

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

Annual Financial Report

For the year ended June 30, 2012

**GODFREY-LEE PUBLIC SCHOOLS**  
**Table of Contents**

For the year ended June 30, 2012

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**Financial Section**

<i>Independent Auditor's Report</i> .....	1
<i>Management's Discussion and Analysis</i> .....	3
<i>Basic Financial Statements</i> .....	13
District-wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities .....	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund .....	20
Fiduciary Fund:	
Statement of Fiduciary Assets and Liabilities .....	21
Notes to Basic Financial Statements .....	22
<i>Supplemental Information</i>	
Combining and Individual Fund Statements and Schedules:	
General Fund .....	41
Comparative Balance Sheet .....	42
Comparative Schedule of Revenues .....	43
Comparative Schedule of Expenditures .....	45

**GODFREY-LEE PUBLIC SCHOOLS**  
**Table of Contents (Continued)**

For the year ended June 30, 2012

---

Nonmajor Governmental Funds.....	51
Combining Balance Sheet.....	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	54
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: Food Service Special Revenue Fund.....	56
Special Revenue Fund.....	57
Food Service Special Revenue Fund:	
Comparative Balance Sheet.....	58
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	59
Debt Service Funds.....	61
Combining Balance Sheet.....	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	64
Capital Projects Funds.....	66
Building and Site Capital Projects Fund:	
Comparative Balance Sheet.....	67
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	68
2010 Energy Conservation Capital Projects Fund:	
Comparative Balance Sheet.....	69
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	70
Agency Fund.....	71
Student Activities Agency Fund:	
Statement of Changes in Assets and Liabilities .....	72
Other Information:	
Summary of 2011 Taxes Levied and Collected.....	74

**Federal Financial Assistance Programs Supplemental Information ..... Issued Under Separate Cover**

## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITOR'S REPORT**

September 14, 2012

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Godfrey-Lee Public Schools at June 30, 2012, 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 14, 2012 on our consideration of Godfrey-Lee Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Godfrey-Lee Public Schools' financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual fund financial statements and other information 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, 2012**

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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, 2012. 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 Statement 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, 2012**

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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>2012</u>	<u>2011</u>
<b>Assets</b>		
Current assets	\$ 4,867,849	\$ 5,621,995
Noncurrent assets	<u>19,289,535</u>	<u>19,955,440</u>
<b>Total Assets</b>	<b><u>24,157,384</u></b>	<b><u>25,577,435</u></b>
<b>Liabilities</b>		
Current liabilities	2,866,893	3,169,152
Long-term liabilities	<u>16,908,504</u>	<u>17,674,835</u>
<b>Total Liabilities</b>	<b><u>19,775,397</u></b>	<b><u>20,843,987</u></b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,441,508	1,811,013
Restricted	(17,192)	(25,212)
Unrestricted	<u>2,957,671</u>	<u>2,947,647</u>
<b>Total Net Assets</b>	<b><u>\$ 4,381,987</u></b>	<b><u>\$ 4,733,448</u></b>



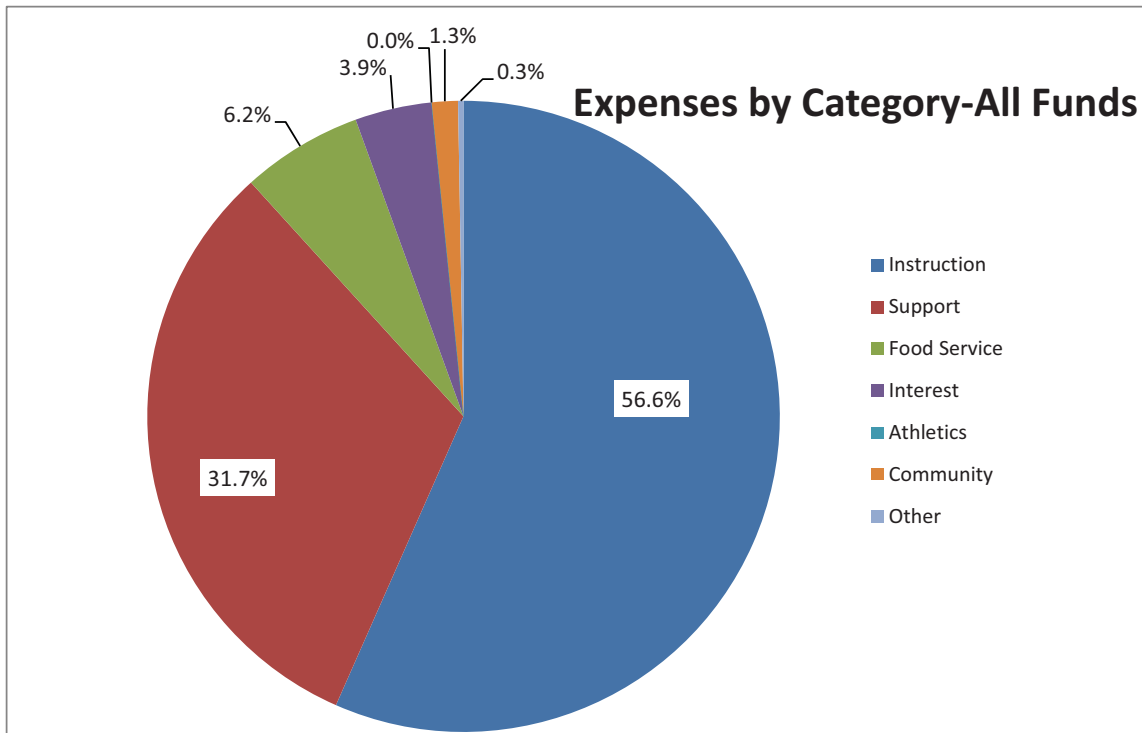
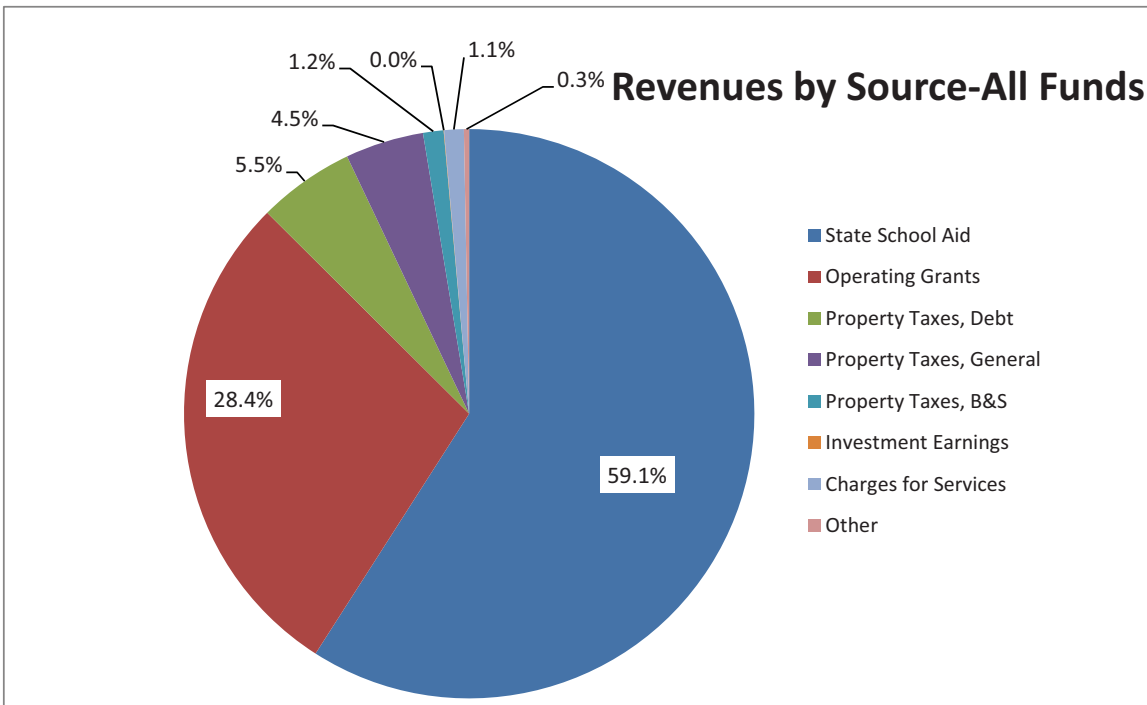
**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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

	<u>2012</u>	<u>2011</u>
<b>Program Revenues</b>		
Charges for services	\$ 227,690	\$ 250,945
Operating grants	5,807,471	6,203,921
<b>General Revenues</b>		
Property taxes	2,263,932	2,436,318
State school aid, unrestricted	12,061,746	11,977,120
Interest earnings	5,462	13,745
Loss on disposal of assets	(2,675)	—
Other	62,644	95,933
<b>Total Revenues</b>	<u>20,426,270</u>	<u>20,977,982</u>
<b>Expenses</b>		
Instruction	11,761,696	11,992,291
Supporting services	6,579,491	6,628,477
Community services	277,173	198,925
Food service	1,284,982	1,009,665
Other	57,115	55,799
Interest expense	817,274	828,414
<b>Total Expenses</b>	<u>20,777,731</u>	<u>20,713,571</u>
Increase in net assets	(351,461)	264,411
<b>Net Assets - Beginning of Year</b>	<u>4,733,448</u>	<u>4,469,037</u>
<b>Net Assets - End of Year</b>	<u><b>\$ 4,381,987</b></u>	<u><b>\$ 4,733,448</b></u>



**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2012**





**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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**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 decreased by \$551,712 (3%) to \$20.426 million. Unrestricted State Aid accounted for 59% of the revenues, while property taxes amounted to 11% of the revenues. Another 29% came from state and federal aid for specific programs, (including \$799,795 of ARRA Stabilization School Improvement Grant and Education Jobs funds) and the remainder from miscellaneous sources.

The total cost of all programs and services increased by \$64,160 (1%) to \$20.777 million. The District's expenses are predominantly related to instructional services which amount to 57% of the total. Salaries decreased \$576,424 or 6.1% mainly due to a reduction of teaching and paraprofessional staffing. Even though staffing was reduced, retirement costs increased by 12.9%, or \$234,360, due to the increase in the retirement rate.

Total expenses surpassed revenues, decreasing net assets by \$351,461 on the Statement of Activities.

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

- Budgets for 2011-12 were created with no change in student fall count from the prior year which produced a 90/10 blend of 1,800.29 full-time equivalent students for budget purposes. Actual blended count for the year was 1,794.02 which brought a slight decrease in State school aid revenue under the original budgeted amount.
- 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 a net increase in Federal funds of \$661,317 including an increase of ARRA SIG funding from \$636,323 to \$815,489. The District also received \$115,830 more in Title I funding and a new grant, Safe and Supportive Schools for \$125,000.
- Collaboration with the surrounding districts continued to occur to help reduce expenditures in many areas. The six school districts in the southwest region of Kent County continued to work on ways to combine services where possible. All six districts joined the effort to transport special education and technical center students together and to work on combined trips where possible in other areas. There are also collaborative efforts working to reduce costs on bus maintenance, storage and fuel related costs.
- The \$20.9 million of governmental activities was financed with \$2.6 million in property taxes and \$12.1 million of unrestricted state aid based on the statewide education aid formula. State and Federal grant funding totaled over \$5.8 million.
- The District increased its utilization of the Universal Service Fund to get rebates on services related to voice and data communication. This includes telephone service, cellular phone service, wireless connectivity and internet.
- The administration will continue working with other districts in collaboration efforts for 2012-13. 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, 2012**

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**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 \$17,683,162, total other financing uses of \$21,600, total expenditures of \$17,908,293, and total other financing uses of \$7,574. It ended the fiscal year with a fund balance of \$2,870,567, down from \$3,081,672 as of June 30, 2011 for a decrease of \$211,105.

**Nonmajor Funds**

Special Revenue Funds

The District operates one Special Revenue Fund, the Food Service Fund. Total revenues of the Special Revenue Fund were \$1,367,550, with total expenditures of \$1,271,445. The ending fund balance was \$426,242.

Debt Service Funds

The District operates six Debt Service Funds including the Durant settlement debt fund and the Energy Conservation Improvement debt fund. Total revenues were \$1,140,836, with total financing sources (loan proceeds and transfers in) of \$584,570, and total expenditures of \$1,757,149. The ending fund balances in the Debt Service Funds was \$48,561.



**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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Capital Projects Fund

The District operates a nonmajor Capital Project Fund, the Building and Site Sinking Fund. This fund had total revenues of \$236,412, total other financing sources of \$70,084, total expenditures of \$6,714, and total other financing uses of \$268,870 resulting in a fund balance of \$41,188 at June 30, 2012, up from \$10,276 at June 30, 2011. For the next seven 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.

2010 Energy Conservation Improvement Fund

The 2010 Energy Conservation Improvement Construction project was finalized, and the fund was closed during the 2011-12 school year. The District had previously issued energy conservation bonds of \$1,990,000 in the spring of 2010 to be used for the replacement of windows and boilers at Lee High/Middle School and Godfrey Elementary School. The fund had total revenues of \$241, total expenditures of \$248,573, and total other financing uses of \$70,084, leaving a fund balance of zero at June 30, 2012.

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, 2012 totaled \$65,178.

**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 \$243,303, the actual results for the year show only a \$211,105 decrease in fund balance which is \$32,198 better than projected.

- Actual revenues were \$573,362 less than expected mainly due to Federal and State grant funds of \$423,095 carried over to 2012-13 and a reduction to local Medicaid reimbursement from Kent Intermediate School District.
- Actual expenditures were \$583,960 less than expected mainly due to unspent line items in specific budgets and unspent Federal grant funds.

**Capital Asset and Debt Administration**

Capital Assets

By the end of 2012, the District had \$27,122,093 invested in a broad range of capital assets, including school buildings, athletic facilities, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.)



**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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**Capital Asset and Debt Administration (cont'd)**

At June 30, 2012, the District's investment in capital assets (net of accumulated depreciation) was \$18,691,186. Capital asset purchases totaled \$267,414 for the fiscal year with accumulated depreciation increasing \$876,937, leaving a net decrease in the book value of capital assets of \$608,790.

Land	\$ 618,754
Construction in progress	11,738
Land improvements	627,631
Buildings and additions	17,065,591
Furniture and equipment	264,825
Vehicles	31,792
Assets under capital leases	<u>70,855</u>
<b>Total Capital Assets</b>	<b><u><u>\$ 18,691,186</u></u></b>

Long-Term Debt

At year end, the District had \$18.19 million in general obligation bonds and other long-term debt outstanding.

- The District continued to pay down its debt from the 2003, 2005, 2006, 2009 and 2010 bond issues, Durant bonds and capital lease agreements.
- The District borrowed \$315,700 from the State School Bond Loan Program to supplement local tax levies for bond debt service payments this year. This is an increase of \$75,980 from the prior year mainly due to reduced property values in the District.

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

**Factors Bearing on the District's Future**

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

- The District's proximity between Grand Rapids and Wyoming makes it a totally market driven district which must have the breadth of program and updated infrastructure to compete in this age of choice in schools. The Fall 2012 pupil counts are indicating no increase in students for the 2012-2013 school year.
- The District has applied for and received a federal school improvement grant for Lee High School. This will provided the District with up to \$2.6 million for a transformation of teaching and learning for increased student achievement. The approval of the grant submission and final allocation of funds was received late in August 2010. The funds are to be used over a three-year period. There is approximately \$939,608 of this grant left to be used by September 30, 2013.
- The District and bargaining units negotiated a two-year agreement expiring at the end of the 2012-2013 school year. The current contract provides health insurance utilizing MESSA Choices II PPO as the standard plan with staff paying 12%-15% of the premium. Recent changes to laws regulating the bidding and procurement of health insurance may change the way insurance is provided to the bargaining units.



**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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

- The No Child Left Behind Legislation and its effect on districts with large minority populations will impact the ability to show adequate yearly progress and contribute to increased budgetary stress.
- The State of Michigan adopted a budget for the School Aid Fund in May 2012 for the 2012-2013 school year. While there was no additional funding to the district, many districts in the state did receive up to \$120 more in their foundation allowance in an attempt by the state to bring lower funded schools up to par with the higher funded districts of the state. This will be the fifth year of either no additional funding or a reduction of funding for the district.
- Cost increases exceeding the general rate of inflation continue to be expected for the district relative to health care and pension contribution obligations in 2012-13 and beyond. These costs represent a significant portion of the District's budget and their rate of increase is a concern to management.
- Recent months have seen a lot of legislative activity in the areas of teacher tenure, seniority and layoffs, teacher and administrator evaluations, student achievement and employee contributions to health insurance. The district is determined to keep up with all the changes while trying to balance the administrative staffing needs with the needs of the students of the district.

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

The governor of the State of Michigan has created a task force to draft a new "Michigan Education Finance Act of 2013" in collaboration with the Oxford Foundation to replace the annual amendment and appropriations process of the School Aid Act of 1979. This project is designed to propose a Michigan education funding law to replace the 1979 School Aid Act with a modern education financing law that reflects the present structure of Michigan's public school system and allow for future changes reflecting the Governor's vision for public education. The task force will be made up of the State Superintendent of Public Instruction, State Treasurer, Budget Director, Attorney General, and key legislators, with advice from legal firms and educators from around the state.

**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: [rclaxton@godfrey-lee.org](mailto:rclaxton@godfrey-lee.org).



## **BASIC FINANCIAL STATEMENTS**

**GODFREY-LEE PUBLIC SCHOOLS**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 350
Cash equivalents, deposits and investments (Note B)	1,871,621
Taxes receivable (Note C)	5,511
Accounts receivable	61,693
Due from other governmental units (Note C)	2,874,114
Inventory	16,206
Prepaid expenses	38,354
<b>Total Current Assets</b>	<b>4,867,849</b>
<b>Noncurrent Assets</b>	
Unamortized bond costs	598,349
Capital assets not being depreciated (Note E)	630,492
Capital assets being depreciated, net (Note E)	18,060,694
<b>Total Noncurrent Assets</b>	<b>19,289,535</b>
<b>Total Assets</b>	<b>24,157,384</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	82,932
Due to other governmental units	492,145
Accrued interest payable	112,197
Salaries payable	782,091
Unearned revenue	118,612
Current portion of long term obligations	1,278,916
<b>Total Current Liabilities</b>	<b>2,866,893</b>
<b>Noncurrent Liabilities (Note F)</b>	
General obligation bonds payable	14,295,000
Durant non-plaintiff bonds payable	20,955
State school bond loan payable	3,497,774
Capital leases payable	34,277
Early retirement incentive	170,000
Severance pay	39,080
Accumulated sick leave	130,334
Current portion of long term obligations	(1,278,916)
<b>Total Noncurrent Liabilities</b>	<b>16,908,504</b>
<b>Total Liabilities</b>	<b>19,775,397</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	1,441,508
Restricted for:	
Debt service	(59,296)
Capital projects	42,104
Unrestricted	2,957,671
<b>Total Net Assets</b>	<b>\$ 4,381,987</b>

See accompanying notes to basic financial statements.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 11,761,696	\$ 1,100	\$ 4,049,298	\$ (7,711,298)
Supporting services	6,579,491	54,957	540,951	(5,983,583)
Community services	277,173	-	-	(277,173)
Food service	1,284,982	171,633	1,195,269	81,920
Other	57,115	-	-	(57,115)
Interest on long-term debt	817,274	-	21,953	(795,321)
<b>Total Governmental Activities</b>	<b>\$ 20,777,731</b>	<b>\$ 227,690</b>	<b>\$ 5,807,471</b>	<b>(14,742,570)</b>
<b>General Revenues</b>				
Taxes:				
				909,106
				1,118,303
				236,523
				12,061,746
				5,462
				(2,675)
				62,644
				<u>14,391,109</u>
				(351,461)
				<u>4,733,448</u>
				<u>\$ 4,381,987</u>

See accompanying notes to basic financial statements.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 350	\$ -	\$ 350
Cash equivalents, deposits and investments (Note B)	1,387,114	484,507	1,871,621
Receivables:			
Taxes (Note C)	276	5,235	5,511
Accounts	43,879	17,814	61,693
Due from other funds (Note D)	1,500	-	1,500
Due from other governmental units (Note C)	2,819,350	54,764	2,874,114
Inventory	-	16,206	16,206
Prepaid expenditures	38,354	-	38,354
<b>Total Assets</b>	<b><u>\$ 4,290,823</u></b>	<b><u>\$ 578,526</u></b>	<b><u>\$ 4,869,349</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 27,132	\$ 55,800	\$ 82,932
Due to other funds (Note D)	-	1,500	1,500
Due to other governmental units	492,145	-	492,145
Salaries payable	782,091	-	782,091
Deferred revenue	118,888	5,235	124,123
<b>Total Liabilities</b>	<b><u>1,420,256</u></b>	<b><u>62,535</u></b>	<b><u>1,482,791</u></b>
<b>Fund Balances</b>			
Nonspendable:			
General	38,354	-	38,354
Special revenue	-	16,206	16,206
Restricted:			
Special revenue	-	410,036	410,036
Debt service	-	48,561	48,561
Capital outlay	-	41,188	41,188
Unassigned	2,832,213	-	2,832,213
<b>Total Fund Balances</b>	<b><u>2,870,567</u></b>	<b><u>515,991</u></b>	<b><u>3,386,558</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 4,290,823</u></b>	<b><u>\$ 578,526</u></b>	<b><u>\$ 4,869,349</u></b>

See accompanying notes to basic financial statements.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2012**

<b>Total governmental fund balances</b>		<b>\$ 3,386,558</b>
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 \$27,122,093 and accumulated depreciation is \$8,430,907.		18,691,186
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		598,349
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	\$(14,295,000)	
Durant non-plaintiff bonds	(20,955)	
State school bond loan	(3,497,774)	
Capital leases	(34,277)	
Early retirement incentive	(170,000)	
Severance pay	(39,080)	
Accumulated sick leave	(130,334)	(18,187,420)
Accrued interest is not included as a liability in governmental funds.		(112,197)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		5,511
<b>Total net assets - governmental activities</b>		<b>\$ 4,381,987</b>

See accompanying notes to basic financial statements.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2012**

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Revenues</b>			
Local sources	\$ 1,031,168	\$ 1,527,817	\$ 2,558,985
State sources	13,279,463	60,572	13,340,035
Federal sources	2,162,129	1,156,650	3,318,779
Interdistrict sources	1,210,402	-	1,210,402
<b>Total Revenues</b>	<u>17,683,162</u>	<u>2,745,039</u>	<u>20,428,201</u>
<b>Expenditures</b>			
Current:			
Instruction	11,251,973	-	11,251,973
Supporting services	6,400,113	-	6,400,113
Community services	244,344	-	244,344
Food service	-	1,271,445	1,271,445
Capital outlay	3,250	255,287	258,537
Interdistrict	2,013	-	2,013
Debt service:			
Principal repayment	6,600	1,070,003	1,076,603
Interest and fiscal charges	-	687,146	687,146
<b>Total Expenditures</b>	<u>17,908,293</u>	<u>3,283,881</u>	<u>21,192,174</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(225,131)</u>	<u>(538,842)</u>	<u>(763,973)</u>
<b>Other Financing Sources (Uses)</b>			
Loan/lease proceeds	21,600	315,700	337,300
Transfers in	-	338,954	338,954
Transfers out	-	(338,954)	(338,954)
Other transactions	(7,574)	-	(7,574)
<b>Total Other Financing Sources (Uses)</b>	<u>14,026</u>	<u>315,700</u>	<u>329,726</u>
<b>Net Change in Fund Balances</b>	(211,105)	(223,142)	(434,247)
<b>Fund Balances, Beginning of Year</b>	<u>3,081,672</u>	<u>739,133</u>	<u>3,820,805</u>
<b>Fund Balances, End of Year</b>	<u>\$ 2,870,567</u>	<u>\$ 515,991</u>	<u>\$ 3,386,558</u>

See accompanying notes to basic financial statements.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2012**

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**Net change in fund balances - total governmental funds** \$ (434,247)

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 depreciation exceeded capital outlays in the current period:

	Capital outlays	\$ 270,822	
	Depreciation expense	<u>(876,937)</u>	(606,115)

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold/retired. (2,675)

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. 742

Net bond refunding costs are amortized over the life of the new bond issue on the Statement of Activities. (57,115)

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. (475,374)

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

Repayment of bonds	1,050,000	
Repayment of Durant non-plaintiff bonds	20,003	
Repayment of capital leases	<u>20,183</u>	1,090,186

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. 7,948

In the Statement of Net Assets, early retirement incentive, severance pay and accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$166,113) exceeded the amounts earned (\$40,924). 125,189

**Total changes in net assets - governmental activities** \$ (351,461)

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, 2012**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 923,410	\$ 1,038,949	\$ 1,031,168	\$ (7,781)
State sources	13,234,623	13,443,435	13,279,463	(163,972)
Federal sources	1,857,091	2,518,408	2,162,129	(356,279)
Interdistrict sources	1,014,139	1,255,732	1,210,402	(45,330)
<b>Total Revenues</b>	<b>17,029,263</b>	<b>18,256,524</b>	<b>17,683,162</b>	<b>(573,362)</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	7,952,644	8,156,920	8,077,402	79,518
Added needs	2,757,090	3,158,365	3,055,935	102,430
Adult education	119,503	119,552	118,636	916
Supporting services:				
Pupil services	1,132,795	1,328,995	1,264,049	64,946
Instructional staff services	1,020,316	1,116,407	1,017,763	98,644
General administrative services	344,975	353,331	347,907	5,424
School administrative services	834,274	925,167	922,590	2,577
Business services	311,288	373,391	306,923	66,468
Operation and maintenance services	1,164,507	1,158,295	1,145,895	12,400
Pupil transportation services	448,517	563,208	563,907	(699)
Central services	682,030	594,745	560,486	34,259
Other supporting services	316,278	281,863	270,593	11,270
Community services	244,600	354,049	244,344	109,705
Capital outlay	-	3,250	3,250	-
Interdistrict	3,304	4,715	2,013	2,702
Debt service:				
Principal repayment	-	-	6,600	(6,600)
<b>Total Expenditures</b>	<b>17,332,121</b>	<b>18,492,253</b>	<b>17,908,293</b>	<b>583,960</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(302,858)</b>	<b>(235,729)</b>	<b>(225,131)</b>	<b>10,598</b>
<b>Other Financing Sources (Uses)</b>				
Capital lease proceeds	-	-	21,600	21,600
Other transactions	-	(7,574)	(7,574)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(7,574)</b>	<b>14,026</b>	<b>21,600</b>
<b>Net Change in Fund Balances</b>	<b>(302,858)</b>	<b>(243,303)</b>	<b>(211,105)</b>	<b>32,198</b>
<b>Fund Balances, Beginning of Year</b>	<b>3,081,672</b>	<b>3,081,672</b>	<b>3,081,672</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,778,814</b>	<b>\$ 2,838,369</b>	<b>\$ 2,870,567</b>	<b>\$ 32,198</b>

See accompanying notes to basic financial statements.



**GODFREY-LEE PUBLIC SCHOOLS**  
**Fiduciary Fund**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2012**

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**Assets**

Cash equivalents, deposits and investments (Note B)	<u>\$ 65,178</u>
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**Liabilities**

Due to student groups	<u>\$ 65,178</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, 2012**

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## **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 1,795 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, 2012**

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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 is the District's only major fund. 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, 2012**

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

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

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

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

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

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

### **Fiduciary Funds**

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

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

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

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

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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#### **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, 2012**

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**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, 2012 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, 2012, 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 \$170,000, \$39,080 and \$130,334, respectively.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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## **11. Fund Balance**

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

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

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

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

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

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



**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

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

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

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

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

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

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

## **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:

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Balances at June 30, 2012 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$ 1,871,621
Fiduciary Funds:	
Agency Fund	65,178
	\$ 1,936,799

**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.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

June 30, 2012 balances are detailed as follows:

Cash equivalents	\$	255,980
Deposits		609,032
		\$ 865,012

*Custodial Credit Risk Related to Cash Equivalents and Deposits*

Custodial credit risk is the risk that in the event of bank failure, the District’s cash equivalents and deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District’s cash equivalents and deposits was \$865,012 and the bank balance was \$1,159,778. Of the bank balance, \$298,560 was covered by federal depository insurance and \$861,218 was uninsured and uncollateralized.

**Investments**

As of June 30, 2012, the District had the following investments:

	<b>Carrying Amount</b>	<b>Bank Balances</b>
Surplus Funds Investment Pool Accounts:		
PNC Bank Investment Sweep Account	\$ 1,071,787	\$ 1,071,787

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, 2012. The pooled investment fund is not rated.

*Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy minimizes custodial credit risk by limiting investments to the types of securities allowed by law. At June 30, 2012, 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.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

*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, 2012.

*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 2011 ad valorem State Education Taxes generated within the Godfrey-Lee Public School District, and paid to the State of Michigan, totaled \$668,215.

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, 2011 and September, 2011. The 2011-12 "Foundation Allowance" for Godfrey-Lee Public Schools was \$7,004 for 1,794 "Full Time Equivalent" students, generating \$12,910,564 in state aid payments to the District of which \$2,353,562 was paid to the District in July and August, 2012 and included as "Due From Other Governmental Units" at June 30, 2012.

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

Tax Year	General	Debt Service	Building And Site	Total
2011	\$ 109	\$ 1,797	\$ 380	\$ 2,286
2010	124	2,358	501	2,983
2009	43	164	35	242
	\$ 276	\$ 4,319	\$ 916	\$ 5,511

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 2011.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

The District levied 9.445 mills in 2011 for debt service purposes and 1.9976 mills for the building and site (sinking) fund, applied on all taxable property in the District.

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

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

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

**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from/to other funds representing interfund receivables and payables at June 30, 2012 are detailed as follows:

	<b>Due From</b>	<b>Due To</b>
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ 1,500	\$ —
Special Revenue Fund:		
Food Service Fund:		
General Fund	—	1,500
<b>Total All Funds</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>

The Food Service Fund owed \$1,500 to the General Fund for unreimbursed expenditures at year end.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Operating transfers between funds during the year ended June 30, 2012 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
Debt Service Funds:		
2010 Energy Conservation Fund:		
Building & Site Fund	\$ 268,870	\$ —
Capital Projects Funds:		
Building and Site Fund:		
2010 Energy Conservation Debt Service Fund	70,084	268,870
2010 Energy Conservation Fund:		
Building and Site Fund	—	70,084
Total Capital Projects Funds	70,084	338,954
<b>Total All Funds</b>	<b>\$ 338,954</b>	<b>\$ 338,954</b>

The Building and Site Fund transferred \$268,870 to the 2010 Energy Fund Conservation to cover 2011-12 debt service requirements. The 2010 Energy Conservation Capital Projects Fund transferred \$70,084 to the Building & Site Fund to close the fund at June 30, 2012.

**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	<b>Balances July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2012</b>
Capital assets not being depreciated:				
Land	\$ 618,754	\$ —	\$ —	\$ 618,754
Construction in progress	8,330	11,738	8,330	11,738
Total capital assets not being depreciated	627,084	11,738	8,330	630,492
Capital assets being depreciated:				
Land improvements	1,743,050	—	—	1,743,050
Buildings and additions	22,513,701	230,654	—	22,744,355
Furniture and equipment	1,507,513	36,760	4,459	1,539,814
Vehicles	268,727	—	16,210	252,517
Equipment under capital leases	211,865	—	—	211,865
Total capital assets being depreciated	26,244,856	\$ 267,414	\$ 20,669	26,491,601

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

	<b>Balances July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2012</b>
Less accumulated depreciation for:				
Land improvements	\$ 1,034,034	\$ 81,385	\$ —	\$ 1,115,419
Buildings and additions	4,982,882	695,882	—	5,678,764
Furniture and equipment	1,199,275	77,498	1,784	1,274,989
Vehicles	228,344	8,591	16,210	220,725
Assets under capital leases	127,429	13,581	—	141,010
<b>Total accumulated depreciation</b>	<b>7,571,964</b>	<b>\$ 876,937</b>	<b>\$ 17,994</b>	<b>8,430,907</b>
<b>Total capital assets being depreciated, net</b>	<b>18,672,892</b>			<b>18,060,694</b>
<b>Net Capital Assets</b>	<b>\$ 19,299,976</b>			<b>\$ 18,691,186</b>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 635,966
Supporting services	163,916
Community services	32,939
Food service	44,116
	<u>\$ 876,937</u>

### Note F – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2012 are summarized as follows:

	<b>Bond Issues</b>	<b>State School Bond Loan</b>	<b>Capital Leases</b>	<b>Early Retirement/ Severance/ Accumulated Sick Leave</b>	<b>Total</b>
<b>Amounts Available For Retirement Of Long-term Debt</b>					
Debt Service Funds	\$ 48,561	\$ —	\$ —	\$ —	\$ 48,561
<b>Amounts To Be Provided For Retirement Of Long-term Debt</b>					
State of Michigan	20,955	—	—	—	20,955
General Fund	—	—	34,277	339,414	373,691
Debt Service Funds	14,246,439	3,497,774	—	—	17,744,213
<b>Total Amounts Available And To Be Provided</b>	<b>\$ 14,315,955</b>	<b>\$ 3,497,774</b>	<b>\$ 34,277</b>	<b>\$ 339,414</b>	<b>\$18,187,420</b>

Changes in long-term debt for the year ended June 30, 2012 are summarized as follows:

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

	<b>Debt Outstanding July 1, 2011</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2012</b>
General obligation bonds:				
March 26, 2003	\$ 355,000	\$ —	\$ 180,000	\$ 175,000
March 10, 2005	9,380,000	—	565,000	8,815,000
February 1, 2006	2,975,000	—	80,000	2,895,000
May 11, 2009	825,000	—	30,000	795,000
March 12, 2010	1,810,000	—	195,000	1,615,000
Durant non-plaintiff bonds:				
November 13, 1998	40,958	—	20,003	20,955
State school bond loan	3,044,000	453,774	—	3,497,774
Capital leases	32,860	21,600	20,183	34,277
Early retirement incentive	290,000	10,000	130,000	170,000
Severance pay	36,360	6,360	3,640	39,080
Accumulated sick leave	138,243	24,564	32,473	130,334
	<b>\$ 18,927,421</b>	<b>\$ 516,298</b>	<b>\$ 1,256,299</b>	<b>\$ 18,187,420</b>

Long-term debt outstanding at June 30, 2012 is comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$1,860K Building and Site March 26, 2003:				
Principal maturity of \$175K	May 1, 2013	3.35	\$ 175,000	\$ 175,000
\$11,505M General Obligation Refunding March 10, 2005:				
Principal maturities from \$580K to \$590K	May 1, 2027	4.00 – 5.00	8,815,000	580,000
\$3,325M Building and Site February 1, 2006:				
Principal maturities from \$90K to \$215K	May 1, 2030	3.50 – 4.25	2,895,000	90,000
\$875M General Obligation Refunding May 11, 2009:				
Principal maturities from \$30K to \$60K	May 1, 2029	3.50 – 5.00	795,000	30,000
\$1,990M General Obligation Refunding March 12, 2010:				
Principal maturities from \$205K to \$255K	March 1, 2019	4.08	1,615,000	205,000
<b>Durant Non-plaintiff Bonds</b>				
\$312,641 School Improvement November 13, 1998:				
Principal maturity of \$20,955	May 15, 2013	4.761353	20,955	20,955
<b>Capital Leases</b>				
\$24,295 Equipment October 31, 2007	Oct. 31, 2012	N/A	1,620	1,620
\$4,970 Equipment May 8, 2008	April 8, 2013	N/A	913	913
\$38,640 Equipment August 31, 2009	August 31, 2014	N/A	16,744	7,728
\$21,600 Equipment August 1, 2011	August 31, 2014	N/A	15,000	7,200
<b>Other Obligations</b>				
State school bond loan			3,497,774	—
Early retirement incentive			170,000	125,000
Severance pay			39,080	3,500
Accumulated sick leave			130,334	32,000
			<b>\$18,187,420</b>	<b>\$ 1,278,916</b>



**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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 \$315,700 from the Fund and \$138,084 of accrued interest was added to the District’s liability to the Fund. At June 30, 2012, the District owed the Fund a total of \$3,497,774.

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 1,118,416	\$ 616,455	\$ 1,734,871
2014	954,928	572,845	1,527,773
2015	966,888	528,137	1,495,025
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
	<b>\$ 14,350,232</b>	<b>\$ 5,079,447</b>	<b>\$19,429,709</b>

**Note G – Retirement Plan**

Substantially all District employees participate in the Michigan Public District Employees’ Retirement System (MPSERS) (the “System”), a state-wide, cost sharing, multiple-employer, defined benefit public employee retirement system governed by the State of Michigan. The District payroll for employees covered by MPSERS for the year ended June 30, 2012 was \$9,062,682. The System provides retirement, survivor and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive those benefits.

**Godfrey-Lee Public School District**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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The System's membership consists of the following:

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

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

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

Districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS plan. The District's contributions to the plan for the fiscal years ended June 30, 2012, 2011 and 2010 were \$2,053,505, \$1,798,663 and \$1,480,006, respectively. The contribution rates for the fiscal year are detailed as follows:

- July 01, 2011 to September 30, 2011 – 12.16% for members who first worked before July 01, 2010, and 10.66% for members who first worked on or after July 01, 2010, plus 1% for Pension Plus members.
- October 1, 2011 to June 30, 2012 – 15.96% for members who first worked before July 01, 2010, and 14.73% for members who first worked on or after July 01, 2010, plus 1% for Pension Plus members .

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

The MPSERS does not make separate measurements of assets and actuarial accrued liability for individual Districts, instead using the aggregate actuarial cost method. The actuarial accrued liability at September 30, 2010 (the latest reporting date available) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date was \$60.9 billion. Net assets available for retirement benefits on that date were \$43.3 billion leaving an unfunded actuarial accrued liability of \$17.6 billion. The total unfunded actuarial accrued liability increased by \$5.6 billion from September 30, 2009 to September 30, 2010. At September 30, 2010 the funded ratio of actuarial accrued liability was 71.1%; covered payroll totaled \$8.8 billion, and unfunded actuarial accrued liability was 199.4% of covered payroll.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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 8.5% of covered payroll. At September 30, 2010, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole was \$28.6 billion. The MPSERS net assets available for these benefits were \$1 billion leaving an unfunded actuarial accrued liability of \$27.6 billion. At September 30, 2010, the funded ratio of actuarial liability was 3.5%; covered payroll totaled \$8.8 billion, and unfunded actuarial liability was 312.4% 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, 2011 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 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 \$45,285 in premiums to the Trust for the year ended June 30, 2012.

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, 2012, there were no material pending claims against the District. The District paid \$66,991 in premiums to the Fund for the year ended June 30, 2012.

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 I – Stewardship, Compliance and Accountability**

The following District fund had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2012, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Current:			
Instruction:			
Pupil transportation	\$ 563,208	\$ 563,907	\$ 699
Debt service:			
Principal repayment	—	6,600	6,600

## **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, 2012 and 2011**

	2012	2011
<b>Assets</b>		
Cash	\$ 350	\$ 350
Cash equivalents, deposits and investments	1,387,114	1,846,988
Receivables:		
Taxes	276	443
Accounts	43,879	8,308
Due from other funds	1,500	-
Due from other governmental units	2,819,350	2,933,227
Accrued interest receivable	-	418
Prepaid expenditures	38,354	39,397
	<b>\$ 4,290,823</b>	<b>\$ 4,829,131</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 27,132	\$ 27,111
Due to other funds	-	5,537
Due to other governmental units	492,145	510,000
Salaries payable	782,091	1,204,369
Deferred revenue	118,888	443
	<b>1,420,256</b>	<b>1,747,460</b>
<b>Fund Balances</b>		
Nonspendable	38,354	39,397
Unassigned	2,832,213	3,042,274
	<b>2,870,567</b>	<b>3,081,671</b>
	<b>\$ 4,290,823</b>	<b>\$ 4,829,131</b>

**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Local sources:		
Property taxes:		
Current property taxes	\$ 883,844	\$ 918,673
Delinquent property taxes	230	621
Other property taxes	16,750	47,606
Interest on delinquent taxes	8,449	6,798
	<u>909,273</u>	<u>973,698</u>
Interest earnings:		
Interest on deposits and investments	3,315	8,169
Revenue from student activities:		
Athletic events	11,078	14,308
Other local revenue:		
Tuition	1,100	722
Universal service credit	43,879	39,152
Rental of school facilities	3,100	-
Donations	543	1,803
Sale of assets	53	2,118
Reimbursements	2,980	18,171
Refunds of expenditures	25,557	16,630
Miscellaneous	30,290	57,211
	<u>107,502</u>	<u>135,807</u>
Total local sources	1,031,168	1,131,982
State sources:		
State aid	12,731,380	13,075,506
Special education - itinerants	15,205	60,753
Special education - transportation	144,946	231,959
CTE transportation reimbursement	-	3,393
SPLASH	7,132	3,210
Great Start readiness preschool	380,800	-
	<u>13,279,463</u>	<u>13,374,821</u>
Total state sources	13,279,463	13,374,821
Federal sources:		
Stabilization - ARRA	-	194,099
Education jobs program	27,572	364,992
School improvement grant - ARRA	772,213	884,685
Title I	626,444	414,197
Title I - ARRA	-	129,247
Title IIA	49,185	69,373
Title IID	-	2,597
Title III	152,498	102,430
Adult basic education	-	22,500
I.D.E.A. program	350,519	304,971
I.D.E.A. program - ARRA	-	164,033
Drug free schools	5,995	11,283
Medicaid - school based	890	5,039
Team 21 grant	52,988	62,726

(Continued)

**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Federal sources: (Continued)		
Safe and supportive schools	\$ 98,661	\$ -
TANF grant	15,812	-
Learn and serve grant	8,701	5,119
McKinney Vento homeless grant	651	-
Total federal sources	<u>2,162,129</u>	<u>2,737,291</u>
Interdistrict sources:		
Special education - tuition	-	37
Special education - county	1,025,736	1,056,759
Vocational education	3,444	6,505
Medicaid fee for service	181,222	102,782
Total interdistrict sources	<u>1,210,402</u>	<u>1,166,083</u>
<b>Total Revenues</b>	<u><u>\$ 17,683,162</u></u>	<u><u>\$ 18,410,177</u></u>



**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 2,404,508	\$ 2,519,906
Employee benefits	1,383,612	1,327,914
Purchased services	74,580	132,048
Supplies	38,615	48,744
Capital outlay	-	7,245
Miscellaneous	250	388
	<u>3,901,565</u>	<u>4,036,245</u>
Middle school:		
Salaries	881,458	998,798
Employee benefits	526,287	506,716
Purchased services	25,655	14,871
Supplies	14,833	19,575
Capital outlay	-	4,015
Miscellaneous	240	-
	<u>1,448,473</u>	<u>1,543,975</u>
High school:		
Salaries	1,437,250	1,558,809
Employee benefits	806,751	809,360
Purchased services	71,565	74,178
Supplies	42,656	60,775
Capital outlay	7,530	8,687
Miscellaneous	419	772
	<u>2,366,171</u>	<u>2,512,581</u>
Preschool:		
Salaries	220,172	224,606
Employee benefits	109,668	105,572
Purchased services	17,265	10,635
Supplies	1,285	1,967
Miscellaneous	145	631
	<u>348,535</u>	<u>343,411</u>
Summer school:		
Salaries	9,493	4,344
Employee benefits	2,738	1,241
Supplies	427	-
	<u>12,658</u>	<u>5,585</u>
Total basic programs	<u>8,077,402</u>	<u>8,441,797</u>
Added needs:		
Special education:		
Salaries	673,442	811,883
Employee benefits	431,065	452,088
Purchased services	23,482	32,848
Supplies	1,969	3,427
Capital outlay	-	7,475
Payments to other districts	526,087	361,720
	<u>1,656,045</u>	<u>1,669,441</u>

(Continued)

**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Compensatory education:		
Salaries	\$ 675,770	\$ 754,967
Employee benefits	337,786	333,435
Purchased services	271,166	221,152
Supplies	76,735	84,765
Capital outlay	28,893	29,911
	<u>1,390,350</u>	<u>1,424,230</u>
Career and technology education:		
Salaries	600	500
Employee benefits	196	143
Supplies	8,744	5,928
	<u>9,540</u>	<u>6,571</u>
Total added needs	3,055,935	3,100,242
Adult education services:		
Basic:		
Salaries	76,592	58,818
Employee benefits	40,731	31,690
Purchased services	620	158
Supplies	363	1,248
Miscellaneous	330	665
Total adult education services	<u>118,636</u>	<u>92,579</u>
Total instruction	11,251,973	11,634,618
Supporting services:		
Pupil services:		
Attendance services:		
Salaries	75,660	75,660
Employee benefits	43,041	41,268
	<u>118,701</u>	<u>116,928</u>
Guidance services:		
Salaries	225,550	180,410
Employee benefits	94,279	62,229
Purchased services	-	88
Supplies	2,673	700
	<u>322,502</u>	<u>243,427</u>
Health services:		
Salaries	14,153	8,213
Employee benefits	5,581	2,312
Purchased services	42,632	41,456
Supplies	120	61
Payments to other districts	28,279	27,275
	<u>90,765</u>	<u>79,317</u>
Psychological services:		
Purchased services	-	62
Supplies	576	494
Payments to other districts	61,284	41,500
	<u>61,860</u>	<u>42,056</u>

(Continued)

**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Speech pathology services:		
Purchased services	\$ 1,090	\$ 21
Supplies	640	800
Payments to other districts	274,754	259,477
	<u>276,484</u>	<u>260,298</u>
Social worker services:		
Purchased services	-	20
Supplies	80	100
Payments to other districts	108,313	112,483
	<u>108,393</u>	<u>112,603</u>
Teacher consultant services:		
Salaries	46,213	-
Employee benefits	20,575	-
Purchased services	-	14
Supplies	25	40
Payments to other districts	-	25,857
	<u>66,813</u>	<u>25,911</u>
Other pupil services:		
Salaries	148,809	135,142
Employee benefits	56,224	43,089
Purchased services	13,498	12,418
	<u>218,531</u>	<u>190,649</u>
Total pupil services	1,264,049	1,071,189
Instructional staff services:		
Improvement of instruction:		
Salaries	150,598	158,236
Employee benefits	53,391	51,114
Purchased services	370,123	405,375
Supplies	72	11,484
	<u>574,184</u>	<u>626,209</u>
Educational media services:		
Salaries	71,715	80,020
Employee benefits	43,667	42,162
Supplies	3,570	4,174
Miscellaneous	79	267
	<u>119,031</u>	<u>126,623</u>
Educational television:		
Supplies	-	1,338
Miscellaneous	2,100	2,027
	<u>2,100</u>	<u>3,365</u>
Instruction related technology:		
Salaries	23,951	24,381
Employee benefits	7,920	11,804
Purchased services	10,200	11,700
Supplies	646	-
Capital outlay	44,312	35,893
	<u>87,029</u>	<u>83,778</u>

(Continued)

**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Supervision and direction of instruction:		
Salaries	\$ 140,478	\$ 230,129
Employee benefits	82,840	111,126
Purchased services	2,756	2,711
Supplies	1,590	3,332
Miscellaneous	260	260
	<u>227,924</u>	<u>347,558</u>
Academic student assessment:		
Salaries	-	11,520
Employee benefits	-	8,620
	<u>-</u>	<u>20,140</u>
Shared time services:		
Salaries	-	9,924
Employee benefits	7,495	1,798
	<u>7,495</u>	<u>11,722</u>
Total instructional staff services	1,017,763	1,219,395
General administrative services:		
Board of education:		
Salaries	3,690	4,710
Employee benefits	444	280
Purchased services	45,361	53,326
Miscellaneous	15,704	12,789
	<u>65,199</u>	<u>71,105</u>
Executive administration:		
Salaries	170,739	157,610
Employee benefits	83,744	65,637
Purchased services	25,551	23,096
Supplies	888	1,099
Miscellaneous	1,786	2,519
	<u>282,708</u>	<u>249,961</u>
Total general administrative services	347,907	321,066
School administrative services:		
Office of the principal:		
Salaries	539,571	568,077
Employee benefits	367,315	325,850
Purchased services	11,335	13,104
Supplies	2,904	3,958
Miscellaneous	1,465	420
	<u>922,590</u>	<u>911,409</u>
Total school administrative services	922,590	911,409
Business services:		
Fiscal services:		
Salaries	183,598	183,723
Employee benefits	81,174	71,956
Purchased services	15,225	12,742
Supplies	1,451	2,414
Miscellaneous	861	932
	<u>282,309</u>	<u>271,767</u>

(Continued)

**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Other business services:		
Employee benefits	\$ 104	\$ -
Purchased services	14,957	13,861
Miscellaneous	9,553	15,997
	<u>24,614</u>	<u>29,858</u>
Total business services	306,923	301,625
Operation and maintenance services:		
Operation and maintenance:		
Salaries	214,423	217,958
Employee benefits	163,792	144,676
Purchased services	453,239	438,887
Supplies	246,699	284,816
Capital outlay	299	8,426
Miscellaneous	715	1,663
	<u>1,079,167</u>	<u>1,096,426</u>
Security:		
Purchased services	66,728	61,302
	<u>1,145,895</u>	<u>1,157,728</u>
Pupil transportation services:		
Pupil transportation:		
Salaries	94,408	93,535
Employee benefits	64,206	54,920
Purchased services	48,661	28,897
Supplies	22,028	11,827
Miscellaneous	390	184
Payments to other districts	334,214	253,017
	<u>563,907</u>	<u>442,380</u>
Central services:		
Staff/personnel services:		
Purchased services	3,298	-
Technology services:		
Salaries	97,886	144,033
Employee benefits	59,335	95,332
Purchased services	103,983	119,543
Supplies	1,079	3,548
Capital outlay	202,076	226,397
Miscellaneous	135	-
	<u>464,494</u>	<u>588,853</u>
Pupil accounting:		
Salaries	39,215	45,181
Employee benefits	28,479	26,774
	<u>67,694</u>	<u>71,955</u>

(Continued)

**GODFREY-LEE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
Other central services:		
Employee benefits	\$ 25,000	\$ 25,000
Total central services	<u>560,486</u>	<u>685,808</u>
Other supporting services:		
Athletics:		
Salaries	122,691	95,067
Employee benefits	44,595	34,302
Purchased services	67,872	137,474
Supplies	281	62
Capital outlay	24,582	21,593
Miscellaneous	10,572	5,270
Total other supporting services	<u>270,593</u>	<u>293,768</u>
Total supporting services	<u>6,400,113</u>	<u>6,404,368</u>
Community services:		
Community activities:		
Salaries	20,890	9,599
Employee benefits	6,830	2,718
Purchased services	101,747	92,915
Supplies	21,130	8,533
Miscellaneous	299	143
	<u>150,896</u>	<u>113,908</u>
Welfare activities:		
Purchased services	651	5,268
Supplies	864	-
	<u>1,515</u>	<u>5,268</u>
Non-public school pupils:		
Salaries	7,566	-
Employee benefits	2,364	-
Purchased services	8,600	8,713
Supplies	5,608	2,890
	<u>24,138</u>	<u>11,603</u>
Bilingual interpreters:		
Salaries	49,473	31,230
Employee benefits	15,811	8,770
Supplies	2,511	7,612
	<u>67,795</u>	<u>47,612</u>
Total community services	<u>244,344</u>	<u>178,391</u>
Capital outlay:		
Facilities acquisition	3,250	3,250
Interdistrict:		
Sub-grantee payments	2,013	1,101
Debt service:		
Principal repayment	<u>6,600</u>	<u>-</u>
<b>Total Expenditures</b>	<u><u>\$ 17,908,293</u></u>	<u><u>\$ 18,221,728</u></u>

**NONMAJOR GOVERNMENTAL FUNDS**

**GODFREY-LEE PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2012**

	Special Revenue	Debt		
	Food Service	2003	2005-A	2005-B
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 394,758	\$ 7,598	\$ 33,222	\$ 5,874
Receivables:				
Taxes	-	719	2,878	547
Accounts	17,814	-	-	-
Due from other governmental units	54,764	-	-	-
Inventory	16,206	-	-	-
<b>Total Assets</b>	<b>\$ 483,542</b>	<b>\$ 8,317</b>	<b>\$ 36,100</b>	<b>\$ 6,421</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 55,800	\$ -	\$ -	\$ -
Due to other funds	1,500	-	-	-
Deferred revenue	-	719	2,878	547
<b>Total Liabilities</b>	<b>57,300</b>	<b>719</b>	<b>2,878</b>	<b>547</b>
<b>Fund Balances</b>				
Nonspendable	16,206	-	-	-
Restricted	410,036	7,598	33,222	5,874
<b>Total Fund Balances</b>	<b>426,242</b>	<b>7,598</b>	<b>33,222</b>	<b>5,874</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 483,542</b>	<b>\$ 8,317</b>	<b>\$ 36,100</b>	<b>\$ 6,421</b>



Service			Capital Projects		Total
2009	2010 Energy Conservation	Durant	Building and Site	2010 Energy Conservation	
\$ 1,867	\$ -	\$ -	\$ 41,188	\$ -	\$ 484,507
175	-	-	916	-	5,235
-	-	-	-	-	17,814
-	-	-	-	-	54,764
-	-	-	-	-	16,206
<u>\$ 2,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,104</u>	<u>\$ -</u>	<u>\$ 578,526</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,800
-	-	-	-	-	1,500
175	-	-	916	-	5,235
<u>175</u>	<u>-</u>	<u>-</u>	<u>916</u>	<u>-</u>	<u>62,535</u>
-	-	-	-	-	16,206
1,867	-	-	41,188	-	499,785
<u>1,867</u>	<u>-</u>	<u>-</u>	<u>41,188</u>	<u>-</u>	<u>515,991</u>
<u>\$ 2,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,104</u>	<u>\$ -</u>	<u>\$ 578,526</u>

**GODFREY-LEE PUBLIC SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2012**

	Special Revenue	Debt		
	Food Service	2003	2005-A	2005-B
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ 188,721	\$ 749,776	\$ 134,166
Interest earnings	648	418	761	110
Food sales	171,633	-	-	-
Other local revenue	-	-	-	-
Total local sources	172,281	189,139	750,537	134,276
State sources	38,619	-	-	-
Federal sources	1,156,650	-	-	-
<b>Total Revenues</b>	1,367,550	189,139	750,537	134,276
<b>Expenditures</b>				
Current:				
Food service	1,271,445	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	180,000	565,000	80,000
Interest and fiscal charges	-	17,251	432,104	123,801
<b>Total Expenditures</b>	1,271,445	197,251	997,104	203,801
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	96,105	(8,112)	(246,567)	(69,525)
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	-	-	228,390	65,325
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	228,390	65,325
<b>Net Change in Fund Balances</b>	96,105	(8,112)	(18,177)	(4,200)
<b>Fund Balances, Beginning of Year</b>	330,137	15,710	51,399	10,074
<b>Fund Balances, End of Year</b>	\$ 426,242	\$ 7,598	\$ 33,222	\$ 5,874

Service	Capital Projects				
	2009	2010 Energy Conservation	Durant	Building and Site	2010 Energy Construction
\$ 44,892	\$ -	\$ -	\$ 236,362	\$ -	\$ 1,353,917
39	-	-	50	121	2,147
-	-	-	-	-	171,633
-	-	-	-	120	120
44,931	-	-	236,412	241	1,527,817
-	-	21,953	-	-	60,572
-	-	-	-	-	1,156,650
44,931	-	21,953	236,412	241	2,745,039
-	-	-	-	-	1,271,445
-	-	-	6,714	248,573	255,287
30,000	195,000	20,003	-	-	1,070,003
38,170	73,870	1,950	-	-	687,146
68,170	268,870	21,953	6,714	248,573	3,283,881
(23,239)	(268,870)	-	229,698	(248,332)	(538,842)
21,985	-	-	-	-	315,700
-	268,870	-	70,084	-	338,954
-	-	-	(268,870)	(70,084)	(338,954)
21,985	268,870	-	(198,786)	(70,084)	315,700
(1,254)	-	-	30,912	(318,416)	(223,142)
3,121	-	-	10,276	318,416	739,133
\$ 1,867	\$ -	\$ -	\$ 41,188	\$ -	\$ 515,991

**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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 174,750	\$ 172,281	\$ (2,469)
State sources	38,618	38,619	1
Federal sources	1,089,595	1,156,650	67,055
<b>Total Revenues</b>	<u>1,302,963</u>	<u>1,367,550</u>	<u>64,587</u>
<b>Expenditures</b>			
Current:			
Food service	<u>1,286,845</u>	<u>1,271,445</u>	<u>15,400</u>
<b>Net Change in Fund Balances</b>	16,118	96,105	79,987
<b>Fund Balances, Beginning of Year</b>	<u>330,137</u>	<u>330,137</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 346,255</u></u>	<u><u>\$ 426,242</u></u>	<u><u>\$ 79,987</u></u>

## **SPECIAL REVENUE FUND**

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

**GODFREY-LEE PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2012 and 2011**

	2012	2011
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 394,758	\$ 302,192
Accounts receivable	17,814	11,137
Due from other funds	-	5,537
Due from other governmental units	54,764	40,437
Inventory	16,206	9,777
<b>Total Assets</b>	<b>\$ 483,542</b>	<b>\$ 369,080</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 55,800	\$ 38,943
Due to other funds	1,500	-
<b>Total Liabilities</b>	<b>57,300</b>	<b>38,943</b>
<b>Fund Balances</b>		
Nonspendable	16,206	9,777
Restricted	410,036	320,360
<b>Total Fund Balances</b>	<b>426,242</b>	<b>330,137</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 483,542</b>	<b>\$ 369,080</b>

**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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 648	\$ 901
Food sales:		
Children's lunches	2,173	26,988
Adult lunches	4,272	3,525
Ala carte	15,285	18,891
Banquets	87,126	86,681
Other	62,777	60,678
	<u>171,633</u>	<u>196,763</u>
Total local sources	172,281	197,664
State sources	38,619	36,932
Federal sources	1,156,650	843,958
	<u>1,367,550</u>	<u>1,078,554</u>
<b>Total Revenues</b>		
<b>Expenditures</b>		
Current:		
Food service:		
Purchased services	501,858	415,958
Supplies	681,373	479,734
Capital outlay	46,409	43,168
Miscellaneous	41,805	39,357
	<u>1,271,445</u>	<u>978,217</u>
<b>Total Expenditures</b>		
	1,271,445	978,217
<b>Net Change in Fund Balances</b>	96,105	100,337
<b>Fund Balances, Beginning of Year</b>	<u>330,137</u>	<u>229,800</u>
<b>Fund Balances, End of Year</b>	<u>\$ 426,242</u>	<u>\$ 330,137</u>

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## **DEBT SERVICE FUNDS**

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

**GODFREY-LEE PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2012**

	2003	2005-A	2005-B
<b>Assets</b>			
Cash equivalents, deposits and investments	\$ 7,598	\$ 33,222	\$ 5,874
Taxes receivables	719	2,878	547
<b>Total Assets</b>	<b>\$ 8,317</b>	<b>\$ 36,100</b>	<b>\$ 6,421</b>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Deferred revenue	\$ 719	\$ 2,878	\$ 547
<b>Fund Balances</b>			
Restricted	7,598	33,222	5,874
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,317</b>	<b>\$ 36,100</b>	<b>\$ 6,421</b>

2009	2010 Energy Conservation	Durant	Totals	
			2012	2011
\$ 1,867	\$ -	\$ -	\$ 48,561	\$ 80,304
175	-	-	4,319	3,571
<u>\$ 2,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,880</u>	<u>\$ 83,875</u>
\$ 175	\$ -	\$ -	\$ 4,319	\$ 3,571
1,867	-	-	48,561	80,304
<u>\$ 2,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,880</u>	<u>\$ 83,875</u>

**GODFREY-LEE PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2012**

	<u>2003</u>	<u>2005-A</u>	<u>2005-B</u>
<b>Revenues</b>			
Local sources:			
Property taxes:			
Current property taxes	\$ 185,383	\$ 736,530	\$ 131,765
Industrial facilities taxes	1,886	7,472	1,354
Delinquent property taxes	121	488	97
Other taxes	-	-	-
Interest on delinquent taxes	1,331	5,286	950
	<u>188,721</u>	<u>749,776</u>	<u>134,166</u>
Interest earnings:			
Interest on deposits and investments	418	761	110
Total local sources	<u>189,139</u>	<u>750,537</u>	<u>134,276</u>
State sources:			
State aid	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>189,139</u>	<u>750,537</u>	<u>134,276</u>
<b>Expenditures</b>			
Debt service:			
Principal repayment	180,000	565,000	80,000
Interest and fiscal charges:			
Interest expense	11,712	410,786	119,612
Paying agent fees	250	241	225
Tax refunds	5,289	21,077	3,964
	<u>197,251</u>	<u>997,104</u>	<u>203,801</u>
<b>Total Expenditures</b>	<u>197,251</u>	<u>997,104</u>	<u>203,801</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(8,112)</u>	<u>(246,567)</u>	<u>(69,525)</u>
<b>Other Financing Sources</b>			
Loan proceeds	-	228,390	65,325
Transfers in	-	-	-
	<u>-</u>	<u>228,390</u>	<u>65,325</u>
<b>Total Other Financing Sources</b>	<u>-</u>	<u>228,390</u>	<u>65,325</u>
<b>Net Change in Fund Balances</b>	<u>(8,112)</u>	<u>(18,177)</u>	<u>(4,200)</u>
<b>Fund Balances, Beginning of Year</b>	<u>15,710</u>	<u>51,399</u>	<u>10,074</u>
<b>Fund Balances, End of Year</b>	<u>\$ 7,598</u>	<u>\$ 33,222</u>	<u>\$ 5,874</u>

2009	2010 Energy Conservation	Durant	Totals	
			2012	2011
\$ 44,092	\$ -	\$ -	\$ 1,097,770	\$ 1,176,462
453	-	-	11,165	11,523
29	-	-	735	1,102
-	-	-	-	7,429
318	-	-	7,885	7,992
<u>44,892</u>	<u>-</u>	<u>-</u>	<u>1,117,555</u>	<u>1,204,508</u>
39	-	-	1,328	2,996
<u>44,931</u>	<u>-</u>	<u>-</u>	<u>1,118,883</u>	<u>1,207,504</u>
-	-	21,953	21,953	21,955
<u>44,931</u>	<u>-</u>	<u>21,953</u>	<u>1,140,836</u>	<u>1,229,459</u>
30,000	195,000	20,003	1,070,003	1,034,095
36,728	73,870	1,950	654,658	690,228
100	-	-	816	816
1,342	-	-	31,672	9,409
<u>68,170</u>	<u>268,870</u>	<u>21,953</u>	<u>1,757,149</u>	<u>1,734,548</u>
<u>(23,239)</u>	<u>(268,870)</u>	<u>-</u>	<u>(616,313)</u>	<u>(505,089)</u>
21,985	-	-	315,700	239,720
-	268,870	-	268,870	258,589
<u>21,985</u>	<u>268,870</u>	<u>-</u>	<u>584,570</u>	<u>498,309</u>
(1,254)	-	-	(31,743)	(6,780)
3,121	-	-	80,304	87,084
<u>\$ 1,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,561</u>	<u>\$ 80,304</u>

## **CAPITAL PROJECTS FUNDS**

*Building and Site*—to account for property tax revenues and interest earnings used to finance building improvements 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, 2012 and 2011**

	2012	2011
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 41,188	\$ 10,276
Taxes receivable	916	755
<b>Total Assets</b>	<b>\$ 42,104</b>	<b>\$ 11,031</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Deferred revenue	\$ 916	\$ 755
<b>Fund Balances</b>		
Restricted	41,188	10,276
<b>Total Liabilities and Fund Balances</b>	<b>\$ 42,104</b>	<b>\$ 11,031</b>

**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, 2012 and 2011**

	2012	2011
<b>Revenues</b>		
Local sources:		
Property taxes:		
Current property taxes	\$ 232,177	\$ 250,006
Industrial facilities taxes	2,361	2,449
Delinquent property taxes	156	234
Other property taxes	-	1,578
Interest on delinquent taxes	1,668	1,698
Total property taxes	<u>236,362</u>	<u>255,965</u>
Interest earnings:		
Interest on deposits and investments	50	623
<b>Total Revenues</b>	<u>236,412</u>	<u>256,588</u>
<b>Expenditures</b>		
Capital outlay:		
Facilities acquisition:		
Building improvements	6,714	1,969
<b>Excess of Revenues Over Expenditures</b>	<u>229,698</u>	<u>254,619</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	70,084	-
Transfers out	(268,870)	(258,589)
<b>Total Other Financing Sources (Uses)</b>	<u>(198,786)</u>	<u>(258,589)</u>
<b>Net Change in Fund Balances</b>	30,912	(3,970)
<b>Fund Balances, Beginning of Year</b>	<u>10,276</u>	<u>14,246</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 41,188</u></u>	<u><u>\$ 10,276</u></u>



**GODFREY-LEE PUBLIC SCHOOLS**  
**2010 Energy Conservation Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2012 and 2011**

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<b>Assets</b>	<u>2012</u>	<u>2011</u>
Cash equivalents, deposits and investments	<u>\$ -</u>	<u>\$ 334,416</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 16,000</u>
<b>Fund Balances</b>		
Restricted	<u>-</u>	<u>318,416</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ -</u></u>	<u><u>\$ 334,416</u></u>

**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, 2012 and 2011**

	2012	2011
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 121	\$ 1,058
Other local revenue:		
Miscellaneous	120	-
<b>Total Revenues</b>	241	1,058
<b>Expenditures</b>		
Capital outlay:		
Architect and engineering	5,580	14,508
Buildings and improvements	242,993	1,072,798
<b>Total Expenditures</b>	248,573	1,087,306
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(248,332)	(1,086,248)
<b>Other Financing Sources (Uses)</b>		
Transfers out	(70,084)	-
<b>Net Change in Fund Balances</b>	(318,416)	(1,086,248)
<b>Fund Balances, Beginning of Year</b>	318,416	1,404,664
<b>Fund Balances, End of Year</b>	\$ -	\$ 318,416

## **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, 2012**

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	<u>Balances</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2012</u>
<b>Assets</b>				
Cash equivalents, deposits and investments	<u>\$ 56,924</u>	<u>\$ 165,252</u>	<u>\$ 156,998</u>	<u>\$ 65,178</u>
<b>Liabilities</b>				
Due to student groups	<u>\$ 56,924</u>	<u>\$ 165,252</u>	<u>\$ 156,998</u>	<u>\$ 65,178</u>

## **OTHER INFORMATION**

**GODFREY-LEE PUBLIC SCHOOLS**  
**Summary of 2011 Taxes Levied and Collected**  
**For the year ended June 30, 2012**

	City of Wyoming
<b>Taxable Valuations</b>	
Operating	\$ 51,062,599
Debt Service/Building and Site	116,570,132
<b>Rates (Mills)</b>	
General Fund	18.0000
2003 Debt Service Fund	1.5950
2005-A Debt Service Fund	6.3200
2005-B Debt Service Fund	1.1500
2009 Debt Service Fund	0.3800
Building and Site Fund	1.9976
	29.4426
<b>Taxes Levied 2011 Rolls</b>	
General Fund	\$ 886,658
2003 Debt Service Fund	185,979
2005-A Debt Service Fund	736,818
2005-B Debt Service Fund	133,519
2009 Debt Service Fund	44,670
Building and Site Fund	232,857
	2,220,501
<b>Taxes Uncollected 2011 Rolls</b>	
General Fund	109
2003 Debt Service Fund	303
2005-A Debt Service Fund	1,201
2005-B Debt Service Fund	219
2009 Debt Service Fund	74
Building and Site Fund	380
	2,286
<b>Taxes Collected 2011 Rolls</b>	
General Fund	886,549
2003 Debt Service Fund	185,676
2005-A Debt Service Fund	735,617
2005-B Debt Service Fund	133,300
2009 Debt Service Fund	44,596
Building and Site Fund	232,477
	2,218,215
<b>Delinquent Taxes Collected</b>	
General Fund	230
2003 Debt Service Fund	121
2005-A Debt Service Fund	488
2005-B Debt Service Fund	96
2009 Debt Service Fund	30
Building and Site Fund	156
	1,121

(Continued)

**GODFREY-LEE PUBLIC SCHOOLS**  
**Summary of 2011 Taxes Levied and Collected**  
**For the year ended June 30, 2012**

	City of Wyoming
<b>Total Taxes Collected</b>	
General Fund	\$ 886,779
2003 Debt Service Fund	185,797
2005-A Debt Service Fund	736,105
2005-B Debt Service Fund	133,396
2009 Debt Service Fund	44,626
Building and Site Fund	232,633
	\$ 2,219,336
 <b>Taxes Uncollected – June 30, 2012</b>	
General Fund:	
2011	\$ 109
2010	124
2009	43
	276
2003 Debt Service Fund:	
2011	303
2010	389
2009	27
	719
2005-A Debt Service Fund:	
2011	1,201
2010	1,568
2009	109
	2,878
2005-B Debt Service Fund:	
2011	219
2010	307
2009	21
	547
2009 Debt Service Fund:	
2011	74
2010	94
2009	7
	175
Building and Site Fund:	
2011	380
2010	501
2009	35
	916
 <b>Total Taxes Uncollected</b>	 \$ 5,511