

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

Comprehensive Annual Financial Report

For the year ended June 30, 2010

GODFREY-LEE PUBLIC SCHOOLS
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For the year ended June 30, 2010

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Federal Financial Assistance Programs Supplemental Information Issued Under Separate Cover

FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

Shareholders

Jerry W. Nichols, CPA
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Richard L. Chrisman, CPA
Peggy A. Murphy, CPA
Phillip W. Saurman, CPA
Mitchell C. Burgers, CPA
Carla A. Grant, CPA
Thomas C. Prince, CPA

INDEPENDENT AUDITOR'S REPORT

September 27, 2010

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, 2010, 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 an opinion on these financial statements based on our audit.

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

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, 2010, 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 September 27, 2010 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.



Member

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 an opinion 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, 2010

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, 2010. 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, 2010

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>2010</u>	<u>2009</u>
Assets		
Current assets	\$ 6,857,983	\$ 6,160,294
Noncurrent assets	<u>19,413,266</u>	<u>17,554,813</u>
Total Assets	<u>26,271,249</u>	<u>23,715,107</u>
Liabilities		
Current liabilities	3,351,389	2,384,932
Noncurrent liabilities	<u>18,450,823</u>	<u>16,967,569</u>
Total Liabilities	<u>21,802,212</u>	<u>19,352,501</u>
Net Assets		
Invested in capital assets, net of related debt	1,682,926	1,260,889
Restricted	(22,955)	25,295
Unrestricted	<u>2,809,066</u>	<u>3,076,422</u>
Total Net Assets	<u>\$ 4,469,037</u>	<u>\$ 4,362,606</u>



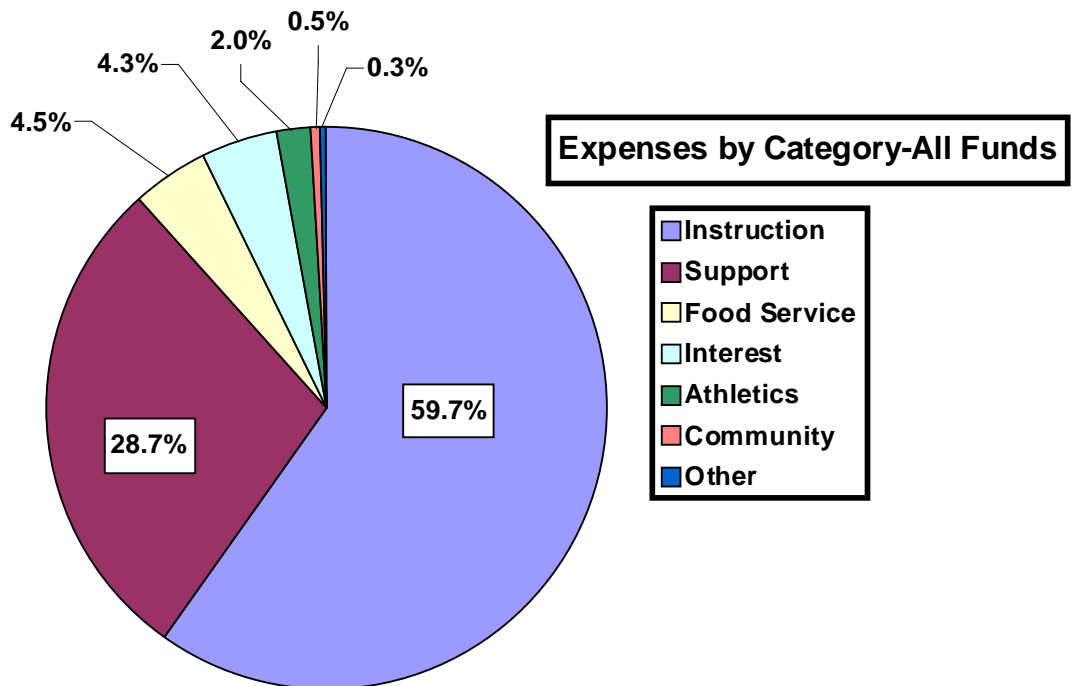
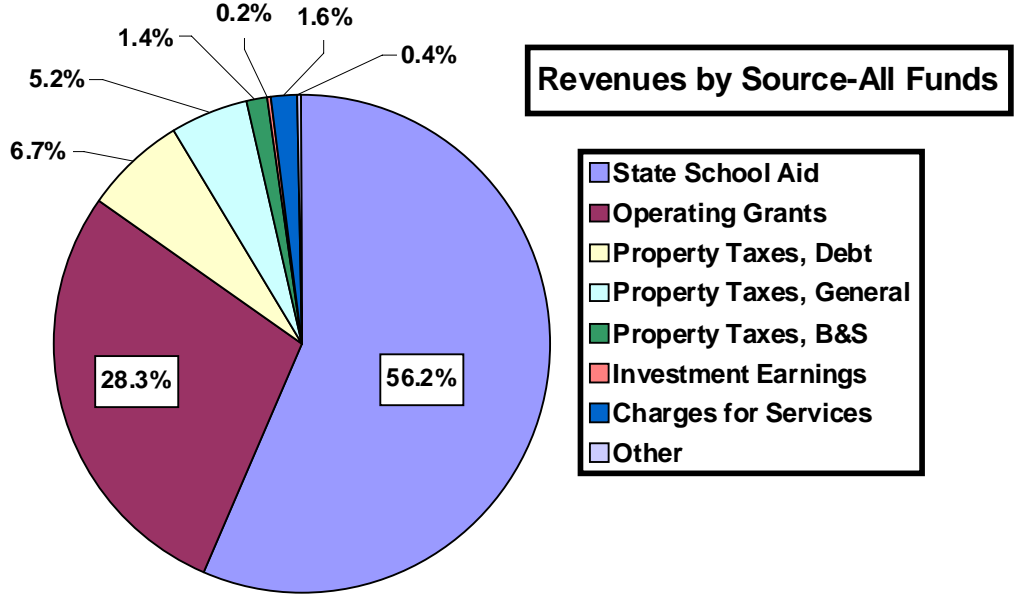
GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2010

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

	<u>2010</u>	<u>2009</u>
Program Revenues		
Charges for services	\$ 312,123	\$ 199,401
Operating grants	5,438,818	4,808,986
General Revenues		
Property taxes	2,545,975	2,458,455
State school aid, unrestricted	10,830,248	10,871,879
Interest earnings	29,184	50,164
Other	68,779	90,173
Total Revenues	<u>19,225,127</u>	<u>18,479,058</u>
Expenses		
Instruction	11,440,288	11,355,110
Supporting services	5,492,888	5,491,200
Community services	105,138	58,815
Food service	867,190	773,885
Athletics	392,982	343,960
Other	54,477	48,998
Interest expense	830,000	735,603
Total Expenses	<u>19,182,963</u>	<u>18,807,571</u>
Increase (decrease) in net assets	42,164	(328,513)
Net Assets - Beginning of Year (as adjusted)	<u>4,426,873</u>	<u>4,691,119</u>
Net Assets - End of Year	<u>\$ 4,469,037</u>	<u>\$ 4,362,606</u>



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2010





GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2010

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 \$746,069 (3.9%) to \$19.225 million. Unrestricted State Aid accounted for 56.2% of the revenues, while property taxes amounted to 13.2% of the revenues. Another 28.3% came from state and federal aid for specific programs, including ARRA stabilization funds of \$462,343, and the remainder from miscellaneous sources.

The total cost of all programs and services increased by \$375,392 (2%) to \$19.183 million. The District's expenses are predominantly related to instructional services which amount to 58.9% of the total. Salaries increased \$128,896 or 1.49% due to increased programs and contractual raises. Retirement and Fica/Medicare costs increased by 2.25% due to the increase in salaries and increase in the retirement rate.

Total revenues surpassed expenses, increasing net assets by \$42,164 on the Statement of Activities.

The recent increase in the District's net assets can be attributed to a 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 2009-10 were created with no change in student fall count from the prior year which produced a 25/75 blend of 1,633.03 full-time equivalent students for budget purposes. Actual blended count for the year was 1,671.25, 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 \$165 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 categoricals. Of particular note in this regard was an increase in Federal Title I ARRA funds of \$149,299. Also noteworthy was the additional Federal funding of Special Education IDEA ARRA funds of \$231,521.
- 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 \$19.2 million of governmental activities was financed with \$2.55 million in property taxes and \$10.83 million of unrestricted state aid based on the statewide education aid formula. State and Federal grant funding totaled over \$5.44 million.
- The District increased its utilization of the Universal Service Fund to get rebates on services related to voice and data communication. This now includes telephone service, cellular phone service and internet connectivity. During the 2009-10 school year, wireless internet connection was installed in all buildings utilizing this federal funding.
- The administration will continue working with other districts in collaboration efforts for 2010-11. 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, 2010

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 \$16,531,414, total expenditures of \$16,236,194, capital lease proceeds of \$38,640 and total other financing uses of \$374,477. It ended the fiscal year with a fund balance of \$3,071,591, down from \$3,112,208 as of June 30, 2009 for a decrease of \$40,617.

2009 Construction Fund

The 2009 Construction Fund issued construction bonds of \$875,000 during the 2008-09 school year. While the installation of the new modular building for additional classrooms for the 6th grade at Lee Middle School is complete, there are a few outstanding issues that need to be resolved before final payment can be made. Expenditures for 2009-10 totaled \$879,807. All but a minimal amount of the funds from the bond issuance have been spent with the General Fund contributing \$80,000 of an expected \$253,600 contribution to pay for expenses beyond those initially budgeted.

2010 Energy Conservation Improvement Fund

The District issued construction 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. While the projects were started during the 2009-10 school year, most of the construction will be done during the summers of 2010 and 2011. Expenditures and other financing uses totaled \$586,607 during 2009-10 leaving a fund balance of \$1,404,664 at June 30, 2010.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2010

Nonmajor Funds

Special Revenue Funds

The District operates two Special Revenue Funds, the Food Service and Athletic Funds. Total revenues and other financing sources (inter-fund transfers) of the Special Revenue Funds were \$1,274,682, with total expenditures of \$1,178,625. The ending fund balances were \$229,800 for Food Service and \$0 for Athletics.

Debt Service Funds

The District operates five Debt Service Funds including the Durant settlement debt fund. Total revenues were \$1,435,088, with total financing sources (loan proceeds) of \$147,919 and total expenditures of \$1,599,808. The ending fund balances in the Debt Service Funds was \$87,084.

Capital Projects Fund

The District operates a nonmajor Capital Project Fund, the Building and Site Sinking Fund. This fund had total revenues of \$272,642 and total expenditures of \$287,590 resulting in a fund balance of \$14,246 at June 30, 2010, down from \$29,194 at June 30, 2009. Of note, during the 2009-10 school year, the District spent \$152,717 of the Building and Site Sinking Fund dollars to replace the windows on the front of Lee High School. For the next nine 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.

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, 2010 totaled \$60,620.

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 \$237,945, the actual results for the year show a \$40,617 decrease in fund balance which is \$197,328 better than projected.

- Actual revenues were \$3,468 more than expected mainly due to an increase in Medicaid reimbursement from Kent Intermediate School District and to an increase in state aid after the year ended netted with the Federal grant funds carried over to 2010-11.
- Actual expenditures were \$155,217 less than expected mainly due to unspent line items in specific budgets, union health insurance costs less than expected for July and August, and unspent Federal funds.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2010

Capital Asset and Debt Administration

Capital Assets

By the end of 2010, the District had \$25,580,974 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.)

The District's fiscal year 2010-11 budget projects spending \$1,400,000 for capital projects principally in the areas of:

- Infrastructure repair and renovation including window replacement at Lee High School and Godfrey Elementary School

At June 30, 2010, the District's investment in capital assets (net of accumulated depreciation) was \$18,702,002. Capital asset purchases totaled \$1,857,142 for the fiscal year with accumulated depreciation increasing \$668,499, leaving a net increase in the book value of capital assets of \$1,147,189.

Land	\$ 618,754
Construction in progress	567,976
Land improvements	792,725
Buildings and additions	16,253,354
Furniture and equipment	321,207
Vehicles	49,969
Assets under capital leases	<u>98,017</u>
Total Capital Assets	<u><u>\$ 18,702,002</u></u>

Long-term Debt

At year end, the District had \$19.63 million in general obligation bonds and other long-term debt outstanding.

- The District issued energy conservation improvement bonds during the year totaling \$1,990,000 for the purpose of installing new windows and boilers at Lee High/Middle School and Godfrey Elementary School.
- The District continued to pay down its debt from the 2003, 2005, 2006 and 2009 bond issues, Durant bonds and capital lease agreements.
- The District borrowed \$147,919 from the State School Bond Loan Program to supplement local tax levies for bond debt service payments this year. This is an increase of \$43,265 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 Note F in the Notes to Basic Financial Statements.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2010

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 2010 pupil counts are indicating an increase in students for the 2010-2011 school year by approximately 60 students.
- The District has applied for a federal school improvement grant for Lee High School. This will provide the District with up to \$2,167,506 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 three-year agreement expiring at the end of the 2010-2011 school year. The current contract provides health insurance utilizing MESSA Choices II PPO as the standard plan. During the 2010-11 school year, all staff will begin contributing to the cost of their insurance premiums for the first time. Recent changes to laws regulating the bidding and procurement of health insurance may change the way insurance is provided to the bargaining units.
- 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 July 2010 for the 2010-2011 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 \$262,000 to the District. At this time, there may be federal funding to make up for the loss of funding from the State but final allocations have not been made to the districts.
- Cost increases exceeding the general rate of inflation continue to be expected for the District relative to health care and pension contribution obligations in 2010-11 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.

The State of Michigan continues in an economic slump that has been in place for the past eight (8) 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. A reduction to the District's foundation allowance is currently proposed totaling a \$262,000 reduction to revenue. 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 are 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.

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: rlaxton@godfrey-lee.org.

BASIC FINANCIAL STATEMENTS

GODFREY-LEE PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 350
Cash equivalents, deposits and investments (Note B)	4,282,196
Taxes receivable (Note C)	2,622
Accounts receivable	6,547
Due from other governmental units (Note C)	2,515,747
Accrued interest receivable	1,109
Inventory	9,318
Prepaid expenses	40,094
Total Current Assets	6,857,983
Noncurrent Assets	
Unamortized bond costs	711,264
Capital assets not being depreciated (Note E)	1,186,730
Capital assets being depreciated, net (Note E)	17,515,272
Total Noncurrent Assets	19,413,266
Total Assets	26,271,249
Liabilities	
Current Liabilities	
Accounts payable	504,702
Due to other governmental units	509,395
Accrued interest payable	126,492
Salaries payable	1,032,122
Current portion of long term obligations (Note F)	1,178,678
Total Current Liabilities	3,351,389
Noncurrent Liabilities (Note F)	
General obligation bonds payable	16,360,000
Durant non-plaintiff bonds payable	60,053
State school bond loan payable	2,669,970
Capital leases payable	46,443
Early retirement incentive	320,000
Severance pay	33,360
Accumulated sick leave	139,675
Current portion of long term obligations	(1,178,678)
Total Noncurrent Liabilities	18,450,823
Total Liabilities	21,802,212
Net Assets	
Invested in capital assets, net of related debt	1,682,926
Restricted for:	
Debt service	(37,533)
Capital projects	14,578
Unrestricted	2,809,066
Total Net Assets	\$ 4,469,037

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 11,440,288	\$ 2,115	\$ 4,244,899	\$ (7,193,274)
Supporting services	5,492,888	123,185	253,936	(5,115,767)
Community services	105,138	-	-	(105,138)
Food service	867,190	167,771	792,473	93,054
Athletics	392,982	19,052	-	(373,930)
Other	54,477	-	-	(54,477)
Interest on long-term debt	830,000	-	147,510	(682,490)
Total Governmental Activities	\$ 19,182,963	\$ 312,123	\$ 5,438,818	(13,432,022)
General Revenues				
Taxes:				
				990,799
				1,282,610
				272,566
				10,830,248
				29,184
				68,779
				<u>13,474,186</u>
				<u>42,164</u>
				4,362,606
				<u>64,267</u>
				<u>4,426,873</u>
				<u>\$ 4,469,037</u>

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>2009 Construction</u>	<u>2010 Energy Conservation</u>
Assets			
Cash	\$ 350	\$ -	\$ -
Cash equivalents, deposits and investments (Note B)	2,129,431	1,757	1,823,618
Receivables:			
Taxes (Note C)	710	-	-
Accounts	6,547	-	-
Due from other governmental units (Note C)	2,485,906	-	-
Accrued interest receivable	1,109	-	-
Inventory	-	-	-
Prepaid expenditures	40,094	-	-
Total Assets	<u>\$ 4,664,147</u>	<u>\$ 1,757</u>	<u>\$ 1,823,618</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 50,329	\$ -	\$ 418,954
Due to other governmental units	509,395	-	-
Salaries payable	1,032,122	-	-
Deferred revenue	710	-	-
Total Liabilities	<u>1,592,556</u>	<u>-</u>	<u>418,954</u>
Fund Balances			
Reserved for:			
Debt service	-	-	-
Capital outlay	-	1,757	1,404,664
Unreserved:			
Undesignated, reported in:			
General fund	3,071,591	-	-
Special revenue funds	-	-	-
Total Fund Balances	<u>3,071,591</u>	<u>1,757</u>	<u>1,404,664</u>
Total Liabilities and Fund Balances	<u>\$ 4,664,147</u>	<u>\$ 1,757</u>	<u>\$ 1,823,618</u>

See accompanying notes to basic financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ 350
327,390	4,282,196
1,912	2,622
-	6,547
29,841	2,515,747
-	1,109
9,318	9,318
-	40,094
<u>\$ 368,461</u>	<u>\$ 6,857,983</u>

\$ 35,419	\$ 504,702
-	509,395
-	1,032,122
1,912	2,622
<u>37,331</u>	<u>2,048,841</u>

87,084	87,084
14,246	1,420,667
-	3,071,591
229,800	229,800
<u>331,130</u>	<u>4,809,142</u>
<u>\$ 368,461</u>	<u>\$ 6,857,983</u>

GODFREY-LEE PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2010

Total governmental fund balances		\$ 4,809,142
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 \$25,580,974 and accumulated depreciation is \$6,878,972.		18,702,002
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		711,264
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	\$(16,360,000)	
Durant non-plaintiff bonds	(60,053)	
State school bond loan	(2,669,970)	
Capital leases	(46,443)	
Early retirement incentive	(320,000)	
Severance pay	(33,360)	
Accumulated sick leave	(139,675)	(19,629,501)
Accrued interest is not included as a liability in governmental funds.		(126,492)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		2,622
Total net assets - governmental activities		\$ 4,469,037

See accompanying notes to basic financial statements.

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GODFREY-LEE PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	General	2009 Construction	2010 Energy Conservation
Revenues			
Local sources	\$ 1,202,331	\$ 2,944	\$ 1,271
State sources	12,209,976	-	-
Federal sources	1,986,280	-	-
Interdistrict sources	1,132,827	-	-
Total Revenues	16,531,414	2,944	1,271
Expenditures			
Current:			
Instruction	10,747,879	-	-
Supporting services	5,398,560	-	-
Community services	81,344	-	-
Food service	-	-	-
Athletics	-	-	-
Capital outlay	-	879,807	567,975
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Capital lease payments	-	-	-
Bond issuance costs	-	-	17,132
Interdistrict	8,411	-	-
Total Expenditures	16,236,194	879,807	585,107
Excess (Deficiency) of Revenues Over Expenditures	295,220	(876,863)	(583,836)
Other Financing Sources (Uses)			
Bonds issued	-	-	1,990,000
Bond discount	-	-	(1,500)
Loan/lease proceeds	38,640	-	-
Transfers in	-	80,000	-
Transfers out	(374,477)	-	-
Total Other Financing Sources (Uses)	(335,837)	80,000	1,988,500
Net Change in Fund Balances	(40,617)	(796,863)	1,404,664
Fund Balances, Beginning of Year	3,112,208	798,620	-
Fund Balances, End of Year	\$ 3,071,591	\$ 1,757	\$ 1,404,664

See accompanying notes to basic financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 1,747,952	\$2,954,498
195,999	12,405,975
743,984	2,730,264
-	1,132,827
<u>2,687,935</u>	<u>19,223,564</u>
-	10,747,879
-	5,398,560
-	81,344
865,092	865,092
313,533	313,533
274,798	1,722,580
922,150	922,150
677,658	677,658
12,792	12,792
-	17,132
-	8,411
<u>3,066,023</u>	<u>20,767,131</u>
<u>(378,088)</u>	<u>(1,543,567)</u>
-	1,990,000
-	(1,500)
147,919	186,559
294,477	374,477
-	(374,477)
<u>442,396</u>	<u>2,175,059</u>
64,308	631,492
266,822	4,177,650
<u>\$ 331,130</u>	<u>\$ 4,809,142</u>

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, 2010

Net change in fund balances - total governmental funds		\$ 631,492
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	\$ 1,815,688
	Depreciation expense	<u>(668,499)</u>
		1,147,189
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.		
		1,563
Net bond refunding costs are amortized over the life of the new bond issue on the Statement of Activities.		
		(35,844)
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.		
		(2,311,584)
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	\$ 815,000
	Repayment of Durant non-plaintiff bonds	107,150
	Repayment of capital leases	<u>27,804</u>
		949,954
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.		
		(17,318)
In the Statement of Net Assets, 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 (\$402,830) exceeded the amounts used/paid (\$79,542).		
		<u>(323,288)</u>
Total changes in net assets - governmental activities		<u><u>\$ 42,164</u></u>

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, 2010

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 1,165,090	\$ 1,205,048	\$ 1,202,331	\$ (2,717)
State sources	11,891,694	12,196,082	12,209,976	13,894
Federal sources	2,979,200	2,034,735	1,986,280	(48,455)
Interdistrict sources	-	1,092,081	1,132,827	40,746
Total Revenues	16,035,984	16,527,946	16,531,414	3,468
Expenditures				
Current:				
Instruction:				
Basic programs	7,671,356	7,768,608	7,751,445	17,163
Added needs	2,869,180	2,954,938	2,909,491	45,447
Adult education	159,708	89,755	86,943	2,812
Supporting services:				
Pupil services	1,257,195	1,182,004	1,167,941	14,063
Instructional staff services	650,263	720,153	707,674	12,479
General administrative services	387,943	374,999	369,514	5,485
School administrative services	728,969	743,433	742,668	765
Business services	291,785	282,375	277,910	4,465
Operation and maintenance services	1,123,649	1,120,838	1,091,487	29,351
Pupil transportation services	429,586	455,715	451,684	4,031
Central services	602,764	600,866	589,682	11,184
Community services	77,245	85,584	81,344	4,240
Interdistrict	5,849	12,143	8,411	3,732
Total Expenditures	16,255,492	16,391,411	16,236,194	155,217
Excess (Deficiency) of Revenues Over Expenditures	(219,508)	136,535	295,220	158,685
Other Financing Sources (Uses)				
Capital lease proceeds	-	-	38,640	38,640
Transfers out	(556,722)	(374,480)	(374,477)	3
Total Other Financing Sources (Uses)	(556,722)	(374,480)	(335,837)	38,643
Net Change in Fund Balances	(776,230)	(237,945)	(40,617)	197,328
Fund Balances, Beginning of Year	3,112,208	3,112,208	3,112,208	-
Fund Balances, End of Year	\$ 2,335,978	\$ 2,874,263	\$ 3,071,591	\$ 197,328

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2010

Assets

Cash equivalents, deposits and investments (Note B)	<u>\$ 60,620</u>
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Liabilities

Due to student groups	<u>\$ 60,620</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, 2010

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 1,622 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, 2010

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, the 2009 Construction and 2010 Energy Conservation Capital Projects Funds 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, 2010

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 Funds maintained by the District are the Food Service and Athletics Special Revenue Funds.

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, 2010

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, 2010

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, 2010 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, 2010, 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 \$320,000, \$33,360 and \$139,675, respectively.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. 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.

13. 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.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

Balances at June 30, 2010 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$4,282,196
Fiduciary Funds:	
Agency Fund	60,620
	\$4,342,816

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, 2010 balances are detailed as follows:

Cash equivalents	\$ 2,208,157
Deposits	599,806
	\$ 2,807,963

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 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 \$2,807,963 and the bank balance was \$2,837,186. Of the bank balance, \$587,064 was covered by federal depository insurance and \$2,250,122 was uninsured and uncollateralized.

Investments

As of June 30, 2010, the District had the following investments:

	Carrying Amount	Bank Balances
Surplus Funds Investment Pool Accounts:		
PNC Bank Investment Sweep Account	\$ 1,534,853	\$ 1,534,853

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, 2010. The pooled investment fund is not rated.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

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, 2010, the District had no investments that were subject to custodial credit risk.

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, 2010.

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 2009 ad valorem State Education Taxes generated within the Godfrey-Lee Public School District, and paid to the State of Michigan, totaled \$800,795.

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, 2009 and September, 2009. The 2009-10 "Foundation Allowance" for Godfrey-Lee Public Schools was \$7,474 for 1,671 "Full Time Equivalent" students, generating \$12,145,234 in state aid payments to the District of which \$2,192,280 was paid to the District in July and August, 2010 and included as "Due From Other Governmental Units" at June 30, 2010.

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:

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

Tax Year	General	Debt Service	Building And Site	Total
2009	\$ 664	\$ 1,266	\$ 269	\$ 2,199
2008	46	314	63	423
	<u>\$ 710</u>	<u>\$ 1,580</u>	<u>\$ 332</u>	<u>\$ 2,622</u>

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 2009.

The District levied 9.4 mills in 2009 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 Transfers

Operating transfers between funds during the year ended June 30, 2010 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Funds:		
Athletics Fund	\$ —	\$ 294,477
Capital Projects Funds:		
2009 Construction Fund	—	80,000
	<u>—</u>	<u>374,477</u>

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

	Transfers In	Transfers Out
Special Revenue Funds:		
Athletics Fund:		
General Fund	\$ 294,477	\$ —
Capital Projects Funds:		
2009 Construction Fund:		
General Fund	80,000	—
Total All Funds	\$ 374,477	\$ 374,477

The General Fund transferred \$294,477 to the Athletics Special Revenue Fund, as budgeted by the Board of Education, to support the District's athletic programs.

The General Fund transferred \$80,000 to the 2009 Construction Fund, as budgeted by the Board of Education, to support the addition to the 6th grade campus.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balances July 1, 2009	Additions	Deductions	Balances June 30, 2010
Capital assets not being depreciated:				
Land	\$ 618,754	\$ —	\$ —	\$ 618,754
Construction in progress	41,454	567,976	41,454	567,976
Capital assets being depreciated:				
Land improvements	1,703,516	39,534	—	1,743,050
Buildings and additions	19,706,193	1,046,355	—	20,752,548
Furniture and equipment	1,267,417	164,637	14,000	1,418,054
Vehicles	268,727	—	—	268,727
Equipment under capital leases	173,225	38,640	—	211,865
Totals at historical cost	23,779,286	\$ 1,857,142	\$ 55,454	25,580,974
Less accumulated depreciation for:				
Land improvements	866,623	\$ 83,702	\$ —	950,325
Buildings and additions	4,042,604	456,590	—	4,499,194
Furniture and equipment	1,011,319	99,528	14,000	1,096,847
Vehicles	209,172	9,586	—	218,758
Assets under capital leases	94,755	19,093	—	113,848
Total accumulated depreciation	6,224,473	\$ 668,499	\$ 14,000	6,878,972
Net Capital Assets	\$ 17,554,813			\$ 18,702,002

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 457,766
Supporting services	82,080
Community services	20,999
Food service	28,205
Athletics	<u>79,449</u>
	<u>\$ 668,499</u>

Note F – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2010 are summarized as follows:

	<u>Bond Issues</u>	<u>State School Bond Loan</u>	<u>Capital Leases</u>	<u>Early Retirement/ Severance/ Accumulated Sick Leave</u>	<u>Total</u>
Amounts Available For Retirement Of Long-term Debt					
Debt Service Funds	\$ 87,084	\$ —	\$ —	\$ —	\$ 87,084
Amounts To Be Provided For Retirement Of Long-term Debt					
State of Michigan	60,053	—	—	—	60,053
General Fund	—	—	46,443	493,035	539,478
Debt Service Funds	<u>16,272,916</u>	<u>2,669,970</u>	<u>—</u>	<u>—</u>	<u>18,942,886</u>
Total Amounts Available And To Be Provided	<u>\$ 16,420,053</u>	<u>\$ 2,669,970</u>	<u>\$ 46,443</u>	<u>\$ 493,035</u>	<u>\$ 19,629,501</u>

Changes in long-term debt for the year ended June 30, 2010 are summarized as follows:

	<u>Debt Outstanding July 1, 2009</u>	<u>Debt Added</u>	<u>Debt Retired</u>	<u>Debt Outstanding June 30, 2010</u>
General obligation bonds:				
March 26, 2003	\$ 730,000	\$ —	\$ 190,000	\$ 540,000
March 10, 2005	10,455,000	—	530,000	9,925,000
February 1, 2006	3,125,000	—	70,000	3,055,000
May 11, 2009	875,000	—	25,000	850,000
March 12, 2010	—	1,990,000	—	1,990,000
Durant non-plaintiff bonds:				
November 13, 1998	167,203	—	107,150	60,053
State school bond loan	2,387,026	282,944	—	2,669,970
Capital leases	35,607	38,640	27,804	46,443

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

	Debt Outstanding July 1, 2009	Debt Added	Debt Retired	Debt Outstanding June 30, 2010
Early retirement incentive	\$ —	\$ 350,000	\$ 30,000	\$ 320,000
Severance pay	41,400	6,520	14,560	33,360
Accumulated sick leave	128,347	46,310	34,982	139,675
	<u>\$ 17,944,583</u>	<u>\$ 2,714,414</u>	<u>\$ 1,029,496</u>	<u>\$ 19,629,501</u>

Long-term debt outstanding at June 30, 2010 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 \$185M	May 1, 2013	3.15 – 3.35	\$ 540,000	\$ 185,000
\$11,505M General Obligation Refunding March 10, 2005:				
Principal maturities from \$545M to \$590M	May 1, 2027	3.75 – 5.00	9,925,000	545,000
\$3,325M Building and Site February 1, 2006:				
Principal maturities from \$80M to \$215M	May 1, 2030	3.50 – 4.25	3,055,000	80,000
\$875M General Obligation Refunding May 11, 2009:				
Principal maturities from \$25M to \$60M	May 1, 2029	3.50 – 5.00	850,000	25,000
\$1,990M General Obligation Refunding March 12, 2010:				
Principal maturities from \$180M to \$255M	March 1, 2019	4.08	1,990,000	180,000
Durant Non-plaintiff Bonds				
\$312,641 School Improvement November 13, 1998:				
Principal maturities from \$19,095 to \$20,955	May 15, 2013	4.761353	60,053	19,095
Capital Leases				
\$24,295 Equipment October 31, 2007	Oct. 31, 2012	N/A	11,338	4,859
\$4,970 Equipment May 8, 2008	April 8, 2013	N/A	2,905	996
\$38,640 Equipment August 31, 2009	August 31, 2014	N/A	32,200	7,728
Other Obligations				
State school bond loan			2,669,970	—
Early retirement incentive			320,000	100,000
Severance pay			33,360	6,000
Accumulated sick leave			139,675	25,000
			<u>\$19,629,501</u>	<u>\$ 1,178,678</u>

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 \$147,919 from the Fund and \$135,025 of accrued interest was added to the District’s liability to the Fund. At June 30, 2010, the District owed the Fund a total of \$2,669,970.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

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
2011	\$ 1,047,678	\$ 693,890	\$ 1,741,568
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
	<u>\$16,466,496</u>	<u>\$ 6,431,545</u>	<u>\$22,898,041</u>

Note G – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a state-wide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2010 was \$8,740,755. A Basic Plan member 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. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

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-Graded Plan. Participants in the MIP-Fixed or MIP-Graded Plans receive benefits in addition to those available under the Basic Plan. The contribution rate for MIP-Fixed participants is 3.9% of salary. The contribution rate for MIP-Graded participants is a graduated rate based on

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

total wages: calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. All MIP members may retire at any age with 30 years of service; at age 60 with 10 years of service; or at age 60 with 5 years of service (with stipulations). Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

School 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 contribution rate was 9.99% for the fiscal year ended September 30, 2009 and 10.39% for the fiscal year beginning October 1, 2009. The District's contributions to the plan for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,480,006, \$1,430,693, and \$1,389,439, respectively.

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 schools, instead using the aggregate actuarial cost method. The actuarial accrued liability at September 30, 2008 (the latest reporting date available expressed as \$ in millions) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date, was \$54,608. Net assets available for retirement benefits on that date were \$45,677 leaving an unfunded actuarial accrued liability of \$8,931. The total unfunded actuarial accrued liability increased by \$3,160 from September 30, 2007 to September 30, 2008. At September 30, 2008 the funded ratio of actuarial accrued liability was 83.6%; covered payroll totaled \$9,958, and unfunded actuarial accrued liability was 89.7% 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 6.55% of covered payroll. At September 30, 2008, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole (expressed as \$ in millions) was \$26,811. The MPSERS net assets available for these benefits were \$832 leaving an unfunded actuarial accrued liability of \$25,979. At September 30, 2008, the funded ratio of actuarial liability was 3.1%; covered payroll totaled \$9,958, and unfunded actuarial liability was 260.9% 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, 2009 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

Note H – 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

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2010

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 \$41,305 in premiums to the Trust for the year ended June 30, 2010.

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, 2010, there were no material pending claims against the District. The District paid \$43,946 in premiums to the Fund for the year ended June 30, 2010.

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, 2010, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Fund:			
Food service	\$ 844,127	\$ 865,092	\$ 20,965

SUPPLEMENTAL INFORMATION

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, 2010 and 2009

Assets	2010	2009
Cash	\$ 350	\$ 350
Cash equivalents, deposits and investments	2,129,431	1,517,455
Receivables:		
Taxes	710	218
Accounts	6,547	21,028
Due from other governmental units	2,485,906	2,728,467
Accrued interest receivable	1,109	2,109
Prepaid expenditures	40,094	85,841
	\$ 4,664,147	\$ 4,355,468
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 50,329	\$ 36,327
Due to other funds	-	2,010
Due to other governmental units	509,395	399,615
Salaries payable	1,032,122	805,090
Deferred revenue	710	218
	1,592,556	1,243,260
Fund Balances		
Unreserved:		
Undesignated	3,071,591	3,112,208
	\$ 4,664,147	\$ 4,355,468

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2010 and 2009

	2010	2009
Local sources:		
Property taxes:		
Current property taxes	\$ 974,181	\$ 884,241
Delinquent property taxes	172	1,888
Other property taxes	5,902	631
Interest on delinquent taxes	10,052	9,173
	<u>990,307</u>	<u>895,933</u>
Interest earnings:		
Interest on deposits and investments	17,945	35,918
Other local revenue:		
Tuition	2,115	10,605
Universal service credit	123,185	60,978
Rental of school facilities	320	994
Donations	2,804	5,300
Sale of assets	-	1,105
Reimbursements	2,822	-
Refunds of expenditures	8,059	25,624
Miscellaneous	54,774	57,150
	<u>194,079</u>	<u>161,756</u>
Total local sources	1,202,331	1,093,607
State sources:		
State aid	11,949,235	11,998,591
Special education - transportation	28,973	27,333
Special education - itinerants	224,963	147,283
SPLASH	6,805	5,643
	<u>12,209,976</u>	<u>12,178,850</u>
Total state sources	12,209,976	12,178,850
Federal sources:		
Stabilization - ARRA	462,343	613,120
Title I	496,982	398,496
Title I - ARRA	149,299	-
Title IIA	92,746	89,115
Title IID	7,069	6,559
Title III	73,846	70,768
Title V	-	768
Adult basic education	25,000	35,000
I.D.E.A. program	339,766	299,024
I.D.E.A. program - ARRA	231,521	-
Drug free schools	9,270	5,619
Medicaid - school based	20,435	1,266
Team 21 grant	78,003	144,570
	<u>1,986,280</u>	<u>1,664,305</u>
Total federal sources	1,986,280	1,664,305
Interdistrict sources:		
Special education - tuition	6,090	5,161
Special education - county	1,028,983	1,036,418
Vocational education	12,612	17,701
Medicaid fee for service	85,142	53,253
	<u>1,132,827</u>	<u>1,112,533</u>
Total interdistrict sources	1,132,827	1,112,533
Total Revenues	<u><u>\$ 16,531,414</u></u>	<u><u>\$ 16,049,295</u></u>

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2010 and 2009

	2010	2009
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 2,283,839	\$ 2,361,497
Employee benefits	1,100,881	1,142,670
Purchased services	117,227	125,872
Supplies	57,454	156,597
Capital outlay	8,758	77,412
Miscellaneous	1,265	657
	3,569,424	3,864,705
Middle school:		
Salaries	942,299	886,087
Employee benefits	481,455	459,201
Purchased services	16,552	22,620
Supplies	28,835	41,465
Capital outlay	-	71,388
Miscellaneous	229	590
	1,469,370	1,481,351
High school:		
Salaries	1,483,532	1,405,175
Employee benefits	762,578	730,804
Purchased services	62,474	58,790
Supplies	54,035	117,139
Capital outlay	649	56,323
Miscellaneous	1,541	2,753
	2,364,809	2,370,984
Preschool:		
Salaries	212,494	231,260
Employee benefits	107,859	112,176
Purchased services	7,866	8,412
Supplies	9,315	3,452
Miscellaneous	820	2,339
	338,354	357,639
Summer school:		
Salaries	7,506	-
Employee benefits	1,982	-
	9,488	-
Total basic programs	7,751,445	8,074,679
Added needs:		
Special education:		
Salaries	874,050	798,645
Employee benefits	405,202	369,613
Purchased services	37,055	57,349
Supplies	4,938	3,321
Capital outlay	28,026	-
Payments to other districts	327,086	318,046
	1,676,357	1,546,974

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2010 and 2009

	2010	2009
Compensatory education:		
Salaries	\$ 822,026	\$ 736,522
Employee benefits	344,464	316,563
Purchased services	4,418	10,159
Supplies	41,932	49,762
Capital outlay	11,826	768
Miscellaneous	-	458
	<u>1,224,666</u>	<u>1,114,232</u>
Career and technology education:		
Salaries	600	995
Employee benefits	150	245
Purchased services	462	864
Supplies	7,256	5,214
Capital outlay	-	3,089
	<u>8,468</u>	<u>10,407</u>
Total added needs	2,909,491	2,671,613
Adult education services:		
Basic:		
Salaries	56,406	117,359
Employee benefits	28,559	79,253
Purchased services	1,038	2,307
Supplies	695	1,683
Miscellaneous	245	851
Total adult education services	<u>86,943</u>	<u>201,453</u>
Total instruction	10,747,879	10,947,745
Supporting services:		
Pupil services:		
Attendance services:		
Salaries	75,660	75,660
Employee benefits	39,374	40,126
	<u>115,034</u>	<u>115,786</u>
Guidance services:		
Salaries	228,773	231,040
Employee benefits	91,004	101,676
Purchased services	176	-
Supplies	3,064	4,501
	<u>323,017</u>	<u>337,217</u>
Health services:		
Purchased services	41,043	41,517
Supplies	157	88
Payments to other districts	21,645	17,347
	<u>62,845</u>	<u>58,952</u>
Psychological services:		
Purchased services	29	140
Supplies	520	357
Capital outlay	1,053	-
Payments to other districts	38,638	70,209
	<u>40,240</u>	<u>70,706</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2010 and 2009

	2010	2009
Speech pathology services:		
Purchased services	\$ 74	\$ 163
Supplies	2,538	1,103
Capital outlay	2,106	-
Payments to other districts	272,136	205,898
	<u>276,854</u>	<u>207,164</u>
Social worker services:		
Purchased services	-	365
Supplies	101	298
Payments to other districts	62,703	93,080
	<u>62,804</u>	<u>93,743</u>
Teacher consultant services:		
Salaries	16,528	16,219
Employee benefits	5,574	5,716
Purchased services	-	13
Supplies	25	25
Payments to other districts	121,810	109,649
	<u>143,937</u>	<u>131,622</u>
Other pupil services:		
Salaries	102,207	100,683
Employee benefits	29,002	28,088
Purchased services	12,001	12,227
	<u>143,210</u>	<u>140,998</u>
Total pupil services	1,167,941	1,156,188
Instructional staff services:		
Improvement of instruction:		
Salaries	50,791	123,166
Employee benefits	31,474	69,716
Purchased services	23,781	26,030
Supplies	29,157	37,376
Capital outlay	-	399
Miscellaneous	-	1,865
	<u>135,203</u>	<u>258,552</u>
Educational media services:		
Salaries	80,269	81,220
Employee benefits	37,334	35,009
Supplies	4,575	6,278
Miscellaneous	462	726
	<u>122,640</u>	<u>123,233</u>
Educational television:		
Supplies	1,477	1,147
Capital outlay	-	166
Miscellaneous	2,003	2,031
	<u>3,480</u>	<u>3,344</u>
Instruction related technology:		
Capital outlay	15,800	-

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2010 and 2009

	2010	2009
Supervision and direction of instruction:		
Salaries	\$ 270,547	\$ 198,262
Employee benefits	116,567	96,643
Purchased services	4,434	2,174
Supplies	4,163	176
Capital outlay	3,253	-
Miscellaneous	180	79
	<u>399,144</u>	<u>297,334</u>
Academic student assessment:		
Salaries	11,532	10,000
Employee benefits	8,362	788
Purchased services	-	23,200
	<u>19,894</u>	<u>33,988</u>
Shared time services:		
Salaries	9,898	10,659
Employee benefits	1,615	1,664
	<u>11,513</u>	<u>12,323</u>
Total instructional staff services	<u>707,674</u>	<u>728,774</u>
General administrative services:		
Board of education:		
Salaries	1,500	5,579
Employee benefits	266	428
Purchased services	38,620	70,152
Miscellaneous	19,796	17,311
	<u>60,182</u>	<u>93,470</u>
Executive administration:		
Salaries	155,626	241,930
Employee benefits	60,432	94,227
Purchased services	88,630	83,429
Supplies	1,643	3,157
Capital outlay	-	594
Miscellaneous	3,001	4,092
	<u>309,332</u>	<u>427,429</u>
Total general administrative services	<u>369,514</u>	<u>520,899</u>
School administrative services:		
Office of the principal:		
Salaries	454,998	402,683
Employee benefits	270,353	224,736
Purchased services	12,545	42,849
Supplies	3,238	4,721
Capital outlay	-	2,097
Miscellaneous	1,534	2,253
	<u>742,668</u>	<u>679,339</u>
Total school administrative services	<u>742,668</u>	<u>679,339</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2010 and 2009

	2010	2009
Business services:		
Fiscal services:		
Salaries	\$ 167,660	\$ 161,112
Employee benefits	66,913	79,958
Purchased services	12,238	11,834
Supplies	4,034	2,961
Capital outlay	-	4,705
Miscellaneous	956	493
	251,801	261,063
Other business services:		
Purchased services	12,095	12,577
Miscellaneous	14,014	8,311
	26,109	20,888
Total business services	277,910	281,951
Operation and maintenance services:		
Operation and maintenance:		
Salaries	213,976	235,858
Employee benefits	141,656	151,178
Purchased services	463,410	447,344
Supplies	264,990	296,363
Capital outlay	6,352	4,530
Miscellaneous	1,103	1,934
	1,091,487	1,137,207
Total operation and maintenance services		
Pupil transportation services:		
Pupil transportation:		
Salaries	76,212	59,827
Employee benefits	42,724	43,611
Purchased services	20,599	28,386
Supplies	12,577	13,154
Miscellaneous	818	2,216
Payments to other districts	298,754	273,507
	451,684	420,701
Total pupil transportation services		
Central services:		
Technology services:		
Salaries	176,101	161,578
Employee benefits	122,006	99,686
Purchased services	152,915	99,102
Supplies	6,116	23,561
Capital outlay	104,264	29,617
Miscellaneous	-	150
	561,402	413,694
Other central services:		
Employee benefits	28,280	25,000
Total central services	589,682	438,694
Total supporting services	5,398,560	5,363,753

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2010 and 2009

	2010	2009
Community services:		
Community activities:		
Salaries	\$ 4,482	\$ 18,032
Employee benefits	1,142	4,417
Purchased services	11,387	4,747
Supplies	6,556	3,772
Miscellaneous	175	187
	23,742	31,155
Welfare activities:		
Purchased services	14,950	550
Bilingual interpreters:		
Salaries	25,198	4,756
Employee benefits	6,224	1,162
Supplies	5,191	-
Capital outlay	6,039	-
	42,652	5,918
Total community services	81,344	37,623
Capital outlay:		
Facilities acquisition	-	1,250
Interdistrict:		
Sub-grantee payments	8,411	6,883
	8,411	6,883
Total Expenditures	\$ 16,236,194	\$ 16,357,254

NONMAJOR GOVERNMENTAL FUNDS

GODFREY-LEE PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2010

Assets	Special Revenue		2003
	Food Service	Athletics	
Cash	\$ -	\$ -	\$ -
Cash equivalents, deposits and investments	226,060	-	20,535
Taxes receivable	-	-	258
Due from other governmental units	29,841	-	-
Inventory	9,318	-	-
Total Assets	\$ 265,219	\$ -	\$ 20,793
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 35,419	\$ -	\$ -
Deferred revenue	-	-	258
Total Liabilities	35,419	-	258
Fund Balances			
Reserved for debt service	-	-	20,535
Reserved for capital outlay	-	-	-
Unreserved:			
Undesignated	229,800	-	-
Total Fund Balances	229,800	-	20,535
Total Liabilities and Fund Balances	\$ 265,219	\$ -	\$ 20,793

Debt Service				Capital Projects	Total
2005-A	2005-B	2009	Durant	Building and Site	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52,539	10,473	3,537	-	14,246	327,390
1,044	221	57	-	332	1,912
-	-	-	-	-	29,841
-	-	-	-	-	9,318
<u>\$ 53,583</u>	<u>\$ 10,694</u>	<u>\$ 3,594</u>	<u>\$ -</u>	<u>\$ 14,578</u>	<u>\$ 368,461</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,419
1,044	221	57	-	332	1,912
<u>1,044</u>	<u>221</u>	<u>57</u>	<u>-</u>	<u>332</u>	<u>37,331</u>
52,539	10,473	3,537	-	-	87,084
-	-	-	-	14,246	14,246
-	-	-	-	-	229,800
<u>52,539</u>	<u>10,473</u>	<u>3,537</u>	<u>-</u>	<u>14,246</u>	<u>331,130</u>
<u>\$ 53,583</u>	<u>\$ 10,694</u>	<u>\$ 3,594</u>	<u>\$ -</u>	<u>\$ 14,578</u>	<u>\$ 368,461</u>

GODFREY-LEE PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2010

	Special Revenue		2003
	Food Service	Athletics	
Revenues			
Local sources:			
Property taxes	\$ -	\$ -	\$ 211,351
Interest earnings	909	-	1,200
Sales and admissions	167,771	17,861	-
Other local sources	-	1,191	-
Total local sources	168,680	19,052	212,551
State sources	48,489	-	-
Federal sources	743,984	-	-
Total Revenues	961,153	19,052	212,551
Expenditures			
Current:			
Food service	865,092	-	-
Athletics	-	313,533	-
Capital outlay	-	-	-
Debt service:			
Principal repayment	-	-	190,000
Interest and fiscal charges	-	-	23,490
Capital lease payments	-	-	-
Total Expenditures	865,092	313,533	213,490
Excess (Deficiency) of Revenues Over Expenditures	96,061	(294,481)	(939)
Other Financing Sources			
Loan proceeds	-	-	-
Transfers in	-	294,477	-
Total Other Financing Sources	-	294,477	-
Net Change in Fund Balances	96,061	(4)	(939)
Fund Balances, Beginning of Year	133,739	4	21,474
Fund Balances, End of Year	\$ 229,800	\$ -	\$ 20,535

Debt Service				Capital Projects	Total
2005-A	2005-B	2009	Durant	Building and Site	
\$ 844,591	\$ 167,592	\$ 58,190	\$ -	\$ 272,381	\$ 1,554,105
3,778	663	213	-	261	7,024
-	-	-	-	-	185,632
-	-	-	-	-	1,191
848,369	168,255	58,403	-	272,642	1,747,952
-	-	-	147,510	-	195,999
-	-	-	-	-	743,984
848,369	168,255	58,403	147,510	272,642	2,687,935
-	-	-	-	-	865,092
-	-	-	-	-	313,533
-	-	-	-	274,798	274,798
530,000	70,000	25,000	107,150	-	922,150
451,230	125,069	37,509	40,360	-	677,658
-	-	-	-	12,792	12,792
981,230	195,069	62,509	147,510	287,590	3,066,023
(132,861)	(26,814)	(4,106)	-	(14,948)	(378,088)
116,832	23,344	7,743	-	-	147,919
-	-	-	-	-	294,477
116,832	23,344	7,743	-	-	442,396
(16,029)	(3,470)	3,637	-	(14,948)	64,308
68,568	13,943	(100)	-	29,194	266,822
\$ 52,539	\$ 10,473	\$ 3,537	\$ -	\$ 14,246	\$ 331,130

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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 163,700	\$ 168,680	\$ 4,980
State sources	46,022	48,489	2,467
Federal sources	705,869	743,984	38,115
Total Revenues	<u>915,591</u>	<u>961,153</u>	<u>45,562</u>
Expenditures			
Current:			
Food service	844,127	865,092	(20,965)
Net Change in Fund Balances	71,464	96,061	24,597
Fund Balances, Beginning of Year	<u>133,739</u>	<u>133,739</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 205,203</u></u>	<u><u>\$ 229,800</u></u>	<u><u>\$ 24,597</u></u>

GODFREY-LEE PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	<u>\$ 19,302</u>	<u>\$ 19,052</u>	<u>\$ (250)</u>
Expenditures			
Current:			
Athletics	<u>313,786</u>	<u>313,533</u>	<u>253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(294,484)</u>	<u>(294,481)</u>	<u>3</u>
Other Financing Sources			
Transfers in	<u>294,480</u>	<u>294,477</u>	<u>(3)</u>
Net Change in Fund Balances	<u>(4)</u>	<u>(4)</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>4</u>	<u>4</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SPECIAL REVENUE FUNDS

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.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

GODFREY-LEE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2010 and 2009

	2010	2009
Assets		
Cash equivalents, deposits and investments	\$ 226,060	\$ 131,831
Due from other governmental units	29,841	13,854
Inventory	9,318	8,014
Total Assets	\$ 265,219	\$ 153,699
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 35,419	\$ 19,960
Fund Balances		
Unreserved:		
Undesignated	229,800	133,739
Total Liabilities and Fund Balances	\$ 265,219	\$ 153,699

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, 2010 and 2009

	2010	2009
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 909	\$ 610
Sales and admissions:		
Children's lunches	24,109	42,691
Adult lunches	2,810	2,139
Ala carte	25,865	20,363
Banquets	72,351	6,612
Other	42,636	34,381
	167,771	106,186
Total local sources	168,680	106,796
State sources	48,489	54,713
Federal sources	743,984	646,509
	961,153	808,018
Total Revenues	961,153	808,018
Expenditures		
Current:		
Food service:		
Purchased services	379,757	329,981
Supplies	422,349	387,181
Capital outlay	26,433	84,243
Miscellaneous	36,553	29,398
	865,092	830,803
Total Expenditures	865,092	830,803
Net Change in Fund Balances	96,061	(22,785)
Fund Balances, Beginning of Year	133,739	156,524
Fund Balances, End of Year	\$ 229,800	\$ 133,739

GODFREY-LEE PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2010 and 2009

	2010	2009
Assets		
Cash	\$ -	\$ 250
Cash equivalents, deposits and investments	-	40
Due from other funds	-	2,010
	-	2,010
Total Assets	\$ -	\$ 2,300
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 2,296
Fund Balances		
Unreserved:		
Undesignated	-	4
	-	4
Total Liabilities and Fund Balances	\$ -	\$ 2,300

GODFREY-LEE PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Local sources:		
Sales and admissions:		
Gate receipts	\$ 17,786	\$ 21,395
Fees	75	-
	<u>17,861</u>	<u>21,395</u>
Other local sources:		
Donations	1,014	-
Other revenue	177	237
	<u>1,191</u>	<u>237</u>
Total Revenues	<u>19,052</u>	<u>21,632</u>
Expenditures		
Current:		
Athletics:		
Salaries	88,055	59,196
Employee benefits	32,429	14,502
Purchased services	160,154	160,469
Supplies	-	1,730
Capital outlay	22,805	21,939
Miscellaneous	10,090	7,547
	<u>313,533</u>	<u>265,383</u>
Total Expenditures	<u>313,533</u>	<u>265,383</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(294,481)</u>	<u>(243,751)</u>
Other Financing Sources		
Transfers in	<u>294,477</u>	<u>243,653</u>
Net Change in Fund Balances	(4)	(98)
Fund Balances, Beginning of Year	<u>4</u>	<u>102</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 4</u>

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, 2010

	<u>2003</u>	<u>2005-A</u>	<u>2005-B</u>
Assets			
Cash equivalents, deposits and investments	\$ 20,535	\$ 52,539	\$ 10,473
Taxes receivables	258	1,044	221
Total Assets	<u>\$ 20,793</u>	<u>\$ 53,583</u>	<u>\$ 10,694</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Deferred revenue	258	1,044	221
Total Liabilities	<u>258</u>	<u>1,044</u>	<u>221</u>
Fund Balances			
Reserved for debt service	<u>20,535</u>	<u>52,539</u>	<u>10,473</u>
Total Liabilities and Fund Balances	<u>\$ 20,793</u>	<u>\$ 53,583</u>	<u>\$ 10,694</u>

2009	Durant	Totals	
		2010	2009
\$ 3,537	\$ -	\$ 87,084	\$ 103,985
57	-	1,580	694
<u>\$ 3,594</u>	<u>\$ -</u>	<u>\$ 88,664</u>	<u>\$ 104,679</u>
\$ -	\$ -	\$ -	\$ 100
57	-	1,580	694
<u>57</u>	<u>-</u>	<u>1,580</u>	<u>794</u>
<u>3,537</u>	<u>-</u>	<u>87,084</u>	<u>103,885</u>
<u>\$ 3,594</u>	<u>\$ -</u>	<u>\$ 88,664</u>	<u>\$ 104,679</u>

GODFREY-LEE PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	<u>2003</u>	<u>2005-A</u>	<u>2005-B</u>
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 206,664	\$ 825,847	\$ 163,884
Industrial facilities taxes	2,145	8,572	1,701
Delinquent property taxes	65	273	42
Other taxes	861	3,441	683
Interest on delinquent taxes	1,616	6,458	1,282
	<u>211,351</u>	<u>844,591</u>	<u>167,592</u>
Interest earnings:			
Interest on deposits and investments	1,200	3,778	663
Total local sources	<u>212,551</u>	<u>848,369</u>	<u>168,255</u>
State sources:			
State aid	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>212,551</u>	<u>848,369</u>	<u>168,255</u>
Expenditures			
Debt service:			
Principal repayment	190,000	530,000	70,000
Interest and fiscal charges:			
Interest expense	23,240	450,989	124,844
Paying agent fees	250	241	225
Tax refunds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>213,490</u>	<u>981,230</u>	<u>195,069</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(939)</u>	<u>(132,861)</u>	<u>(26,814)</u>
Other Financing Sources			
Loan proceeds	-	116,832	23,344
	<u>-</u>	<u>116,832</u>	<u>23,344</u>
Net Change in Fund Balances	<u>(939)</u>	<u>(16,029)</u>	<u>(3,470)</u>
Fund Balances, Beginning of Year	<u>21,474</u>	<u>68,568</u>	<u>13,943</u>
Fund Balances, End of Year	<u><u>\$ 20,535</u></u>	<u><u>\$ 52,539</u></u>	<u><u>\$ 10,473</u></u>

2009	Durant	Totals	
		2010	2009
\$ 56,918	\$ -	\$ 1,253,313	\$ 1,262,264
591	-	13,009	15,096
-	-	380	990
237	-	5,222	5,095
444	-	9,800	10,003
<u>58,190</u>	<u>-</u>	<u>1,281,724</u>	<u>1,293,448</u>
213	-	5,854	10,423
<u>58,403</u>	<u>-</u>	<u>1,287,578</u>	<u>1,303,871</u>
-	147,510	147,510	21,955
<u>58,403</u>	<u>147,510</u>	<u>1,435,088</u>	<u>1,325,826</u>
25,000	107,150	922,150	787,400
37,409	40,360	676,842	628,686
100	-	816	833
-	-	-	27
<u>62,509</u>	<u>147,510</u>	<u>1,599,808</u>	<u>1,416,946</u>
<u>(4,106)</u>	<u>-</u>	<u>(164,720)</u>	<u>(91,120)</u>
<u>7,743</u>	<u>-</u>	<u>147,919</u>	<u>91,171</u>
3,637	-	(16,801)	51
<u>(100)</u>	<u>-</u>	<u>103,885</u>	<u>103,834</u>
<u>\$ 3,537</u>	<u>\$ -</u>	<u>\$ 87,084</u>	<u>\$ 103,885</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, 2010 and 2009

	2010	2009
Assets		
Cash equivalents, deposits and investments	\$ 14,246	\$ 34,982
Taxes receivable	332	147
Total Assets	\$ 14,578	\$ 35,129
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 5,788
Deferred revenue	332	147
Total Liabilities	332	5,935
Fund Balances		
Reserved for capital outlay	14,246	29,194
Total Liabilities and Fund Balances	\$ 14,578	\$ 35,129

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, 2010 and 2009

	2010	2009
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 266,341	\$ 268,235
Industrial facilities taxes	2,764	3,208
Delinquent property taxes	84	210
Other property taxes	1,110	1,083
Interest on delinquent taxes	2,082	2,126
Total property taxes	<u>272,381</u>	<u>274,862</u>
Interest earnings:		
Interest on deposits and investments	261	594
Other local sources:		
Refunds of expenditures	-	2,000
Total Revenues	<u>272,642</u>	<u>277,456</u>
Expenditures		
Capital outlay:		
Facilities acquisition:		
Building improvements	274,798	235,797
Miscellaneous	-	55
	<u>274,798</u>	<u>235,852</u>
Debt service:		
Capital lease payments	12,792	12,792
Total Expenditures	<u>287,590</u>	<u>248,644</u>
Net Change in Fund Balances	(14,948)	28,812
Fund Balances, Beginning of Year	<u>29,194</u>	<u>382</u>
Fund Balances, End of Year	<u><u>\$ 14,246</u></u>	<u><u>\$ 29,194</u></u>

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

	2010	2009
Assets		
Cash equivalents, deposits and investments	\$ 1,757	\$ 825,568
Due from other funds	-	100
Accrued interest receivable	-	2,619
	\$ 1,757	\$ 828,287
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 29,667
Fund Balances		
Reserved for capital outlay	1,757	798,620
	\$ 1,757	\$ 828,287

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, 2010 and 2009

	2010	2009
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 2,881	\$ 2,619
Other local sources:		
Miscellaneous	63	-
Total Revenues	<u>2,944</u>	<u>2,619</u>
Expenditures		
Capital outlay:		
Legal	9,824	-
Architect and engineering	12,655	39,667
Buildings and improvements	761,190	1,695
Furniture and equipment	92,576	-
Bond issuance costs	-	20,664
Underwriter's discount	-	20,485
Miscellaneous	3,562	92
Total Expenditures	<u>879,807</u>	<u>82,603</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(876,863)</u>	<u>(79,984)</u>
Other Financing Sources		
Bonds issued	-	875,000
Bond premium	-	3,604
Transfers in	80,000	-
Total Other Financing Sources	<u>80,000</u>	<u>878,604</u>
Net Change in Fund Balances	<u>(796,863)</u>	<u>798,620</u>
Fund Balances, Beginning of Year	<u>798,620</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,757</u>	<u>\$ 798,620</u>

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

	2010	2009
Assets		
Cash equivalents, deposits and investments	\$ 1,823,618	\$ -
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 418,954	\$ -
Fund Balances		
Reserved for capital outlay	1,404,664	-
Total Liabilities and Fund Balances	\$ 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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 1,271	\$ -
Expenditures		
Capital outlay:		
Architect and engineering	94,280	-
Buildings and improvements	473,695	-
Bond issuance costs	17,132	-
Total Expenditures	<u>585,107</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(583,836)</u>	<u>-</u>
Other Financing Sources (Uses)		
Bonds issued	1,990,000	-
Bond discount	(1,500)	-
Total Other Financing Sources (Uses)	<u>1,988,500</u>	<u>-</u>
Net Change in Fund Balances	1,404,664	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 1,404,664</u></u>	<u><u>\$ -</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, 2010

	Balances July 1, 2009	Additions	Deductions	Balances June 30, 2010
Assets				
Cash equivalents, deposits and investments	\$ 66,199	\$ 165,290	\$ 170,869	\$ 60,620
Liabilities				
Due to student groups	\$ 66,199	\$ 165,290	\$ 170,869	\$ 60,620

OTHER INFORMATION

GODFREY-LEE PUBLIC SCHOOLS
Summary of 2009 Taxes Levied and Collected
For the year ended June 30, 2010

	City of Wyoming
Taxable Valuations	
Operating	\$ 51,357,741
Debt Service/Building and Site	133,465,766
Rates (Mills)	
General Fund	18.0000
2003 Debt Service Fund	1.5500
2005-A Debt Service Fund	6.1900
2005-B Debt Service Fund	1.2300
2009 Debt Service Fund	0.4300
Building and Site Fund	1.9976
	29.3976
Taxes Levied 2009 Rolls	
General Fund	\$ 974,845
2003 Debt Service Fund	206,871
2005-A Debt Service Fund	826,676
2005-B Debt Service Fund	164,048
2009 Debt Service Fund	56,975
Building and Site Fund	266,607
	2,496,022
Taxes Uncollected 2009 Rolls	
General Fund	664
2003 Debt Service Fund	209
2005-A Debt Service Fund	835
2005-B Debt Service Fund	165
2009 Debt Service Fund	57
Building and Site Fund	269
	2,199
Taxes Collected 2009 Rolls	
General Fund	974,181
2003 Debt Service Fund	206,662
2005-A Debt Service Fund	825,841
2005-B Debt Service Fund	163,883
2009 Debt Service Fund	56,918
Building and Site Fund	266,338
	2,493,823
Delinquent Taxes Collected	
General Fund	172
2003 Debt Service Fund	65
2005-A Debt Service Fund	273
2005-B Debt Service Fund	42
Building and Site Fund	84
	636

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
Summary of 2009 Taxes Levied and Collected
For the year ended June 30, 2010

	City of Wyoming
Total Taxes Collected	
General Fund	\$ 974,353
2003 Debt Service Fund	206,727
2005-A Debt Service Fund	826,114
2005-B Debt Service Fund	163,925
2009 Debt Service Fund	56,918
Building and Site Fund	266,422
	\$ 2,494,459
 Taxes Uncollected – June 30, 2010	
General Fund:	
2009	\$ 664
2008	46
	710
2003 Debt Service Fund:	
2009	209
2008	49
	258
2005-A Debt Service Fund:	
2009	835
2008	209
	1,044
2005-B Debt Service Fund:	
2009	165
2008	56
	221
2009 Debt Service Fund:	
2009	57
Building and Site Fund:	
2009	269
2008	63
	332
	\$ 2,622