Revenues		
Charges for services	\$ 250,945	\$ 312,123
Operating grants	6,203,921	5,438,820
General Revenues		
Property taxes	2,436,318	2,545,975
State school aid, unrestricted	11,977,120	10,830,246
Interest earnings	13,745	29,184
Other	95,933	68,781
Total Revenues	<u>20,977,982</u>	<u>19,225,129</u>
Expenses		
Instruction	11,992,291	11,440,288
Supporting services	6,257,529	5,492,888
Community services	198,925	105,138
Food service	1,009,665	867,190
Athletics	370,948	392,982
Other	55,799	54,477
Interest expense	828,414	830,000
Total Expenses	<u>20,713,571</u>	<u>19,182,963</u>
Increase in net assets	264,411	42,164
Net Assets - Beginning of Year	<u>4,469,037</u>	<u>4,426,873</u>
Net Assets - End of Year	<u><u>\$ 4,733,448</u></u>	<u><u>\$ 4,469,037</u></u>





GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Growth during the year in grants, categorical funding and student count were significant contributors to revenue increases.

The District's total revenues increased by \$1,752,855 (8%) to \$20.978 million. Unrestricted State Aid accounted for 57% of the revenues, while property taxes amounted to 12% of the revenues. Another 30% came from state and federal aid for specific programs, (including \$1,737,056 of ARRA Stabilization, Title I, and IDEA funds; Education Jobs funds; and the School Improvement Grant) and the remainder from miscellaneous sources.

The total cost of all programs and services increased by \$1,530,608 (8%) to \$20.714 million. The District's expenses are predominantly related to instructional services which amount to 58% of the total. Salaries increased \$592,289 or 6.7% mainly due to increased programs. Retirement and Fica/Medicare costs increased by 18% due to the increase in salaries and a large increase in the retirement contribution rate.

Total revenues surpassed expenses, increasing net assets by \$264,411 on the Statement of Activities.

The recent increase of the District's net assets can be attributed mostly to careful monitoring of funds throughout the district. The demographics of the District's neighborhood also is a factor that contributes to increasing counts for free lunch students, which helps the District qualify for greater categorical assistance for at-risk students at all levels.

- Budgets for 2010-11 were created with no change in student fall count from the prior year which produced a 25/75 blend of 1,703.85 full-time equivalent students for budget purposes. Actual blended count for the year was 1,778.54, which brought an increase in State school aid revenue over original budgeted amounts. The net increase in budgeted State school aid was due to a combination of more students and a \$154 per pupil reduction to the foundation allowance by the State of Michigan. The ARRA stabilization funds were used to cover the unexpected reduction to the foundation allowance.
- Categoricals and other grants were budgeted at prior year amounts but most increased slightly from the previous year. The District staff worked very hard to identify as many free lunch qualifiers as possible which resulted in increases in some categorical. Of particular note in this regard was a net increase in Federal funds of \$751,011 including an increase of ARRA funding from \$693,864 to \$1,607,809.
- Collaboration with the surrounding districts continued to occur to help reduce expenditures in many areas. The six school districts in the southwest region of Kent County continued to work on ways to combine services where possible. All six districts joined the effort to transport special education and technical center students together and to work on combined trips where possible in other areas. There are also collaborative efforts working to reduce costs on bus maintenance, storage and fuel related costs.
- The \$20.71 million of governmental activities was financed with \$2.44 million in property taxes and \$11.98 million of unrestricted state aid based on the statewide education aid formula. State and Federal grant funding totaled over \$6.20 million.
- The District increased its utilization of the Universal Service Fund to get rebates on services related to voice and data communication. This includes telephone service, cellular phone service, wireless connectivity and internet.
- The administration will continue working with other districts in collaboration efforts for 2011-12. It is also the intent of the District to improve on the use of the Universal Service Fund program with hopes to expand into the area of equipment rebates for data infrastructure.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, 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. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Godfrey-Lee Public School's funds are described as follows:

Major Funds

General Fund

The General Fund is the primary operating fund. The General Fund had total revenues of \$18,410,177, total expenditures of \$18,221,728, and total other financing uses of \$178,369. It ended the fiscal year with a fund balance of \$3,081,671, up from \$3,071,591 as of June 30, 2010 for an increase of \$10,080.

2010 Energy Conservation Improvement Fund

The district issued energy conservation bonds of \$1,990,000 in the spring of 2010 to be used for the replacement of windows and boilers at Lee High/Middle School and Godfrey Elementary School. The fund had total revenues of \$1,058 and total expenditures of \$1,087,306 during 2010-11 leaving a fund balance of \$318,416 at June 30, 2011 to be expended in the 2011-12 fiscal year.

Nonmajor Funds

Special Revenue Funds

The District operates one Special Revenue Fund, the Food Service Fund. Total revenues of the Special Revenue Fund were \$1,078,554, with total expenditures of \$978,218. The ending fund balance was \$330,136.

Debt Service Funds

The District operates six Debt Service Funds including the Durant settlement debt fund and the new Energy Conservation Improvement debt fund. Total revenues were \$1,229,459, with total financing sources (loan proceeds and transfers in) of \$498,309 and total expenditures of \$1,734,548. The ending fund balances in the Debt Service Funds was \$80,304.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

Capital Projects Fund

The District operates a nonmajor Capital Project Fund, the Building and Site Sinking Fund. This fund had total revenues of \$256,588 and total expenditures of \$1,969, and total other financing uses of \$258,589 resulting in a fund balance of \$10,276 at June 30, 2011, down from \$14,246 at June 30, 2010. For the next eight years, these funds will be designated primarily to pay the bond payments of the new Energy Conservation Improvement bonds issued during the 2009-10 school year.

2009 Construction Fund

The 2009 Construction project was finalized during the 2010-11 school year. The fund had transfers in from the General Fund of \$178,080 and expenditures of \$179,837 which brought the fund balance to zero at June 30, 2011.

Fiduciary Funds

The Student Activities Fund is operated as a Trust and Agency Fund of the District. The assets of this fund are being held for the benefit of the District's students. Balances on hand at June 30, 2011 totaled \$56,924.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget two times. These budget amendments fall into two categories:

- Changes made in the fall to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year and other grant related revenue changes.
- Expenditure changes due to updated staffing from the June budget estimate, classroom expenditure needs, technology upgrades and others.

Although the District's final budget for the General Fund anticipated that expenses would exceed revenues by \$222,696, the actual results for the year show a \$10,080 increase in fund balance which is \$232,776 better than projected.

- Actual revenues were \$133,318 less than expected mainly due to an increase in Medicaid reimbursement from Kent Intermediate School District netted with the Federal grant funds carried over to 2011-12.
- Actual expenditures were \$366,093 less than expected mainly due to unspent line items in specific budgets and unspent Federal grant funds.

Capital Asset and Debt Administration

Capital Assets

By the end of 2011, the District had \$26,871,940 invested in a broad range of capital assets, including school buildings, athletic facilities, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.)



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

Capital Asset and Debt Administration (cont'd)

At June 30, 2011, the District's investment in capital assets (net of accumulated depreciation) was \$19,299,976. Capital asset purchases totaled \$1,290,966 for the fiscal year with accumulated depreciation increasing \$692,992, leaving a net increase in the book value of capital assets of \$597,974.

Land	\$ 618,754
Construction in progress	8,330
Land improvements	709,016
Buildings and additions	17,530,819
Furniture and equipment	308,238
Vehicles	40,383
Assets under capital leases	<u>84,436</u>
Total Capital Assets	<u>\$ 19,299,976</u>

Long-Term Debt

At year end, the District had \$18.93 million in general obligation bonds and other long-term debt outstanding.

- The District continued to pay down its debt from the 2003, 2005, 2006, 2009 and 2010 bond issues, Durant bonds and capital lease agreements.
- The District borrowed \$239,720 from the State School Bond Loan Program to supplement local tax levies for bond debt service payments this year. This is an increase of \$91,801 from the prior year mainly due to reduced property values in the district.

The District's bond rating for General Obligation, Unlimited Tax debt is "Aaa/Aa2". The District's other obligations include staff related retirement incentives, capital leases payable and school bond loan fund. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District's proximity between Grand Rapids and Wyoming makes it a totally market driven district which must have the breadth of program and updated infrastructure to compete in this age of choice in schools. The Fall 2011 pupil counts are indicating an increase in students for the 2011-2012 school year by approximately 40 students.
- The District has applied for and received a federal school improvement grant for Lee High School. This will provided the District with up to \$2.38 million for a transformation of teaching and learning for increased student achievement. The approval of the grant submission and final allocation of funds was received late in August 2010. The funds are to be used over a three-year period.
- The District and bargaining units negotiated a two-year agreement expiring at the end of the 2012-2013 school year. The current contract provides health insurance utilizing MESSA Choices II PPO as the standard plan with staff paying 10% of the premium. Recent changes to laws regulating the bidding and procurement of health insurance may change the way insurance is provided to the bargaining units.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2011

Factors Bearing on the District's Future (cont'd)

- The No Child Left Behind Legislation and its effect on districts with large minority populations will impact the ability to show adequate yearly progress and contribute to increased budgetary stress.
- The State of Michigan adopted a budget for the School Aid Fund in June 2011 for the 2011-2012 school year. A reduction to the foundation allowance of \$154 for the District is being carried over from the 2009-10 school year resulting in a loss of approximately \$277,200 to the district. At this time, there are no federal funds to make up for the loss of funding from the State.
- Cost increases exceeding the general rate of inflation continue to be expected for the district relative to health care and pension contribution obligations in 2011-12 and beyond. These costs represent a significant portion of the District's budget and their rate of increase is a concern to management. Surges in prices of energy commodities such as diesel, gasoline and natural gas have abated. If this trend is sustained, it may provide some relief from the rate of growth in overall operating costs going forward.
- Recent months have seen a lot of legislative activity in the areas of teacher tenure, seniority and layoffs, teacher and administrator evaluations, student achievement and employee contributions to health insurance. The district is determined to keep up with all the changes even with a reduction in the administrative work force.

The State of Michigan continues in an economic slump that has been in place for the past several years. At this time that slump appears to be on the verge of leveling out. State school aid funding and property and sales tax collections that help to subsidize the State school aid fund for K-12 schools are sensitive to trends in economic growth in Michigan. Weak economic performance in Michigan generally means little or no growth in the State foundation grant (State school aid) to K-12 schools. The persistent weakness of the state economy along with an across the board weakening of real estate values in Michigan is a growing concern. The outlook for further increases in per pupil funding in the future and the State's ability to fund them continue to be more questionable now than at any time in recent memory. Growth in property tax valuations or assessments is expected to be noticeably less than historical rates of increase or may even be flat in some cases next year. Delinquency rates on property taxes are also increasing. These factors may lead to less or even reduced property tax collections by the State and local school districts resulting in an increase in borrowing for operating and debt expenditures.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Godfrey-Lee Public Schools, 1324 Burton St. SW, Wyoming, MI, 49509. Contact by e-mail: rcloxton@godfrey-lee.org.

BASIC FINANCIAL STATEMENTS

GODFREY-LEE PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 350
Cash equivalents, deposits and investments (Note B)	2,574,176
Taxes receivable (Note C)	4,769
Accounts receivable	19,444
Due from other governmental units (Note C)	2,973,664
Accrued interest receivable	418
Inventory	9,777
Prepaid expenses	39,397
Total Current Assets	5,621,995
Noncurrent Assets	
Unamortized bond costs	655,464
Capital assets not being depreciated (Note E)	627,084
Capital assets being depreciated, net (Note E)	18,672,892
Total Noncurrent Assets	19,955,440
Total Assets	25,577,435
Liabilities	
Current Liabilities	
Accounts payable	82,054
Due to other governmental units	510,000
Accrued interest payable	120,143
Salaries payable	1,204,369
Current portion of long term obligations	1,252,586
Total Current Liabilities	3,169,152
Noncurrent Liabilities (Note F)	
General obligation bonds payable	15,345,000
Durant non-plaintiff bonds payable	40,958
State school bond loan payable	3,044,000
Capital leases payable	32,860
Early retirement incentive	290,000
Severance pay	36,360
Accumulated sick leave	138,243
Current portion of long term obligations	(1,252,586)
Total Noncurrent Liabilities	17,674,835
Total Liabilities	20,843,987
Net Assets	
Invested in capital assets, net of related debt	1,811,013
Restricted for:	
Debt service	(36,243)
Capital projects	11,031
Unrestricted	2,947,647
Total Net Assets	\$ 4,733,448

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 11,992,291	\$ 722	\$ 5,008,364	\$ (6,983,205)
Supporting services	6,257,529	39,152	292,712	(5,925,665)
Community services	198,925	-	-	(198,925)
Food service	1,009,665	196,763	880,890	67,988
Athletics	370,948	14,308	-	(356,640)
Other	55,799	-	-	(55,799)
Interest on long-term debt	828,414	-	21,955	(806,459)
Total Governmental Activities	\$ 20,713,571	\$ 250,945	\$ 6,203,921	(14,258,705)
General Revenues				
Taxes:				
				973,431
				1,206,499
				256,388
				11,977,120
				13,745
				95,933
				<u>14,523,116</u>
				264,411
				<u>4,469,037</u>
				<u>\$ 4,733,448</u>

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2011

	General	2010 Energy Conservation	Nonmajor	Total
Assets				
Cash	\$ 350	\$ -	\$ -	\$ 350
Cash equivalents, deposits and investments (Note B)	1,846,988	334,416	392,772	2,574,176
Receivables:				
Taxes (Note C)	443	-	4,326	4,769
Accounts	8,308	-	11,136	19,444
Due from other funds (Note D)	-	-	5,537	5,537
Due from other governmental units (Note C)	2,933,227	-	40,437	2,973,664
Accrued interest receivable	418	-	-	418
Inventory	-	-	9,777	9,777
Prepaid expenditures	39,397	-	-	39,397
Total Assets	\$ 4,829,131	\$ 334,416	\$ 463,985	\$ 5,627,532
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 27,111	\$ 16,000	\$ 38,943	\$ 82,054
Due to other funds (Note D)	5,537	-	-	5,537
Due to other governmental units	510,000	-	-	510,000
Salaries payable	1,204,369	-	-	1,204,369
Deferred revenue	443	-	4,326	4,769
Total Liabilities	1,747,460	16,000	43,269	1,806,729
Fund Balances				
Nonspendable:				
General	39,397	-	-	39,397
Special revenue	-	-	9,777	9,777
Restricted:				
Special revenue	-	-	320,359	320,359
Debt service	-	-	80,304	80,304
Capital outlay	-	318,416	10,276	328,692
Unassigned	3,042,274	-	-	3,042,274
Total Fund Balances	3,081,671	318,416	420,716	3,820,803
Total Liabilities and Fund Balances	\$ 4,829,131	\$ 334,416	\$ 463,985	\$ 5,627,532

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2011

Total governmental fund balances		\$ 3,820,803
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$26,871,940 and accumulated depreciation is \$7,571,964.		19,299,976
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		655,464
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(15,345,000)	
Durant non-plaintiff bonds	(40,958)	
State school bond loan	(3,044,000)	
Capital leases	(32,860)	
Early retirement incentive	(290,000)	
Severance pay	(36,360)	
Accumulated sick leave	(138,243)	(18,927,421)
Accrued interest is not included as a liability in governmental funds.		(120,143)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		4,769
Total net assets - governmental activities		\$ 4,733,448

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	General	2010 Energy Conservation	Nonmajor	Total
Revenues				
Local sources	\$ 1,131,982	\$ 1,058	\$ 1,661,756	\$2,794,796
State sources	13,374,821	-	58,887	13,433,708
Federal sources	2,737,291	-	843,958	3,581,249
Interdistrict sources	1,166,083	-	-	1,166,083
Total Revenues	18,410,177	1,058	2,564,601	20,975,836
Expenditures				
Current:				
Instruction	11,634,618	-	-	11,634,618
Supporting services	6,110,600	-	-	6,110,600
Community services	178,391	-	-	178,391
Food service	-	-	978,218	978,218
Athletics	293,768	-	-	293,768
Capital outlay	3,250	1,087,306	181,806	1,272,362
Debt service:				
Principal repayment	-	-	1,034,095	1,034,095
Interest and fiscal charges	-	-	700,453	700,453
Interdistrict	1,101	-	-	1,101
Total Expenditures	18,221,728	1,087,306	2,894,572	22,203,606
Excess (Deficiency) of Revenues Over Expenditures	188,449	(1,086,248)	(329,971)	(1,227,770)
Other Financing Sources (Uses)				
Loan/lease proceeds	-	-	239,720	239,720
Transfers in	-	-	436,669	436,669
Transfers out	(178,080)	-	(258,589)	(436,669)
Prior years adjustments	(289)	-	-	(289)
Total Other Financing Sources (Uses)	(178,369)	-	417,800	239,431
Net Change in Fund Balances	10,080	(1,086,248)	87,829	(988,339)
Fund Balances, Beginning of Year	3,071,591	1,404,664	332,887	4,809,142
Fund Balances, End of Year	\$ 3,081,671	\$ 318,416	\$ 420,716	\$ 3,820,803

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2011

Net change in fund balances - total governmental funds \$ (988,339)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

	Capital outlays	\$ 1,290,966	
	Depreciation expense	<u>(692,992)</u>	597,974

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead considered deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 2,147

Net bond refunding costs are amortized over the life of the new bond issue on the Statement of Activities. (55,799)

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (374,030)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of bonds	\$ 1,015,000		
Repayment of Durant non-plaintiff bonds	19,095		
Repayment of capital leases	<u>13,583</u>		1,047,678

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 6,348

In the Statement of Net Assets, early retirement incentive, severance pay and accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$135,115) exceeded the amounts used/paid (\$106,683). 28,432

Total changes in net assets - governmental activities \$ 264,411

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 1,042,199	\$ 1,148,554	\$ 1,131,982	\$ (16,572)
State sources	12,786,602	13,370,627	13,374,821	4,194
Federal sources	1,597,568	2,955,831	2,737,291	(218,540)
Interdistrict sources	1,026,000	1,068,483	1,166,083	97,600
Total Revenues	16,452,369	18,543,495	18,410,177	(133,318)
Expenditures				
Current:				
Instruction:				
Basic programs	8,047,334	8,440,390	8,441,797	(1,407)
Added needs	2,792,303	3,245,343	3,100,242	145,101
Adult education	95,265	94,619	92,579	2,040
Supporting services:				
Pupil services	963,430	1,076,768	1,071,189	5,579
Instructional staff services	617,212	1,302,476	1,219,395	83,081
General administrative services	384,132	333,126	321,066	12,060
School administrative services	889,963	931,115	911,409	19,706
Business services	295,132	305,695	301,625	4,070
Operation and maintenance services	1,090,171	1,177,057	1,157,728	19,329
Pupil transportation services	477,631	443,795	442,380	1,415
Central services	673,648	709,420	685,808	23,612
Other supporting services	287,128	298,959	293,768	5,191
Community services	102,052	217,700	178,391	39,309
Capital outlay	-	6,500	3,250	3,250
Interdistrict	11,425	4,858	1,101	3,757
Total Expenditures	16,726,826	18,587,821	18,221,728	366,093
Excess (Deficiency) of Revenues Over Expenditures	(274,457)	(44,326)	188,449	232,775
Other Financing Sources (Uses)				
Transfers out	(173,600)	(178,080)	(178,080)	-
Prior year adjustments	-	(290)	(289)	1
Total Other Financing Sources (Uses)	(173,600)	(178,370)	(178,369)	1
Net Change in Fund Balances	(448,057)	(222,696)	10,080	232,776
Fund Balances, Beginning of Year	3,071,591	3,071,591	3,071,591	-
Fund Balances, End of Year	\$ 2,623,534	\$ 2,848,895	\$ 3,081,671	\$ 232,776

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2011

Assets

Cash equivalents, deposits and investments (Note B)	<u>\$ 56,924</u>
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Liabilities

Due to student groups	<u>\$ 56,924</u>
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See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Note A – Summary of Significant Accounting Policies

Godfrey-Lee Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 1,802 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Godfrey-Lee Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2010 Energy Conservation Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., 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 after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. 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 grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

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

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Fund maintained by the District is the Food Service Special Revenue Fund.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Godfrey-Lee Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Godfrey-Lee Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

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

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-term Obligations

In the district-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, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

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 issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Early Retirement Incentive/Severance Pay/Accumulated Sick Leave

Early retirement incentive, severance pay and accumulated sick leave at June 30, 2011 have been computed and recorded in the district-wide financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2011, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive, severance pay and accumulated sick leave amounted to \$290,000, \$36,360 and \$138,243, respectively.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

11. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

12. Estimates

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

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2011 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:
Governmental activities

\$2,574,176

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Fiduciary Funds:		
Agency Fund	\$	56,924
		\$2,631,100

Cash Equivalents and Deposits

Depositories actively used by the District during the year are detailed as follows:

1. PNC Bank
2. Mercantile Bank

Cash equivalents consist of bank public funds checking accounts. Deposits consist of certificates of deposit.

June 30, 2011 balances are detailed as follows:

Cash equivalents	\$	799,769
Deposits		606,178
		\$ 1,405,947

Custodial Credit Risk Related to Cash Equivalents and Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's cash equivalents and deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$1,405,947 and the bank balance was \$808,353. Of the bank balance, \$580,303 was covered by federal depository insurance and \$228,050 was uninsured and uncollateralized.

Investments

As of June 30, 2011, the District had the following investments:

	Carrying Amount	Bank Balances
Surplus Funds Investment Pool Accounts:		
PNC Bank Investment Sweep Account	\$ 1,225,153	\$ 1,225,153

The PNC Bank Investment Sweep Account is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the State School Code. The pool is not regulated or registered with the Securities and Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2011. The pooled investment fund is not rated.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy minimizes custodial credit risk by limiting investments to the types of securities allowed by law. At June 30, 2011, the District had no investments that were subject to custodial credit risk.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy (and State law) requires that commercial paper be rated within the two highest classifications established by not less than two standard rating services at the time of purchase. Mutual fund investments must have a par share value intended to maintain a net asset value of at least \$1.00 per share.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy states "The purpose of the investments is to maximize the returns on the District's excess cash balances consistent with safety of those monies and with the desired liquidity of the investments." The District's investment policy also states that maturities do not exceed two (2) years from the date of purchase and that investment contracts are awarded using the District's bidding procedure.

Concentration of Credit Risk

The District's investment policy addresses concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by allowing up to one hundred percent of the available reserves to be invested in U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest. Excluding U.S. Government guaranteed investments, mutual funds and pooled investments, no single investment exceeded 5% of total investments at June 30, 2011.

Foreign Currency Risk

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

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2010 ad valorem State Education Taxes generated within the Godfrey-Lee Public School District, and paid to the State of Michigan, totaled \$752,912.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2010 and September, 2010. The 2010-11 "Foundation Allowance" for Godfrey-Lee Public Schools was \$7,474 for 1,779 "Full Time Equivalent" students, generating \$13,075,506 in state aid payments to the District of which \$2,378,415 was paid to the District in July and August, 2011 and included as "Due From Other Governmental Units" at June 30, 2011.

Property taxes for the District are levied July 1 (the tax lien date) by the City of Wyoming, and are due 75 days after the levy date. The taxes are then collected by the City and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

Tax Year	General	Debt Service	Building And Site	Total
2010	\$ 354	\$ 3,093	\$ 657	\$ 4,104
2009	43	164	35	242
2008	46	314	63	423
	\$ 443	\$ 3,571	\$ 755	\$ 4,769

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Taxes receivable are offset by deferred revenue in the General, Debt Service and Building and Site Funds of the District. Taxes uncollected after three years from the date of levy are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Godfrey-Lee Public Schools electors had previously approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2010.

The District levied 9.4 mills in 2010 for debt service purposes and 1.9976 mills for the building and site (sinking) fund, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

Note D – Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing interfund receivables and payables at June 30, 2011 are detailed as follows:

	Due From	Due To
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ —	\$ 5,537
Special Revenue Fund:		
Food Service Fund:		
General Fund	5,537	—
Total All Funds	\$ 5,537	\$ 5,537

The General Fund owed \$5,537 to the Food Service Fund due to an outstanding catering amount owed, and State aid not paid at year end.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Operating transfers between funds during the year ended June 30, 2011 were as follows:

	Transfers In	Transfers Out
General Fund:		
Capital Projects Fund:		
2009 Construction Fund	\$ —	\$ 178,080
Capital Projects Funds:		
Building and Site Fund:		
2010 Energy Conservation Fund	—	258,589
2009 Construction Fund:		
General Fund	178,080	—
2010 Energy Conservation Fund:		
Building and Site Fund	258,589	—
Total Capital Projects Funds	436,669	258,589
Total All Funds	\$ 436,669	\$ 436,669

The General Fund transferred \$178,080 to the 2009 Construction Fund, as budgeted by the Board of Education, to support the addition to the 6th grade campus. The Building and Site Fund transferred \$258,589 to the 2010 Energy Fund Conservation to cover 2010-11 debt service requirements.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balances July 1, 2010	Additions	Deductions	Balances June 30, 2011
Capital assets not being depreciated:				
Land	\$ 618,754	\$ —	\$ —	\$ 618,754
Construction in progress	567,976	8,330	567,976	8,330
Total capital assets not being depreciated	1,186,730	8,330	567,976	627,084
Capital assets being depreciated:				
Land improvements	1,743,050	—	—	1,743,050
Buildings and additions	20,752,548	1,761,153	—	22,513,701
Furniture and equipment	1,418,054	89,459	—	1,507,513
Vehicles	268,727	—	—	268,727
Equipment under capital leases	211,865	—	—	211,865
Total capital assets being depreciated	24,394,244	\$ 1,850,612	\$ —	26,244,856

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

	Balances July 1, 2010	Additions	Deductions	Balances June 30, 2011
Less accumulated depreciation for:				
Land improvements	\$ 950,325	\$ 83,709	\$ —	\$ 1,034,034
Buildings and additions	4,499,194	483,688	—	4,982,882
Furniture and equipment	1,096,847	102,428	—	1,199,275
Vehicles	218,758	9,586	—	228,344
Assets under capital leases	113,848	13,581	—	127,429
Total accumulated depreciation	6,878,972	\$ 692,992	\$ —	7,571,964
Total capital assets being depreciated, net	17,515,272			18,672,892
Net Capital Assets	\$ 18,702,002			\$ 19,299,976

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 474,877
Supporting services	83,836
Community services	22,156
Food service	31,447
Athletics	80,676
	<u>\$ 692,992</u>

Note F – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2011 are summarized as follows:

	Bond Issues	State School Bond Loan	Capital Leases	Early Retirement/ Severance/ Accumulated Sick Leave	Total
Amounts Available For Retirement Of Long-term Debt					
Debt Service Funds	\$ 80,304	\$ —	\$ —	\$ —	\$ 80,304
Amounts To Be Provided For Retirement Of Long-term Debt					
State of Michigan	40,958	—	—	—	40,958
General Fund	—	—	32,860	464,603	497,463
Debt Service Funds	15,264,696	3,044,000	—	—	18,308,696
Total Amounts Available And To Be Provided	\$ 15,385,958	\$ 3,044,000	\$ 32,860	\$ 464,603	\$18,927,421

Changes in long-term debt for the year ended June 30, 2011 are summarized as follows:

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

	Debt Outstanding July 1, 2010	Debt Added	Debt Retired	Debt Outstanding June 30, 2011
General obligation bonds:				
March 26, 2003	\$ 540,000	\$ —	\$ 185,000	\$ 355,000
March 10, 2005	9,925,000	—	545,000	9,380,000
February 1, 2006	3,055,000	—	80,000	2,975,000
May 11, 2009	850,000	—	25,000	825,000
March 12, 2010	1,990,000	—	180,000	1,810,000
Durant non-plaintiff bonds:				
November 13, 1998	60,053	—	19,095	40,958
State school bond loan	2,669,970	374,030	—	3,044,000
Capital leases	46,443	—	13,583	32,860
Early retirement incentive	320,000	70,000	100,000	290,000
Severance pay	33,360	7,040	4,040	36,360
Accumulated sick leave	139,675	29,643	31,075	138,243
	\$ 19,629,501	\$ 480,713	\$ 1,182,793	\$ 18,927,421

Long-term debt outstanding at June 30, 2011 is comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$1,860M Building and Site March 26, 2003:				
Principal maturities from \$175M to \$180M	May 1, 2013	3.25 – 3.35	\$ 355,000	\$ 180,000
\$11,505M General Obligation Refunding March 10, 2005:				
Principal maturities from \$565M to \$590M	May 1, 2027	4.00 – 5.00	9,380,000	565,000
\$3,325M Building and Site February 1, 2006:				
Principal maturities from \$80M to \$215M	May 1, 2030	3.50 – 4.25	2,975,000	80,000
\$875M General Obligation Refunding May 11, 2009:				
Principal maturities from \$30M to \$60M	May 1, 2029	3.50 – 5.00	825,000	30,000
\$1,990M General Obligation Refunding March 12, 2010:				
Principal maturities from \$195M to \$255M	March 1, 2019	4.08	1,810,000	195,000
Durant Non-plaintiff Bonds				
\$312,641 School Improvement November 13, 1998:				
Principal maturities from \$20,003 to \$20,955	May 15, 2013	4.761353	40,958	20,003
Capital Leases				
\$24,295 Equipment October 31, 2007	Oct. 31, 2012	N/A	6,479	4,859
\$4,970 Equipment May 8, 2008	April 8, 2013	N/A	1,909	996
\$38,640 Equipment August 31, 2009	August 31, 2014	N/A	24,472	7,728
Other Obligations				
State school bond loan			3,044,000	—
Early retirement incentive			290,000	135,000
Severance pay			36,360	4,000
Accumulated sick leave			138,243	30,000
			\$18,927,421	\$ 1,252,586

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

The District is required to obtain loans from the Michigan School Bond Loan Fund (the “Fund”) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed \$239,720 from the Fund and \$134,310 of accrued interest was added to the District’s liability to the Fund. At June 30, 2011, the District owed the Fund a total of \$3,044,000.

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 1,083,586	\$ 658,178	\$ 1,741,764
2013	1,111,216	616,455	1,727,671
2014	947,728	572,845	1,520,573
2015	966,288	528,137	1,494,425
2016	970,000	483,853	1,453,853
2017	990,000	444,958	1,434,958
2018	1,000,000	405,225	1,405,225
2019	1,025,000	364,152	1,389,152
2020	785,000	322,150	1,107,150
2021	790,000	289,141	1,079,141
2022	815,000	255,148	1,070,148
2023	820,000	219,811	1,039,811
2024	825,000	183,688	1,008,688
2025	835,000	147,326	982,326
2026	840,000	110,564	950,564
2027	850,000	72,199	922,199
2028	275,000	33,412	308,412
2029	275,000	21,275	296,275
2030	215,000	9,138	224,138
	\$15,418,818	\$ 5,737,655	\$21,156,473

Note G – Fund Balance

As of July 1, 2010, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The following policy has been adopted by the Board of Education in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services. This policy will ensure that the District maintains adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs.
- b. Secure and maintain investment grade bond ratings,
- c. Offset significant economic downturns or revenue shortfalls, and
- d. Provide funds for unforeseen expenditures related to emergencies.

Authority to Commit Fund Balances – Commitments will only be used for specific purposes pursuant to a formal action of the Board of Education. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Authority to Assign Fund Balances – The Board of Education delegates to the Superintendent or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Operational guidelines. The following guidelines address the classification and use of District fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance – The District will maintain a minimum unassigned fund balance in its General Fund ranging from 10 percent to 15 percent of the previous year’s budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies – when fund balance falls below the minimum 10 percent range, the following budgetary strategies shall be utilized by the District to replenish funding deficiencies:

- The District will reduce recurring expenditures to eliminate any structural deficit or,
- The District will increase revenues or pursue other funding sources, or,
- Some combination of the two options above

Note H – Retirement Plan

Substantially all District employees participate in the Michigan Public District Employees’ Retirement System (MPERS) (the “System”), a multiple employer public retirement system. The District payroll for employees covered by MPERS for the year ended June 30, 2011 was \$9,396,989. The System provides retirement, survivor and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive those benefits.

The System’s membership consists of the following:

- Basic members who may retire at age 55 with 30 or more years of credited service; or at age 60 with 10 or more years of credited service.
- Member Investment Plan (MIP) members who may retire at any age with 30 or more years of credited service; at age 60 with 10 or more years of credited service; or at age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.
- Pension Plus Plan members (who became members of MPERS on or after July 1, 2010) who may retire at age 60 with 10 or more years of credited service.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan-Fixed (MIP-Fixed). Effective January 1, 1990, all new employees are automatically enrolled in the MIP Plan. Participants in the MIP or Pension Plus Plans receive benefits in addition to those available under the Basic Plan. Basic plan members make no contributions; MIP and Pension Plus Plan members contribute at rates ranging from 3% to 4.3% of gross wages; or up to 6.4% of gross wages for members entering the MIP Plus Plan on or after July 1, 2008, and the Pension Plus Plan on or after July 1, 2010. In addition, Pension Plus Plan member employees contribute 2% of gross wages to their defined contribution account.

Godfrey-Lee Public School District
Notes to Basic Financial Statements
June 30, 2011

Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants. The Pension Plus Plan pairs a guaranteed retirement income (Defined Benefit) with a flexible and transferable retirement savings (Define Contribution) account.

Districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS plan. The District's contributions to the plan for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,798,663, \$1,480,006 and \$1,430,693, respectively. The contribution rates for the fiscal year are detailed as follows:

- July 01, 2010 to September 30, 2010 – 10.13% for members who first worked before July 01, 2010 and 8.63% for members who first worked on or after July 01, 2010.
- October 1, 2010 to June 30, 2011 – 12.16% for members who first worked before July 01, 2010 and 10.66% for members who first worked on or after July 01, 2010.
- July 01, 2010 to June 30, 2011 – 1% for Pension Plus Plan members to their defined contribution accounts.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS does not make separate measurements of assets and actuarial accrued liability for individual Districts, instead using the aggregate actuarial cost method. The actuarial accrued liability at September 30, 2009 (the latest reporting date available) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date was \$56.7 billion. Net assets available for retirement benefits on that date were \$44.7 billion leaving an unfunded actuarial accrued liability of \$12.0 billion. The total unfunded actuarial accrued liability increased by \$3.1 billion from September 30, 2008 to September 30, 2009. At September 30, 2009 the funded ratio of actuarial accrued liability was 78.9%; covered payroll totaled \$9.9 billion, and unfunded actuarial accrued liability was 121.2% of covered payroll.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits were 6.81% of covered payroll for the period from July 01, 2010 to September 30, 2010; 7.25% for the period from October 1, 2010 to October 31, 2010; and 8.5% for the period from November 1, 2010 to June 30, 2011. At September 30, 2009, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole was \$28.3 billion. The MPSERS net assets available for these benefits were \$713.3 million leaving an unfunded actuarial accrued liability of \$27.6 billion. At September 30, 2009, the funded ratio of actuarial liability was 2.5%; covered payroll totaled \$9.9 billion, and unfunded actuarial liability was 279.1% of covered payroll.

Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2010 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2011

Note I – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,175,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$42,277 in premiums to the Trust for the year ended June 30, 2011.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$400,000 of any workers' compensation or employers' liability loss out of a \$2,122,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2011, there were no material pending claims against the District. The District paid \$42,243 in premiums to the Fund for the year ended June 30, 2011.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note J – Stewardship, Compliance and Accountability

The following District fund had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2011, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Instruction:			
Basic Programs	\$ 8,440,390	\$ 8,441,797	\$ 1,407

SUPPLEMENTAL INFORMATION

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GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2011 and 2010

Assets	2011	2010
Cash	\$ 350	\$ 350
Cash equivalents, deposits and investments	1,846,988	2,129,431
Receivables:		
Taxes	443	710
Accounts	8,308	6,547
Due from other governmental units	2,933,227	2,485,906
Accrued interest receivable	418	1,109
Prepaid expenditures	39,397	40,094
	\$ 4,829,131	\$ 4,664,147
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 27,111	\$ 50,329
Due to other funds	5,537	-
Due to other governmental units	510,000	509,395
Salaries payable	1,204,369	1,032,122
Deferred revenue	443	710
	1,747,460	1,592,556
Fund Balances		
Nonspendable	39,397	-
Unassigned	3,042,274	-
Unreserved:		
Undesignated	-	3,071,591
	3,081,671	3,071,591
	\$ 4,829,131	\$ 4,664,147

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2011 and 2010

	2011	2010
Local sources:		
Property taxes:		
Current property taxes	\$ 918,673	\$ 974,181
Delinquent property taxes	621	172
Other property taxes	47,606	5,902
Interest on delinquent taxes	6,798	10,052
	<u>973,698</u>	<u>990,307</u>
Interest earnings:		
Interest on deposits and investments	8,169	17,945
Other local revenue:		
Athletic events	14,308	-
Tuition	722	2,115
Universal service credit	39,152	123,185
Rental of school facilities	-	320
Donations	1,803	2,804
Sale of assets	2,118	-
Reimbursements	18,171	2,822
Refunds of expenditures	16,630	8,059
Miscellaneous	57,211	54,774
	<u>150,115</u>	<u>194,079</u>
Total local sources	1,131,982	1,202,331
State sources:		
State aid	13,075,506	11,949,235
Special education - itinerants	231,959	224,963
Special education - transportation	60,753	28,973
CTE transportation reimbursement	3,393	-
SPLASH	3,210	6,805
	<u>13,374,821</u>	<u>12,209,976</u>
Total state sources	13,374,821	12,209,976
Federal sources:		
Stabilization - ARRA	194,099	462,343
Education jobs program	364,992	-
School improvement grant	884,685	-
Title I	414,197	496,982
Title I - ARRA	129,247	149,299
Title IIA	69,373	92,746
Title IID	2,597	7,069
Title III	102,430	73,846
Adult basic education	22,500	25,000
I.D.E.A. program	304,971	339,766
I.D.E.A. program - ARRA	164,033	231,521
Drug free schools	11,283	9,270
Medicaid - school based	5,039	20,435
Team 21 grant	62,726	78,003
Learn and serve grant	5,119	-
	<u>2,737,291</u>	<u>1,986,280</u>
Total federal sources	2,737,291	1,986,280
Interdistrict sources:		
Special education - tuition	37	6,090
Special education - county	1,056,759	1,028,983
Vocational education	6,505	12,612
Medicaid fee for service	102,782	85,142
	<u>1,166,083</u>	<u>1,132,827</u>
Total interdistrict sources	1,166,083	1,132,827
Total Revenues	<u><u>\$ 18,410,177</u></u>	<u><u>\$ 16,531,414</u></u>

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2011 and 2010

	2011	2010
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 2,519,906	\$ 2,283,839
Employee benefits	1,327,914	1,100,881
Purchased services	132,048	117,227
Supplies	48,744	57,454
Capital outlay	7,245	8,758
Miscellaneous	388	1,265
	<u>4,036,245</u>	<u>3,569,424</u>
Middle school:		
Salaries	998,798	942,299
Employee benefits	506,716	481,455
Purchased services	14,871	16,552
Supplies	19,575	28,835
Capital outlay	4,015	-
Miscellaneous	-	229
	<u>1,543,975</u>	<u>1,469,370</u>
High school:		
Salaries	1,558,809	1,483,532
Employee benefits	809,360	762,578
Purchased services	74,178	62,474
Supplies	60,775	54,035
Capital outlay	8,687	649
Miscellaneous	772	1,541
	<u>2,512,581</u>	<u>2,364,809</u>
Preschool:		
Salaries	224,606	212,494
Employee benefits	105,572	107,859
Purchased services	10,635	7,866
Supplies	1,967	9,315
Miscellaneous	631	820
	<u>343,411</u>	<u>338,354</u>
Summer school:		
Salaries	4,344	7,506
Employee benefits	1,241	1,982
	<u>5,585</u>	<u>9,488</u>
Total basic programs	<u>8,441,797</u>	<u>7,751,445</u>
Added needs:		
Special education:		
Salaries	811,883	874,050
Employee benefits	452,088	405,202
Purchased services	32,848	37,055
Supplies	3,427	4,938
Capital outlay	7,475	28,026
Payments to other districts	361,720	327,086
	<u>1,669,441</u>	<u>1,676,357</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2011 and 2010

	2011	2010
Compensatory education:		
Salaries	\$ 754,967	\$ 822,026
Employee benefits	333,435	344,464
Purchased services	221,152	4,418
Supplies	84,765	41,932
Capital outlay	29,911	11,826
	<u>1,424,230</u>	<u>1,224,666</u>
Career and technology education:		
Salaries	500	600
Employee benefits	143	150
Purchased services	-	462
Supplies	5,928	7,256
	<u>6,571</u>	<u>8,468</u>
Total added needs	3,100,242	2,909,491
Adult education services:		
Basic:		
Salaries	58,818	56,406
Employee benefits	31,690	28,559
Purchased services	158	1,038
Supplies	1,248	695
Miscellaneous	665	245
Total adult education services	<u>92,579</u>	<u>86,943</u>
Total instruction	11,634,618	10,747,879
Supporting services:		
Pupil services:		
Attendance services:		
Salaries	75,660	75,660
Employee benefits	41,268	39,374
	<u>116,928</u>	<u>115,034</u>
Guidance services:		
Salaries	180,410	228,773
Employee benefits	62,229	91,004
Purchased services	88	176
Supplies	700	3,064
	<u>243,427</u>	<u>323,017</u>
Health services:		
Salaries	8,213	-
Employee benefits	2,312	-
Purchased services	41,456	41,043
Supplies	61	157
Payments to other districts	27,275	21,645
	<u>79,317</u>	<u>62,845</u>
Psychological services:		
Purchased services	62	29
Supplies	494	520
Capital outlay	-	1,053
Payments to other districts	41,500	38,638
	<u>42,056</u>	<u>40,240</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2011 and 2010

	2011	2010
Speech pathology services:		
Purchased services	\$ 21	\$ 74
Supplies	800	2,538
Capital outlay	-	2,106
Payments to other districts	259,477	272,136
	<u>260,298</u>	<u>276,854</u>
Social worker services:		
Purchased services	20	-
Supplies	100	101
Payments to other districts	112,483	62,703
	<u>112,603</u>	<u>62,804</u>
Teacher consultant services:		
Salaries	-	16,528
Employee benefits	-	5,574
Purchased services	14	-
Supplies	40	25
Payments to other districts	25,857	121,810
	<u>25,911</u>	<u>143,937</u>
Other pupil services:		
Salaries	135,142	102,207
Employee benefits	43,089	29,002
Purchased services	12,418	12,001
	<u>190,649</u>	<u>143,210</u>
Total pupil services	1,071,189	1,167,941
Instructional staff services:		
Improvement of instruction:		
Salaries	158,236	50,791
Employee benefits	51,114	31,474
Purchased services	405,375	23,781
Supplies	11,484	29,157
	<u>626,209</u>	<u>135,203</u>
Educational media services:		
Salaries	80,020	80,269
Employee benefits	42,162	37,334
Supplies	4,174	4,575
Miscellaneous	267	462
	<u>126,623</u>	<u>122,640</u>
Educational television:		
Supplies	1,338	1,477
Miscellaneous	2,027	2,003
	<u>3,365</u>	<u>3,480</u>
Instruction related technology:		
Salaries	24,381	-
Employee benefits	11,804	-
Purchased services	11,700	-
Capital outlay	35,893	15,800
	<u>83,778</u>	<u>15,800</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2011 and 2010

	2011	2010
Supervision and direction of instruction:		
Salaries	\$ 230,129	\$ 270,547
Employee benefits	111,126	116,567
Purchased services	2,711	4,434
Supplies	3,332	4,163
Capital outlay	-	3,253
Miscellaneous	260	180
	<u>347,558</u>	<u>399,144</u>
Academic student assessment:		
Salaries	11,520	11,532
Employee benefits	8,620	8,362
	<u>20,140</u>	<u>19,894</u>
Shared time services:		
Salaries	9,924	9,898
Employee benefits	1,798	1,615
	<u>11,722</u>	<u>11,513</u>
Total instructional staff services	1,219,395	707,674
General administrative services:		
Board of education:		
Salaries	4,710	1,500
Employee benefits	280	266
Purchased services	53,326	38,620
Miscellaneous	12,789	19,796
	<u>71,105</u>	<u>60,182</u>
Executive administration:		
Salaries	157,610	155,626
Employee benefits	65,637	60,432
Purchased services	23,096	88,630
Supplies	1,099	1,643
Miscellaneous	2,519	3,001
	<u>249,961</u>	<u>309,332</u>
Total general administrative services	321,066	369,514
School administrative services:		
Office of the principal:		
Salaries	568,077	454,998
Employee benefits	325,850	270,353
Purchased services	13,104	12,545
Supplies	3,958	3,238
Miscellaneous	420	1,534
	<u>911,409</u>	<u>742,668</u>
Total school administrative services	911,409	742,668

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2011 and 2010

	2011	2010
Business services:		
Fiscal services:		
Salaries	\$ 183,723	\$ 167,660
Employee benefits	71,956	66,913
Purchased services	12,742	12,238
Supplies	2,414	4,034
Miscellaneous	932	956
	<u>271,767</u>	<u>251,801</u>
Other business services:		
Purchased services	13,861	12,095
Miscellaneous	15,997	14,014
	<u>29,858</u>	<u>26,109</u>
Total business services	301,625	277,910
Operation and maintenance services:		
Operation and maintenance:		
Salaries	217,958	213,976
Employee benefits	144,676	141,656
Purchased services	438,887	463,410
Supplies	284,816	264,990
Capital outlay	8,426	6,352
Miscellaneous	1,663	1,103
	<u>1,096,426</u>	<u>1,091,487</u>
Security:		
Purchased services	61,302	-
Total operation and maintenance services	<u>1,157,728</u>	<u>1,091,487</u>
Pupil transportation services:		
Pupil transportation:		
Salaries	93,535	76,212
Employee benefits	54,920	42,724
Purchased services	28,897	20,599
Supplies	11,827	12,577
Miscellaneous	184	818
Payments to other districts	253,017	298,754
Total pupil transportation services	<u>442,380</u>	<u>451,684</u>
Central services:		
Technology services:		
Salaries	144,033	176,101
Employee benefits	95,332	122,006
Purchased services	119,543	152,915
Supplies	3,548	6,116
Capital outlay	226,397	104,264
	<u>588,853</u>	<u>561,402</u>
Pupil accounting:		
Salaries	45,181	-
Employee benefits	26,774	-
	<u>71,955</u>	<u>-</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2011 and 2010

	2011	2010
Other central services:		
Employee benefits	\$ 25,000	\$ 28,280
Total central services	<u>685,808</u>	<u>589,682</u>
Other supporting services:		
Athletics:		
Salaries	95,067	-
Employee benefits	34,302	-
Purchased services	137,474	-
Supplies	62	-
Capital outlay	21,593	-
Miscellaneous	5,270	-
Total other supporting services	<u>293,768</u>	<u>-</u>
Total supporting services	<u>6,404,368</u>	<u>5,398,560</u>
Community services:		
Community activities:		
Salaries	9,599	4,482
Employee benefits	2,718	1,142
Purchased services	92,915	11,387
Supplies	8,533	6,556
Miscellaneous	143	175
	<u>113,908</u>	<u>23,742</u>
Welfare activities:		
Purchased services	5,268	14,950
Non-public school pupils:		
Employee benefits	8,713	-
Supplies	2,890	-
	<u>11,603</u>	<u>-</u>
Bilingual interpreters:		
Salaries	31,230	25,198
Employee benefits	8,770	6,224
Supplies	7,612	5,191
Capital outlay	-	6,039
	<u>47,612</u>	<u>42,652</u>
Total community services	<u>178,391</u>	<u>81,344</u>
Capital outlay:		
Facilities acquisition	3,250	-
Interdistrict:		
Sub-grantee payments	<u>1,101</u>	<u>8,411</u>
Total Expenditures	<u><u>\$ 18,221,728</u></u>	<u><u>\$ 16,236,194</u></u>

NONMAJOR GOVERNMENTAL FUNDS

GODFREY-LEE PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2011

	Special Revenue	Debt		
	Food Service	2003	2005-A	2005-B
Assets				
Cash equivalents, deposits and investments	\$ 302,192	\$ 15,710	\$ 51,399	\$ 10,074
Receivables:				
Taxes	-	586	2,374	480
Accounts	11,136	-	-	-
Due from other funds	5,537	-	-	-
Due from other governmental units	40,437	-	-	-
Inventory	9,777	-	-	-
Total Assets	\$ 369,079	\$ 16,296	\$ 53,773	\$ 10,554
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 38,943	\$ -	\$ -	\$ -
Deferred revenue	-	586	2,374	480
Total Liabilities	38,943	586	2,374	480
Fund Balances				
Nonspendable	9,777	-	-	-
Restricted	320,359	15,710	51,399	10,074
Total Fund Balances	330,136	15,710	51,399	10,074
Total Liabilities and Fund Balances	\$ 369,079	\$ 16,296	\$ 53,773	\$ 10,554

Service			Capital Projects		Total
2009	2010 Energy Conservation	Durant	Building and Site	2009 Construction	
\$ 3,121	\$ -	\$ -	\$ 10,276	\$ -	\$ 392,772
131	-	-	755	-	4,326
-	-	-	-	-	11,136
-	-	-	-	-	5,537
-	-	-	-	-	40,437
-	-	-	-	-	9,777
<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,031</u>	<u>\$ -</u>	<u>\$ 463,985</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,943
131	-	-	755	-	4,326
<u>131</u>	<u>-</u>	<u>-</u>	<u>755</u>	<u>-</u>	<u>43,269</u>
-	-	-	-	-	9,777
3,121	-	-	10,276	-	410,939
<u>3,121</u>	<u>-</u>	<u>-</u>	<u>10,276</u>	<u>-</u>	<u>420,716</u>
<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,031</u>	<u>\$ -</u>	<u>\$ 463,985</u>

GODFREY-LEE PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2011

	Special Revenue	Debt		
	Food Service	2003	2005-A	2005-B
Revenues				
Local sources:				
Property taxes	\$ -	\$ 198,613	\$ 800,511	\$ 156,902
Interest earnings	901	1,026	1,618	267
Sales and admissions	196,763	-	-	-
Total local sources	197,664	199,639	802,129	157,169
State sources	36,932	-	-	-
Federal sources	843,958	-	-	-
Total Revenues	1,078,554	199,639	802,129	157,169
Expenditures				
Current:				
Food service	978,218	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	185,000	545,000	80,000
Interest and fiscal charges	-	19,464	438,092	123,483
Total Expenditures	978,218	204,464	983,092	203,483
Excess (Deficiency) of Revenues Over Expenditures	100,336	(4,825)	(180,963)	(46,314)
Other Financing Sources (Uses)				
Loan proceeds	-	-	179,823	45,915
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	179,823	45,915
Net Change in Fund Balances	100,336	(4,825)	(1,140)	(399)
Fund Balances, Beginning of Year	229,800	20,535	52,539	10,473
Fund Balances, End of Year	\$ 330,136	\$ 15,710	\$ 51,399	\$ 10,074

Service			Capital Projects		Total
2009	2010 Energy Conservation	Durant	Building and Site	2009 Construction	
\$ 48,482	\$ -	\$ -	\$ 255,965	\$ -	\$ 1,460,473
85	-	-	623	-	4,520
-	-	-	-	-	196,763
48,567	-	-	256,588	-	1,661,756
-	-	21,955	-	-	58,887
-	-	-	-	-	843,958
48,567	-	21,955	256,588	-	2,564,601
-	-	-	-	-	978,218
-	-	-	1,969	179,837	181,806
25,000	180,000	19,095	-	-	1,034,095
37,965	78,589	2,860	-	-	700,453
62,965	258,589	21,955	1,969	179,837	2,894,572
(14,398)	(258,589)	-	254,619	(179,837)	(329,971)
13,982	-	-	-	-	239,720
-	258,589	-	-	178,080	436,669
-	-	-	(258,589)	-	(258,589)
13,982	258,589	-	(258,589)	178,080	417,800
(416)	-	-	(3,970)	(1,757)	87,829
3,537	-	-	14,246	1,757	332,887
\$ 3,121	\$ -	\$ -	\$ 10,276	\$ -	\$ 420,716

GODFREY-LEE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 190,800	\$ 197,664	\$ 6,864
State sources	36,932	36,932	-
Federal sources	803,500	843,958	40,458
Total Revenues	<u>1,031,232</u>	<u>1,078,554</u>	<u>47,322</u>
Expenditures			
Current:			
Food service	<u>981,505</u>	<u>978,218</u>	<u>3,287</u>
Net Change in Fund Balances	49,727	100,336	50,609
Fund Balances, Beginning of Year	<u>229,800</u>	<u>229,800</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 279,527</u></u>	<u><u>\$ 330,136</u></u>	<u><u>\$ 50,609</u></u>

SPECIAL REVENUE FUND

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

GODFREY-LEE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash equivalents, deposits and investments	\$ 302,192	\$ 226,060
Accounts receivable	11,136	-
Due from other funds	5,537	-
Due from other governmental units	40,437	29,841
Inventory	9,777	9,318
	\$ 369,079	\$ 265,219
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 38,943	\$ 35,419
Fund Balances		
Nonspendable	9,777	
Restricted	320,359	-
Unreserved:		
Undesignated	-	229,800
	330,136	229,800
Total Fund Balances	\$ 369,079	\$ 265,219
Total Liabilities and Fund Balances	\$ 369,079	\$ 265,219

GODFREY-LEE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 901	\$ 909
Sales and admissions:		
Children's lunches	26,988	24,109
Adult lunches	3,525	2,810
Ala carte	18,891	25,865
Banquets	86,681	72,351
Other	60,678	42,636
	<u>196,763</u>	<u>167,771</u>
Total local sources	197,664	168,680
State sources	36,932	48,489
Federal sources	843,958	743,984
	<u>1,078,554</u>	<u>961,153</u>
Total Revenues		
Expenditures		
Current:		
Food service:		
Purchased services	415,958	379,757
Supplies	479,734	422,349
Capital outlay	43,168	26,433
Miscellaneous	39,358	36,553
	<u>978,218</u>	<u>865,092</u>
Total Expenditures	978,218	865,092
Net Change in Fund Balances	100,336	96,061
Fund Balances, Beginning of Year	<u>229,800</u>	<u>133,739</u>
Fund Balances, End of Year	<u>\$ 330,136</u>	<u>\$ 229,800</u>

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DEBT SERVICE FUNDS

Debt Service Funds—to accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

GODFREY-LEE PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2011

	<u>2003</u>	<u>2005-A</u>	<u>2005-B</u>
Assets			
Cash equivalents, deposits and investments	\$ 15,710	\$ 51,399	\$ 10,074
Taxes receivables	586	2,374	480
Total Assets	<u>\$ 16,296</u>	<u>\$ 53,773</u>	<u>\$ 10,554</u>
Liabilities and Fund Balances			
Liabilities			
Deferred revenue	\$ 586	\$ 2,374	\$ 480
Fund Balances			
Restricted	15,710	51,399	10,074
Reserved for debt service	-	-	-
Total Fund Balances	<u>15,710</u>	<u>51,399</u>	<u>10,074</u>
Total Liabilities and Fund Balances	<u>\$ 16,296</u>	<u>\$ 53,773</u>	<u>\$ 10,554</u>

2009	2010 Energy Conservation	Durant	Totals	
			2011	2010
\$ 3,121	\$ -	\$ -	\$ 80,304	\$ 87,084
131	-	-	3,571	1,580
<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,875</u>	<u>\$ 88,664</u>
\$ 131	\$ -	\$ -	\$ 3,571	\$ 1,580
3,121	-	-	80,304	-
-	-	-	-	87,084
<u>3,121</u>	<u>-</u>	<u>-</u>	<u>80,304</u>	<u>87,084</u>
<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,875</u>	<u>\$ 88,664</u>

GODFREY-LEE PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	<u>2003</u>	<u>2005-A</u>	<u>2005-B</u>
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 193,988	\$ 781,879	\$ 153,248
Industrial facilities taxes	1,900	7,658	1,501
Delinquent property taxes	182	726	144
Other taxes	1,225	4,937	968
Interest on delinquent taxes	1,318	5,311	1,041
	<u>198,613</u>	<u>800,511</u>	<u>156,902</u>
Interest earnings:			
Interest on deposits and investments	1,026	1,618	267
Total local sources	<u>199,639</u>	<u>802,129</u>	<u>157,169</u>
State sources:			
State aid	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>199,639</u>	<u>802,129</u>	<u>157,169</u>
Expenditures			
Debt service:			
Principal repayment	185,000	545,000	80,000
Interest and fiscal charges:			
Interest expense	17,540	431,225	122,412
Paying agent fees	250	241	225
Tax refunds	1,674	6,626	846
	<u>204,464</u>	<u>983,092</u>	<u>203,483</u>
Total Expenditures	<u>204,464</u>	<u>983,092</u>	<u>203,483</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,825)</u>	<u>(180,963)</u>	<u>(46,314)</u>
Other Financing Sources			
Loan proceeds	-	179,823	45,915
Transfers in	-	-	-
	<u>-</u>	<u>179,823</u>	<u>45,915</u>
Total Other Financing Sources	<u>-</u>	<u>179,823</u>	<u>45,915</u>
Net Change in Fund Balances	<u>(4,825)</u>	<u>(1,140)</u>	<u>(399)</u>
Fund Balances, Beginning of Year	<u>20,535</u>	<u>52,539</u>	<u>10,473</u>
Fund Balances, End of Year	<u>\$ 15,710</u>	<u>\$ 51,399</u>	<u>\$ 10,074</u>

2009	2010 Energy Conservation	Durant	Totals	
			2011	2010
\$ 47,347	\$ -	\$ -	\$ 1,176,462	\$ 1,253,313
464	-	-	11,523	13,009
50	-	-	1,102	380
299	-	-	7,429	5,222
322	-	-	7,992	9,800
<u>48,482</u>	<u>-</u>	<u>-</u>	<u>1,204,508</u>	<u>1,281,724</u>
85	-	-	2,996	5,854
<u>48,567</u>	<u>-</u>	<u>-</u>	<u>1,207,504</u>	<u>1,287,578</u>
-	-	21,955	21,955	147,510
<u>48,567</u>	<u>-</u>	<u>21,955</u>	<u>1,229,459</u>	<u>1,435,088</u>
25,000	180,000	19,095	1,034,095	922,150
37,602	78,589	2,860	690,228	676,842
100	-	-	816	816
263	-	-	9,409	-
<u>62,965</u>	<u>258,589</u>	<u>21,955</u>	<u>1,734,548</u>	<u>1,599,808</u>
<u>(14,398)</u>	<u>(258,589)</u>	<u>-</u>	<u>(505,089)</u>	<u>(164,720)</u>
13,982	-	-	239,720	147,919
-	258,589	-	258,589	-
<u>13,982</u>	<u>258,589</u>	<u>-</u>	<u>498,309</u>	<u>147,919</u>
(416)	-	-	(6,780)	(16,801)
<u>3,537</u>	<u>-</u>	<u>-</u>	<u>87,084</u>	<u>103,885</u>
<u>\$ 3,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,304</u>	<u>\$ 87,084</u>

CAPITAL PROJECTS FUNDS

Building and Site—to account for property tax revenues and interest earnings used to finance building improvements projects.

2009 Construction—to account for bond proceeds used to finance building construction and improvement projects.

2010 Energy Conservation—to account for bond proceeds used to finance the energy conservation improvement project.

GODFREY-LEE PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash equivalents, deposits and investments	\$ 10,276	\$ 14,246
Taxes receivable	755	332
Total Assets	\$ 11,031	\$ 14,578
 Liabilities and Fund Balances		
Liabilities		
Deferred revenue	\$ 755	\$ 332
Fund Balances		
Restricted	10,276	-
Reserved for capital outlay	-	14,246
Total Fund Balances	10,276	14,246
Total Liabilities and Fund Balances	\$ 11,031	\$ 14,578

GODFREY-LEE PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2011 and 2010

	2011	2010
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 250,006	\$ 266,341
Industrial facilities taxes	2,449	2,764
Delinquent property taxes	234	84
Other property taxes	1,578	1,110
Interest on delinquent taxes	1,698	2,082
Total property taxes	255,965	272,381
Interest earnings:		
Interest on deposits and investments	623	261
Total Revenues	256,588	272,642
Expenditures		
Capital outlay:		
Facilities acquisition:		
Building improvements	1,969	274,798
Debt service:		
Capital lease payments	-	12,792
Total Expenditures	1,969	287,590
Excess (Deficiency) of Revenues Over Expenditures	254,619	(14,948)
Other Financing Sources (Uses)		
Transfers out	(258,589)	-
Net Change in Fund Balances	(3,970)	(14,948)
Fund Balances, Beginning of Year	14,246	29,194
Fund Balances, End of Year	\$ 10,276	\$ 14,246

GODFREY-LEE PUBLIC SCHOOLS
2009 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
Cash equivalents, deposits and investments	<u>\$ -</u>	<u>\$ 1,757</u>
 Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Reserved for capital outlay	<u>-</u>	<u>1,757</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,757</u>

GODFREY-LEE PUBLIC SCHOOLS
2009 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2011 and 2010

	2011	2010
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ -	\$ 2,881
Other local sources:		
Miscellaneous	-	63
Total Revenues	<u>-</u>	<u>2,944</u>
Expenditures		
Capital outlay:		
Legal	13,321	9,824
Architect and engineering	-	12,655
Buildings and improvements	166,516	761,190
Furniture and equipment	-	92,576
Miscellaneous	-	3,562
Total Expenditures	<u>179,837</u>	<u>879,807</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(179,837)</u>	<u>(876,863)</u>
Other Financing Sources		
Transfers in	<u>178,080</u>	<u>80,000</u>
Net Change in Fund Balances	(1,757)	(796,863)
Fund Balances, Beginning of Year	<u>1,757</u>	<u>798,620</u>
Fund Balances, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 1,757</u></u>

GODFREY-LEE PUBLIC SCHOOLS
2010 Energy Conservation Capital Projects Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash equivalents, deposits and investments	\$ 334,416	\$ 1,823,618
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 16,000	\$ 418,954
Fund Balances		
Restricted	318,416	-
Reserved for capital outlay	-	1,404,664
Total Fund Balances	318,416	1,404,664
Total Liabilities and Fund Balances	\$ 334,416	\$ 1,823,618

GODFREY-LEE PUBLIC SCHOOLS
2010 Energy Conservation Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2011 and 2010

	2011	2010
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 1,058	\$ 1,271
Expenditures		
Capital outlay:		
Architect and engineering	14,508	94,280
Buildings and improvements	1,072,798	473,695
Bond issuance costs	-	17,132
Total Expenditures	<u>1,087,306</u>	<u>585,107</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,086,248)</u>	<u>(583,836)</u>
Other Financing Sources (Uses)		
Bonds issued	-	1,990,000
Bond discount	-	(1,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,988,500</u>
Net Change in Fund Balances	(1,086,248)	1,404,664
Fund Balances, Beginning of Year	<u>1,404,664</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 318,416</u></u>	<u><u>\$ 1,404,664</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

GODFREY-LEE PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2011

	<u>Balances</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2011</u>
Assets				
Cash equivalents, deposits and investments	<u>\$ 60,620</u>	<u>\$ 135,175</u>	<u>\$ 138,871</u>	<u>\$ 56,924</u>
Liabilities				
Due to student groups	<u>\$ 60,620</u>	<u>\$ 135,175</u>	<u>\$ 138,871</u>	<u>\$ 56,924</u>

OTHER INFORMATION

GODFREY-LEE PUBLIC SCHOOLS
Summary of 2010 Taxes Levied and Collected
For the year ended June 30, 2011

	City of Wyoming
Taxable Valuations	
Operating	\$ 52,753,583
Debt Service/Building and Site	125,485,396
Rates (Mills)	
General Fund	18.0000
2003 Debt Service Fund	1.5500
2005-A Debt Service Fund	6.2500
2005-B Debt Service Fund	1.2200
2009 Debt Service Fund	0.3800
Building and Site Fund	1.9976
	29.3976
Taxes Levied 2010 Rolls	
General Fund	\$ 919,027
2003 Debt Service Fund	194,498
2005-A Debt Service Fund	783,936
2005-B Debt Service Fund	153,651
2009 Debt Service Fund	47,472
Building and Site Fund	250,663
	2,349,247
Taxes Uncollected 2010 Rolls	
General Fund	354
2003 Debt Service Fund	510
2005-A Debt Service Fund	2,056
2005-B Debt Service Fund	403
2009 Debt Service Fund	124
Building and Site Fund	657
	4,104
Taxes Collected 2010 Rolls	
General Fund	918,673
2003 Debt Service Fund	193,988
2005-A Debt Service Fund	781,880
2005-B Debt Service Fund	153,248
2009 Debt Service Fund	47,348
Building and Site Fund	250,006
	2,345,143
Delinquent Taxes Collected	
General Fund	621
2003 Debt Service Fund	182
2005-A Debt Service Fund	726
2005-B Debt Service Fund	144
2009 Debt Service Fund	50
Building and Site Fund	234
	1,957

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
Summary of 2010 Taxes Levied and Collected
For the year ended June 30, 2011

	City of Wyoming
Total Taxes Collected	
General Fund	\$ 919,294
2003 Debt Service Fund	194,170
2005-A Debt Service Fund	782,606
2005-B Debt Service Fund	153,392
2009 Debt Service Fund	47,398
Building and Site Fund	250,240
	\$ 2,347,100
Taxes Uncollected – June 30, 2011	
General Fund:	
2010	\$ 354
2009	43
2008	46
	443
2003 Debt Service Fund:	
2010	510
2009	27
2008	49
	586
2005-A Debt Service Fund:	
2010	2,056
2009	109
2008	209
	2,374
2005-B Debt Service Fund:	
2010	403
2009	21
2008	56
	480
2009 Debt Service Fund:	
2010	124
2009	7
	131
Building and Site Fund:	
2010	657
2009	35
2008	63
	755
Total Taxes Uncollected	\$ 4,769