

**Vestaburg Community Schools**

**Vestaburg, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**June 30, 2011**

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**Vestaburg Community Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2011**

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Members of the Board of Education

Lynn VanSickler – President

Ivan Palmer – Vice President

David Freeman – Treasurer – part year

Robert Peglow – Treasurer – resigned June 2011

Bruce Keyes - Secretary

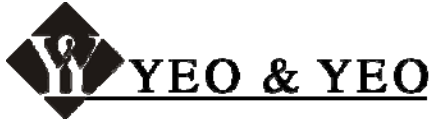
Thomas McNerney

Dan Ryckman

Administration

Jeff Beal – Interim Superintendent

Bonnie Walker – Business Office Specialist



7810 N. Alger Road  
Alma, MI 48801  
(989) 463-6108 / (800) 466-6168  
Fax (989) 463-8560

## Independent Auditors' Report

To the Board of Education  
Vestaburg Community Schools  
Vestaburg, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Vestaburg Community Schools as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Vestaburg Community Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vestaburg Community Schools as of June 30, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Entity adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2011, on our consideration of Vestaburg Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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 *Governmental 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 and budgetary comparison information identified in the table of contents 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 Vestaburg Community Schools' financial statements as a whole. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, other than the prior year information, was derived from and relates 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.

Rehmann Robson previously audited, in accordance with auditing standards generally accepted in the United States, Vestaburg Community Schools' financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In their report dated October 6, 2010, they expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vestaburg Community Schools' financial statements as a whole. The 2010 information in the comparative statements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2010 information in the comparative statements is fairly stated in all material respects in relation to the financial statements from which they have been derived.

*Yeo & Yeo, P.C.*

Alma, Michigan  
October 28, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# Vestaburg Community Schools Management's Discussion and Analysis June 30, 2011

This section of the annual financial report presents management's discussion and analysis of Vestaburg Community School District's (hereon referred to as "the District") performance during the fiscal year ending June 30, 2011. Please read this along with the financial statements of the District.

## **Financial Highlights**

- The liabilities of the District exceeded its assets at the close of the June 30, 2011, fiscal year by \$4,158,371 (net assets). Of this amount, \$621,494 (unrestricted net assets) may be used to meet the government's ongoing obligations for District programs.
- The General Fund received \$5,796,893 in revenues and had \$5,943,913 in expenditures. The General Fund's restated fund balance decreased to \$742,650. Fund balance was restated for a prior period adjustment and for changes related to GASB 54.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$734,181 or 12.4% of total General Fund expenditures.
- The District's total debt decreased by \$125,020 during the current year due to principal payments made on bonds, and payments of retirement incentives.

## **Annual Report**

The annual report consists of our Management's Discussion and Analysis, a series of financial statements, notes to those statements, and supplemental information. The financial statements (government-wide financial statements) provide information about the activities of the District as a whole. There are two District-wide statements: The Statement of Net Assets and the Statement of Activities. They present a year-end cumulative view and a longer-term view of the District's finances. All funds and capital assets are combined. The Fund Financial Statements (governmental fund statements) provide more detail showing the year's activity by fund. They also show the amount available to finance future programs.

## **Government-wide Financial Statements**

The Government-wide Financial Statements appear first in the financial statements. They present information on the District as a whole. They show net assets and a statement of activities for the year. These statements include all assets and liabilities using the

Vestaburg Community Schools  
Management's Discussion and Analysis  
June 30, 2011

full accrual basis of accounting, similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account.

Net assets, the difference between assets and liabilities, are one way of measuring the financial health of the District. In the statement of activities, the revenues less the expenses result in an increase or decrease in the net assets. Increases or decreases in net assets, over time, affect the financial health of the District. When analyzed together, the two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities. However, the goal of the District is to provide quality education and a safe environment, not to make a profit.

The statement of activities covers all of the District's services, including instruction, supporting services, food service, athletics, and community services. Property taxes, unrestricted State Aid, and State and Federal grants finance most of these activities. The government-wide financial statements can be found on pages 4-1 to 4-3 of this report.

**Fund Financial Statements**

The Fund Financial Statements focus on individual parts of the District, by reporting the District's operation in more detail than the district-wide statements provide. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives (i.e., Food Service). Many of the other funds are created to help control and manage money for a particular purpose, or to meet legal responsibilities for certain taxes, grants, and other money. The governmental funds of the District focus on showing how money flows into and out of funds, and the balances left at year-end. They provide a detailed, short-term view of the operations and services of the District. An accounting method called "modified accrual accounting" is used in fund accounting. This method measures cash and all other financial assets that can readily be converted to cash.

The fund statements are formatted to comply with the legal requirement of the Michigan Department of Education's Public School Accounting Manual. In the State of Michigan, the District's major instructional and instructional support activities are reported in their relevant funds. The funds used by the District include General Fund, Special Revenue Funds for food service, Debt Service Funds for bonded debt, and Capital Projects. The governmental fund financial statements can be found on pages 4-4 and 4-8 of this report.

**Agency and Trust Accounts**

Vestaburg Community School District is the trustee, or fiduciary, for its student activity and scholarship funds established for the benefit of our students. These fiduciary activities are reported in a separate statement of assets and liabilities. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible

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for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary fund financial statement can be found on page 4-10 of this report.

**Notes to the financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 4-11 to 4-22 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 6-1 and 6-2 of this report.

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 Management's Discussion and Analysis  
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**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$4,158,371 at the end of the June 30, 2011 fiscal year.

**Summary of Net Assets**

	<u>2010-2011</u>	<u>2009-2010</u>
<b>Assets</b>		
Current assets	\$ 1,994,854	\$ 7,950,012
Capital assets, net	<u>8,763,481</u>	<u>6,289,588</u>
Total assets	<u>\$10,758,335</u>	<u>\$14,239,600</u>
<b>Liabilities</b>		
Current liabilities	\$ 1,172,254	\$ 3,437,255
Long-term liabilities	<u>13,744,452</u>	<u>13,871,894</u>
Total liabilities	<u>\$14,916,706</u>	<u>\$17,309,149</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$(4,932,626)	\$(7,568,631)
Restricted for debt service	74,951	71,393
Restricted for food service	77,803	
Restricted for capital projects	7	3,441,100
Unrestricted	<u>621,494</u>	<u>986,589</u>
Total net assets	<u>\$ (4,158,371)</u>	<u>\$ (3,069,549)</u>

A substantial portion of the District's assets (81.5%) reflects its investment in capital assets (i.e., land, buildings, vehicles, and equipment), less accumulated depreciation. The District uses these capital assets to provide services to the students; consequently, these assets are not available for future spending. Of the District's assets, 9.0% are held in cash and investments. The largest portion is in the general fund, to fund the yearly operations of the district. The District's investment in its capital assets is reported net of related debt; it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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Long-term liabilities include general obligation bonds used to finance acquisition of capital assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported to show legal constraints, which limit use of some of the assets. Debt covenants and legislation limit the District's ability to use those net assets for day-to-day operations.

The net assets represent the accumulated results of all past years' activities. This amount will be affected by the year-to-year combined operations. The summary of this year's activity for the District as a whole is reported below. The District's net assets decreased by \$917,164 during the current fiscal year. This decrease largely reflects the degree to which ongoing expenses exceeded ongoing revenues.

<b>Statement of Net Assets from Operating Results</b>	<u><b>2010-2011</b></u>	<u><b>2009-2010</b></u>
<b>Revenue</b>		
Program revenue		
Charges for services	\$ 122,676	\$ 153,500
Grants and categoricals	1,308,618	895,147
General revenue		
Property taxes	970,966	978,202
State foundation allowance	4,464,438	4,803,037
Other	<u>35,083</u>	<u>199,809</u>
 Total revenue	 <u><b>\$ 6,901,781</b></u>	 <u><b>\$ 7,029,695</b></u>
<b>Function/Program expenses</b>		
Instruction	\$ 4,093,306	\$ 4,167,658
Supporting services	2,722,767	2,196,216
Food service	249,748	271,256
Community Services	3,332	
Interest on long-term debt	749,792	825,552
Capital outlay		39,628
Unallocated depreciation	<u>                    </u>	<u>88,701</u>
 Total Expenses	 <u><b>\$ 7,818,945</b></u>	 <u><b>\$ 7,589,008</b></u>
 Decrease in net assets	 <u><b>\$ (917,164)</b></u>	 <u><b>\$ (559,313)</b></u>

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Management's Discussion and Analysis  
June 30, 2011

The change in net assets differs from the change in fund balance because of different accounting requirements. A reconciliation appears later on page 4-9.

**Summary of Fund Financial Statements**

As noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide to it, and may provide more insight into the District's overall financial health.

The combined Governmental fund balance of \$895,411 decreased by \$3,546,179 from last year. The General Fund, which is the primary operating fund, decreased by \$147,020. General Fund fund balance was restated by \$171,658 for a prior period adjustment and by \$123 for the change related to GASB 54. More information on the prior period adjustment can be found on page 4-22 and information on GASB 54 can be found on page 4-14.

The District adopts an annual appropriated budget for its General and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with that budget.

The Special Revenue fund balance, which includes Food Service, had relatively no changes. The fund balance in Food Service at June 30, 2011, was \$77,803.

The Debt Service Funds show a fund balance of \$74,951.

The Capital Projects Fund shows a fund balance of \$7.

**General Fund Budget**

By law, the District must establish an original budget in June, with a beginning fiscal date of July 1, for the General Fund and Special Revenue Funds. Budgets are revised twice a year. Approximately 70.3% of the District's revenue comes from the State through a Foundation Allowance and Categoricals (specific program grants). The State Foundation Allowance is based on student enrollment and an amount per pupil designated by the State. Therefore, the budget is primarily based on an estimate of the student population including the following September count, the per-pupil amount set by the State, and an estimate of the categoricalals that will be approved by the State.

Vestaburg Community Schools  
 Management's Discussion and Analysis  
 June 30, 2011

State law requires that budgets be amended to ensure that expenditures do not exceed appropriations. Original and final budgets, as well as actual amounts paid and received, are included in the basic financial statements.

- The General Fund received \$5,796,893 in revenues and had \$5,943,913 in expenditures. The General Fund's restated fund balance decreased to \$742,650.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$734,181 or 12.4% of total General Fund expenditures

The actual General Fund expenditures were within 1.0% of the final budget amounts. The decrease in the actual General Fund revenues from the final budgeted amounts is mainly due to actual amounts received from State and Federal sources.

**Capital Assets**

As of June 30, 2011, the District had \$8,763,481 in capital assets including land, buildings, buses, vehicles, musical instruments, property and technology.

	<b><u>2010-2011</u></b>	<b><u>2009-2010</u></b>
<b>Capital Assets (Net of depreciation)</b>		
Construction in progress	\$	\$ 5,619,768
Land	75,000	75,000
Buildings	9,209,452	2,452,929
Vehicles	634,250	634,250
Site Improvements	921,455	
Equipment – Other	<u>3,048,472</u>	<u>2,259,009</u>
Subtotal	13,888,629	11,040,956
Less accumulated dep	<u>(5,125,148)</u>	<u>(4,751,368)</u>
Net Capital Assets	<b><u>\$ 8,763,481</u></b>	<b><u>\$ 6,289,588</u></b>

Vestaburg Community Schools  
Management's Discussion and Analysis  
June 30, 2011

The change in capital assets reflects the additional construction project of buildings and site improvements of \$7,677,978 and equipment for a total of \$789,463.

Additional information of the District's capital assets can be found in 4-17 in the notes to the financial statements.

**Long-term Debt**

The long-term obligations for the District decreased from \$13,801,658 at the end of 2009-2010 to \$13,676,638 at the end of 2010-2011. The total decrease includes the payment of debt service requirements for the government obligation bonds, other bond, and retirement incentives.

Additional information on the District's long-term debt can be found in note 4-18 in the notes to financial statements.

**Economic Factors and Next Year's Budget and Rates**

Since most of the District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the blended count is one of the key factors in forecasting revenue. Once the final student count is known in late October, State law requires the District to amend the budget if actual revenues will vary significantly from those originally appropriated. Under State law, the District cannot assess additional property tax revenue for general operations.

The State periodically holds a revenue-estimating conference. Based on the results of the most recent conference, the State estimates funds sufficient to maintain the per pupil foundation this year will bring the per pupil amount to \$6,846 for the 2011-12 school year.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Bonnie Walker, Vestaburg Community School District, 7188 Avenue B, Vestaburg, MI 48891.

## BASIC FINANCIAL STATEMENTS

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**Vestaburg Community Schools**  
**Statement of Net Assets**  
**June 30, 2011**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 973,278
Accounts receivable	3,096
Due from other governmental units	938,079
Inventory	12,587
Other assets	67,814
Capital assets not being depreciated	75,000
Capital assets - net of accumulated depreciation	<u>8,688,481</u>
 Total assets	 <u>10,758,335</u>

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Statement of Net Assets**  
**June 30, 2011**

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	<u>Governmental Activities</u>
<b>Liabilities</b>	
Accounts payable	\$ 40,497
State aid anticipation note payable	281,426
Payroll deductions and withholdings	111,005
Accrued expenditures	295,420
Accrued salaries payable	395,470
Unearned revenue	48,436
Noncurrent liabilities	
Due within one year	685,424
Due in more than one year	<u>13,059,028</u>
Total liabilities	<u>14,916,706</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt (deficit)	(4,932,626)
Restricted for:	
Food service	77,803
Debt service	74,951
Capital projects	7
Unrestricted	<u>621,494</u>
Total net assets (deficit)	<u>\$ (4,158,371)</u>

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 4,093,306	\$ -	\$ 913,505	\$ -	\$ (3,179,801)
Supporting services	2,722,767	33,348	-	209,417	(2,480,002)
Food services	249,748	89,328	185,696	-	25,276
Community services	3,332	-	-	-	(3,332)
Interest on long-term debt	749,792	-	-	-	(749,792)
Total governmental activities	\$ 7,818,945	\$ 122,676	\$ 1,099,201	\$ 209,417	(6,387,651)
General revenues					
Property taxes, levied for general purposes					392,762
Property taxes, levied for debt service					578,204
State aid - unrestricted					4,464,438
Interest and investment earnings					11,069
Other					24,014
Total general revenues					5,470,487
Change in net assets					(917,164)
Net assets - beginning (deficit) - as restated					(3,241,207)
Net assets - ending (deficit)					\$ (4,158,371)

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2011**

	General Fund	2009 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 807,575	\$ 7	\$ 165,696	\$ 973,278
Accounts receivable	3,096	-	-	3,096
Due from other funds	18,376	-	-	18,376
Due from other governmental units	920,678	-	17,401	938,079
Inventory	8,469	-	4,118	12,587
Total assets	\$ 1,758,194	\$ 7	\$ 187,215	\$ 1,945,416
<b>Liabilities and Fund Balance</b>				
Liabilities				
Accounts payable	\$ 40,497	\$ -	\$ -	\$ 40,497
State aid anticipation note payable	281,426	-	-	281,426
Due to other funds	-	-	18,376	18,376
Payroll deductions and withholdings	110,090	-	915	111,005
Accrued expenditures	128,713	-	-	128,713
Accrued salaries payable	392,237	-	3,233	395,470
Deferred revenue	62,581	-	11,937	74,518
Total liabilities	1,015,544	-	34,461	1,050,005

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2011**

	<u>General Fund</u>	<u>2009 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance				
Non-spendable				
Inventory	\$ 8,469	\$ -	\$ 4,118	\$ 12,587
Restricted for:				
Food service	-	-	73,685	73,685
Debt service	-	-	74,951	74,951
Capital projects	-	7	-	7
Unassigned	<u>734,181</u>	<u>-</u>	<u>-</u>	<u>734,181</u>
 Total fund balance	 <u>742,650</u>	 <u>7</u>	 <u>152,754</u>	 <u>895,411</u>
 Total liabilities and fund balance	 <u>\$ 1,758,194</u>	 <u>\$ 7</u>	 <u>\$ 187,215</u>	 <u>\$ 1,945,416</u>

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2011**

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<b>Total fund balances for governmental funds</b>	<b>\$ 895,411</b>
Total net assets for governmental activities in the statement of net assets is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Other governmental units	26,082
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	75,000
Capital assets - net of accumulated depreciation	8,688,481
Other long-term assets are not deferred in the governmental funds.	
	67,814
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(144,767)
Unemployment payable	(21,940)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Early retirement incentives	(48,345)
Bonds payable	(13,015,000)
School bond loan payable	(740,324)
Other loans payable and liabilities	<u>59,217</u>
<b>Net assets of governmental activities</b>	<b><u>\$ (4,158,371)</u></b>

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	<u>General Fund</u>	<u>2009 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Local sources	\$ 433,721	\$ 8,897	\$ 668,254	\$ 1,110,872
State sources	4,822,561	-	20,217	4,842,778
Federal sources	487,545	-	395,113	882,658
Interdistrict sources	<u>53,066</u>	<u>-</u>	<u>-</u>	<u>53,066</u>
Total revenues	<u>5,796,893</u>	<u>8,897</u>	<u>1,083,584</u>	<u>6,889,374</u>
<b>Expenditures</b>				
Current				
Education				
Instruction	3,856,927	-	-	3,856,927
Supporting services	1,960,387	-	-	1,960,387
Food services	-	-	252,224	252,224
Community services	3,332	-	-	3,332
Intergovernmental payments	47,517	-	-	47,517
Capital outlay	-	3,444,166	-	3,444,166
Debt service				
Principal	50,000	-	509,348	559,348
Interest and other expenditures	<u>25,750</u>	<u>-</u>	<u>761,229</u>	<u>786,979</u>
Total expenditures	<u>5,943,913</u>	<u>3,444,166</u>	<u>1,522,801</u>	<u>10,910,880</u>
Deficiency of revenues over expenditures	<u>(147,020)</u>	<u>(3,435,269)</u>	<u>(439,217)</u>	<u>(4,021,506)</u>

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

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	<u>General Fund</u>	<u>2009 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources</b>				
Proceeds from school bond loan fund	\$ -	\$ -	\$ 475,327	\$ 475,327
Net change in fund balance	(147,020)	(3,435,269)	36,110	(3,546,179)
Fund balance - beginning, as restated	<u>889,670</u>	<u>3,435,276</u>	<u>116,644</u>	<u>4,441,590</u>
Fund balance - ending	<u>\$ 742,650</u>	<u>\$ 7</u>	<u>\$ 152,754</u>	<u>\$ 895,411</u>

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2011**

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**Net change in fund balances - Total governmental funds** \$ (3,546,179)

Total change in net assets reported for governmental activities in the statement of activities is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Operating grants	16,085
Other	(3,678)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(373,780)
Capital outlay	2,847,673

Expenses are recorded when incurred in the statement of activities.

Interest	39,635
Benefit claims	(21,940)

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued	(475,327)
Repayments of long-term debt	559,348
Payment of early retirement incentives	45,869
Amortization bond issuance costs	(2,422)
Amortization of bond discount	(2,448)

**Change in net assets of governmental activities** \$ (917,164)

**Vestaburg Community Schools**  
**Fiduciary Funds**  
**Statement of Assets and Liabilities**  
**June 30, 2011**

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash	\$ 26,031
Investments	<u>54,160</u>
Total assets	<u>\$ 80,191</u>
<b>Liabilities</b>	
Due to agency fund activities	<u>\$ 80,191</u>

See Accompanying Notes to Financial Statements

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Vestaburg Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3)

unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

**Fund Financial Statements**

Separate financial statements are provided for governmental funds 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Capital Projects Fund – The 2009 School Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, building, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

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. The School District's Special Revenue Fund includes the Food Service Fund.

Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Capital Projects Fund – The 2008 Energy Conservation and Improvement Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, building, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

### **Assets, Liabilities and Equity**

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2011, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	7.00000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 98% of the School District's tax roll lies within Richland Township, Ferris Township and Fremont Township.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before February 28. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Montcalm and remitted to the School District by May 15.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	30-50 years
Site improvements	10-20 years
Equipment and furniture	5-20 years
Buses and other vehicles	8-15 years

Compensated Absences – District employees are not allowed to accumulate or carryover leave time and therefore, no liability is required in the government-wide financial statements.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the District's highest level of decision-making, its board of education. A fund balance commitment may be established, modified, or rescinded by a resolution of the board of education.

Assigned – amounts intended to be used for specific purposes, as determined by the board of education, the budget or finance committee, or the Superintendent. The board of education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standard**

The Government Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which the District adopted effective July 1, 2010. The new standard changes fund balance classifications to depict the relative strength of the spending constraints and clarifies the definitions of various governmental fund types. The standard includes a new definition of special revenue funds, and athletic funds no longer meet that definition. As a result, balances and activities previously reported under the athletic fund are combined with the general fund.

The effect of this change on beginning fund balances is:

	<u>As Originally Reported</u>	<u>Adjustment</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Beginning fund balance				
General Fund	\$1,061,205	\$ 123	\$ (171,658)	\$ 889,670
Athletic Fund	123	(123)	-	-

See note 12 for further explanation on the prior period adjustment.

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Function</u>	<u>Final Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variances</u>
General Fund			
Added needs	\$ 731,043	\$ 733,237	\$ 2,194
General administration	284,458	285,055	597
Business	105,902	106,074	172
Central	115,144	143,830	28,686
Athletic activities	130,581	131,174	593

**Net Asset Deficit**

The School District has an accumulated net asset deficit for the District-wide Financial Statements in the amount of \$4,160,451.

**Compliance - Bond Proceeds**

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. The following is a summary of the revenue and expenditures in the 2009 and 2008 Capital Project Funds from the inception of the funds through the current fiscal year:

	<u>2009 Fund</u>	<u>2008 Fund</u>
Revenues	\$ 9,219,546	\$ 606,459
Expenditures	9,219,539	606,459

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 973,278	\$ 26,031	\$ 999,309
Investments	-	54,160	54,160
	\$ 973,278	\$ 80,191	\$ 1,053,469

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 998,809
Investments in securities, mutual funds, and similar vehicles	54,160
Petty cash and cash on hand	500
Total	\$ 1,053,469

As of year end, the District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
MI LAF + MAX Class	\$ 54,160	6 months	AAAm	Standard and Poor's

*Interest rate risk* – The District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

*Credit risk* – State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and

savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The District has no investment policy that would further limit its investment choices.

*Concentration of credit risk* – The District has no policy that would limit the amount that may be invested with any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$568,958 of the District's bank balance of \$1,047,127 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The following investment securities were uninsured and unregistered and held in the following manner:

Investment Type	Carrying Value	How Held
Michigan Liquid Asset Funds	\$ 54,160	By counterparty in the District's name

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Construction in progress	<u>5,619,768</u>	<u>-</u>	<u>5,619,768</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,694,768</u>	<u>-</u>	<u>5,619,768</u>	<u>75,000</u>
Capital assets being depreciated				
Buildings and additions	2,452,929	6,756,523	-	9,209,452
Site improvements	-	921,455	-	921,455
Equipment and furniture	2,259,009	789,463	-	3,048,472
Buses and other vehicles	<u>634,250</u>	<u>-</u>	<u>-</u>	<u>634,250</u>
Total capital assets being depreciated	<u>5,346,188</u>	<u>8,467,441</u>	<u>-</u>	<u>13,813,629</u>
Less accumulated depreciation for				
Buildings and additions	(2,268,424)	(297,841)	-	(2,566,265)
Equipment and furniture	(2,027,357)	(52,001)	-	(2,079,358)
Buses and other vehicles	<u>(455,587)</u>	<u>(23,938)</u>	<u>-</u>	<u>(479,525)</u>
Total accumulated depreciation	<u>(4,751,368)</u>	<u>(373,780)</u>	<u>-</u>	<u>(5,125,148)</u>
Net capital assets being depreciated	<u>594,820</u>	<u>8,093,661</u>	<u>-</u>	<u>8,688,481</u>
Net capital assets	<u>\$ 6,289,588</u>	<u>\$ 8,093,661</u>	<u>\$ 5,619,768</u>	<u>\$ 8,763,481</u>

Depreciation expense was charged to activities of the School District as follows:

<b>Governmental activities</b>	
Instruction	\$ 247,819
Supporting services	<u>125,961</u>
Total governmental activities	<u>\$ 373,780</u>

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS**

Individual interfund receivable and payable balances at year end were:

	Due From Fund	Due to Fund	Amount
General Fund		Food Service Fund	<u>\$ 18,376</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 6 - DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 16,085	\$ 46,496	\$ 62,581
Other	9,997	1,940	11,937
<b>Total</b>	<b>\$ 26,082</b>	<b>\$ 48,436</b>	<b>\$ 74,518</b>

**NOTE 7 - STATE AID ANTICIPATION NOTE**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>.

Short-term debt activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	\$ -	\$ 500,000	\$ 218,574	\$ 281,426

The state aid anticipation note agreement includes an irrevocable set-aside of \$218,574 at year end that is considered defeased debt and not included in the ending balance.

**NOTE 8 - LONG-TERM DEBT**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Government obligation bonds	\$ 13,570,000	\$ -	\$ 555,000	\$ 13,015,000	\$ 635,000
Other bonds	13,675	-	4,348	9,327	4,555
School Bond Loan	264,997	475,327	-	740,324	-
Retirement incentives	94,214	-	45,869	48,345	45,869
Discount on bonds	(70,992)	-	(2,448)	(68,544)	-
Deferred issuance costs	(70,236)	-	(2,422)	(67,814)	-
<b>Total</b>	<b>\$ 13,801,658</b>	<b>\$ 475,327</b>	<b>\$ 600,347</b>	<b>\$ 13,676,638</b>	<b>\$ 685,424</b>

For governmental activities, retirement incentives are primarily liquidated by the general fund.

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

General obligation bonds payable at year end, consists of the following:

2005 refunding bond due in annual installments of \$200,000 to \$205,000 through May 1, 2026, interest at 3.5% to 4.25%	\$ 3,070,000
2008 energy bond due in annual installments of \$50,000 to \$75,000 through May 1, 2019, interest at 3.9% to 5.2%	510,000
2009 refunding bond due in annual installments of \$255,000 to \$305,000 through May 1, 2012, interest at 4.3% to 4.9%	305,000
2009 school building and site bonds due in annual installments of \$50,000 to \$380,000 through May 1, 2039, interest at 2.44% to 7.32%	<u>9,130,000</u>
Total general obligation bonded debt	<u>\$ 13,015,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 635,000	\$ 758,221	\$ 1,393,221
2013	485,000	731,642	1,216,642
2014	515,000	714,003	1,229,003
2015	515,000	693,395	1,208,395
2016	540,000	671,823	1,211,823
2017 - 2021	2,835,000	2,946,154	5,781,154
2022 - 2026	2,715,000	2,196,254	4,911,254
2027 - 2031	1,785,000	1,479,456	3,264,456
2032 - 2036	1,850,000	824,964	2,674,964
2037 - 2040	<u>1,140,000</u>	<u>166,896</u>	<u>1,306,896</u>
Total	<u>\$ 13,015,000</u>	<u>\$ 11,182,808</u>	<u>\$ 24,197,808</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$74,951 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

1998 Durant refunding serial bonds due in annual installments through May 15, 2013; interest 4.76% due annually	<u>\$ 9,327</u>
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These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 4,555	\$ 444	\$ 4,999
2013	<u>4,772</u>	<u>227</u>	<u>4,999</u>
Total	<u>\$ 9,327</u>	<u>\$ 671</u>	<u>\$ 9,998</u>

**State School Bond Loan**

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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borrowed \$475,327 and had an outstanding balance at year of \$740,324, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

**Retirement Benefits**

The School District offered a voluntary severance incentive plan to employees to be paid over a two to three year period through 2013. The balance as of year end was \$48,345.

Future payments are as follows:

<b>Year Ending June 30,</b>	
2012	\$ 45,869
2013	<u>2,476</u>
<b>Total</b>	<b><u>\$ 48,345</u></b>

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$25,750 and \$755,391, respectively.

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School

District. The School District had \$29,597 of unemployment compensation expense for the year. A provision has been made of \$21,940 for possible future claims in the district wide statements.

**NOTE 10 - PENSION PLANS AND POST EMPLOYMENT BENEFITS**

**Plan Description**

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees' Retirement System (MPSERS), which is a cost-sharing multiple-employer public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, who has the authority to establish and amend benefit provisions. The Michigan Department of Technology, Management and Budget issues a publicly-available financial report that includes financial statements and required supplementary information for MPSERS. The report provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

In 2010 MPSERS created a new Pension Plus plan. All Michigan public school employees who begin work on or after July 1, 2010, are enrolled in the Pension Plus plan. The Pension Plus plan includes two components: (a) a defined benefit pension component, and (b) a defined contribution savings component.

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**Funding Policy**

The District is required by the School Finance Reform Act to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. The District's actual contributions match the required contributions. Additionally, employees participating in the Member Investment Plan contributed 3% to 6.4% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPERS pension retirement plan funding for the three-year period beginning July 1, 2008 through June 30, 2011.

	2011	2010	2009
Funding percentage range	8.63 - 12.16 %	9.73 - 10.13 %	9.73 - 10.17 %
Total payroll	\$ 3,290,343	\$ 3,707,820	\$ 3,581,721
Total covered payroll	3,246,406	3,651,967	3,526,861
School pension contributions	378,209	367,854	344,019
Employee MIP contributions	187,747	120,001	114,492
Tax deferred payment program	16,552	47,664	20,004

**Defined Contribution Savings Plan**

For the Pension Plus savings plan, participants are automatically enrolled and 2% of their pay is withheld and deposited into the account. Participants may elect to not contribute, or may elect to increase their personal contribution up to the annual limits established by the IRS. The District matches 50 percent of the employee contributions into the Pension Plus savings plan, up to 1 percent. Participants opting to not contribute receive no employer matching contribution. Contributions by the District and participants during the year ended June 30, 2011, were:

	School District	Participants
Contributions to the Pension Plus Savings Plan	\$ 219	\$ 437

**Post Employment Benefits**

In addition to the pension benefits described above, the School Finance Reform Act requires the School District to provide post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS). Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health care, dental and vision coverage at the time of receiving the benefits. The District's actual contributions match the required contributions. The following table discloses pertinent information relative to MPERS post employment benefits funding for the three-year period beginning July 1, 2008 through June 30, 2011.

	2011	2010	2009
Funding percentage range	6.81 - 8.50 %	6.81%	6.55 - 6.81%
Employer contribution	\$ 258,507	\$ 247,294	\$ 240,778
Employee contribution	76,813	-	-

**NOTE 11 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2011.

**Vestaburg Community Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 12 - PRIOR PERIOD ADJUSTMENT**

The June 30, 2010 financial statements did not include \$171,658 of health insurance expense related to the General Fund. This omission caused the General Fund's fund balance and the District-wide net assets to be overstated by \$171,658. The fund balance and net assets at July 1, 2010 were restated to correct this omission.

General Fund

Fund balance - beginning of year	\$ 1,061,205
Prior period adjustment	(171,658)
GASB 54 change	123
Fund balance - beginning of year, as restated	<u>\$ 889,670</u>

District-wide

Net assets - beginning of year	\$ (3,069,549)
Prior period adjustment	(171,658)
Net assets - beginning of year, as restated	<u>\$ (3,241,207)</u>

**NOTE 13 - SUBSEQUENT EVENT**

Subsequent to June 30, 2011, the School District has paid the balance of \$281,426 and accrued interest on the short-term state aid anticipation note borrowed in August 2010 and has subsequently borrowed \$450,000 in short-term state aid anticipation notes through the Michigan Municipal Bond Authority. Proceeds from the borrowing were distributed to the School District on August 22, 2011.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Vestaburg Community Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 365,000	\$ 433,349	\$ 433,721	\$ 372
State sources	4,971,254	4,871,953	4,822,561	(49,392)
Federal sources	211,000	515,843	487,545	(28,298)
Interdistrict sources	<u>76,000</u>	<u>46,658</u>	<u>53,066</u>	<u>6,408</u>
Total revenues	<u>5,623,254</u>	<u>5,867,803</u>	<u>5,796,893</u>	<u>(70,910)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	3,089,840	3,142,810	3,123,690	(19,120)
Added needs	655,563	731,043	733,237	2,194
Supporting services				
Pupil	224,200	192,946	191,176	(1,770)
Instructional staff	82,011	42,998	42,961	(37)
General administration	288,395	284,458	285,055	597
School administration	333,553	336,346	334,071	(2,275)
Business	85,965	105,902	106,074	172
Operations and maintenance	528,750	483,432	469,961	(13,471)
Pupil transportation services	262,298	256,730	256,085	(645)
Central	193,104	115,144	143,830	28,686
Athletic activities	80,000	130,581	131,174	593
Intergovernmental payments	79,000	51,597	47,517	(4,080)
Capital outlay	7,000	-	-	-
Debt service				
Principal	50,000	50,000	50,000	-
Interest and fiscal charges	<u>30,000</u>	<u>25,750</u>	<u>25,750</u>	<u>-</u>
Total expenditures	<u>5,989,679</u>	<u>5,953,069</u>	<u>5,943,913</u>	<u>(9,156)</u>

**Vestaburg Community Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2011**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Deficiency of revenues over expenditures	\$ (366,425)	\$ (85,266)	\$ (147,020)	\$ (61,754)
Net change in fund balance	(366,425)	(85,266)	(147,020)	(61,754)
Fund balance - beginning (restated)	<u>889,670</u>	<u>889,670</u>	<u>889,670</u>	<u>-</u>
Fund balance - ending	<u>\$ 523,245</u>	<u>\$ 804,404</u>	<u>\$ 742,650</u>	<u>\$ (61,754)</u>

## OTHER SUPPLEMENTAL INFORMATION

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**Vestaburg Community Schools**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2011**

	Special	Debt Service Funds				2008 Capital Projects Fund	Total Nonmajor Governmental Funds
	Revenue Funds	2005 Debt Retirement	2009 Refunding	2009 Debt	Durant Debt		
	Food Service						
<b>Assets</b>							
Cash	\$ 90,745	\$ 25,877	\$ 25,342	\$ 23,732	\$ -	\$ -	\$ 165,696
Due from other governmental units	7,404	-	-	-	9,997	-	17,401
Inventory	4,118	-	-	-	-	-	4,118
<b>Total assets</b>	<b>\$ 102,267</b>	<b>\$ 25,877</b>	<b>\$ 25,342</b>	<b>\$ 23,732</b>	<b>\$ 9,997</b>	<b>\$ -</b>	<b>\$ 187,215</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities</b>							
Due to other funds	\$ 18,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,376
Payroll deductions and withholdings	915	-	-	-	-	-	915
Accrued salaries payable	3,233	-	-	-	-	-	3,233
Deferred revenue	1,940	-	-	-	9,997	-	11,937
<b>Total liabilities</b>	<b>24,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,997</b>	<b>-</b>	<b>34,461</b>
<b>Fund Balance</b>							
Non-spendable							
Inventory	4,118	-	-	-	-	-	4,118
Restricted for:							
Food service	73,685	-	-	-	-	-	73,685
Debt service	-	25,877	25,342	23,732	-	-	74,951
<b>Total fund balance</b>	<b>77,803</b>	<b>25,877</b>	<b>25,342</b>	<b>23,732</b>	<b>-</b>	<b>-</b>	<b>152,754</b>
<b>Total liabilities and fund balance</b>	<b>\$ 102,267</b>	<b>\$ 25,877</b>	<b>\$ 25,342</b>	<b>\$ 23,732</b>	<b>\$ 9,997</b>	<b>\$ -</b>	<b>\$ 187,215</b>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	Special Revenue Fund	Debt Service Funds				2008 Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	2005 Debt Retirement	2009 Refunding	2009 Debt	Durant Debt		
<b>Revenues</b>							
Local sources	\$ 89,686	\$ 201,493	\$ 194,658	\$ 182,403	\$ -	\$ 14	\$ 668,254
State sources	15,218	-	-	-	4,999	-	20,217
Federal sources	185,696	-	-	209,417	-	-	395,113
Total revenues	<u>290,600</u>	<u>201,493</u>	<u>194,658</u>	<u>391,820</u>	<u>4,999</u>	<u>14</u>	<u>1,083,584</u>
<b>Expenditures</b>							
Current							
Education							
Food services	252,224	-	-	-	-	-	252,224
Debt service							
Principal	-	200,000	255,000	50,000	4,348	-	509,348
Interest and other expenditures	-	129,496	26,910	598,334	651	5,838	761,229
Total expenditures	<u>252,224</u>	<u>329,496</u>	<u>281,910</u>	<u>648,334</u>	<u>4,999</u>	<u>5,838</u>	<u>1,522,801</u>
Excess (deficiency) of revenues over expenditures	<u>38,376</u>	<u>(128,003)</u>	<u>(87,252)</u>	<u>(256,514)</u>	<u>-</u>	<u>(5,824)</u>	<u>(439,217)</u>
<b>Other Financing Sources</b>							
Proceeds from school bond loan fund	-	131,407	91,252	252,668	-	-	475,327
Net change in fund balance	38,376	3,404	4,000	(3,846)	-	(5,824)	36,110
Fund balance - beginning	<u>39,427</u>	<u>22,473</u>	<u>21,342</u>	<u>27,578</u>	<u>-</u>	<u>5,824</u>	<u>116,644</u>
Fund balance - ending	<u>\$ 77,803</u>	<u>\$ 25,877</u>	<u>\$ 25,342</u>	<u>\$ 23,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,754</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2011**

	2011	2010 (restated)
<b>Assets</b>		
Cash	\$ 807,575	\$ 702,350
Accounts receivable	3,096	945,601
Due from other funds	18,376	21,795
Due from other governmental units	920,678	-
Inventory	8,469	8,469
Total assets	\$ 1,758,194	\$ 1,678,215
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 40,497	\$ 21,508
State aid anticipation note payable	281,426	-
Due to other funds	-	3,421
Payroll deductions and withholdings	110,090	109,884
Accrued expenditures	128,713	204,421
Accrued salaries payable	392,237	449,311
Deferred revenue	62,581	-
Total liabilities	1,015,544	788,545
<b>Fund Balance</b>		
<b>Non-spendable</b>		
Inventory	8,469	8,469
Unassigned	734,181	881,201
Total fund balance	742,650	889,670
Total liabilities and fund balance	\$ 1,758,194	\$ 1,678,215

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue from local sources</b>				
Property tax levy	\$ 350,000	\$ 392,762	\$ 392,762	\$ -
Tuition	1,800	-	-	-
Earnings on investments	3,000	1,500	1,669	169
Student activities	-	33,226	33,226	-
Other local revenues	10,200	5,861	6,064	203
Total revenues from local sources	<u>365,000</u>	<u>433,349</u>	<u>433,721</u>	<u>372</u>
<b>Revenues from state sources</b>				
Grants - unrestricted	4,971,254	4,869,235	4,822,561	(46,674)
Grants - restricted	-	2,718	-	(2,718)
Total revenues from state sources	<u>4,971,254</u>	<u>4,871,953</u>	<u>4,822,561</u>	<u>(49,392)</u>
<b>Revenues from federal sources</b>				
Grants	211,000	515,843	487,545	(28,298)
<b>Interdistrict sources</b>				
Transportation	10,000	7,500	7,500	-
ISD collected millage	35,000	21,558	21,558	-
Other	31,000	17,600	24,008	6,408
Total interdistrict sources	<u>76,000</u>	<u>46,658</u>	<u>53,066</u>	<u>6,408</u>
Total revenue and other financing sources	<u>\$ 5,623,254</u>	<u>\$ 5,867,803</u>	<u>\$ 5,796,893</u>	<u>\$ (70,910)</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - elementary</b>				
Salaries	\$ 778,127	\$ 788,832	\$ 789,306	\$ 474
Employee benefits	485,038	464,325	469,431	5,106
Purchased services	14,500	24,695	25,983	1,288
Supplies and materials	8,800	10,992	16,096	5,104
	<u>1,286,465</u>	<u>1,288,844</u>	<u>1,300,816</u>	<u>11,972</u>
Total elementary				
<b>Basic program - middle school</b>				
Salaries	452,164	394,405	394,405	-
Employee benefits	234,119	227,912	192,146	(35,766)
Purchased services	14,100	13,119	13,119	-
Supplies and materials	9,300	5,878	7,119	1,241
Other	-	680	680	-
	<u>709,683</u>	<u>641,994</u>	<u>607,469</u>	<u>(34,525)</u>
Total middle school				
<b>Basic program - high school</b>				
Salaries	598,488	669,253	669,253	-
Employee benefits	401,936	425,702	430,877	5,175
Purchased services	16,100	23,360	23,360	-
Supplies and materials	10,500	15,559	18,061	2,502
Other	1,700	2,066	2,066	-
	<u>1,028,724</u>	<u>1,135,940</u>	<u>1,143,617</u>	<u>7,677</u>
Total high school				

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - pre-school</b>				
Salaries	\$ 39,362	\$ 40,841	\$ 40,760	\$ (81)
Employee benefits	23,389	22,724	22,421	(303)
Purchased services	-	1,539	1,539	-
Supplies and materials	2,217	10,597	6,737	(3,860)
Other	-	331	331	-
Total pre-school	<u>64,968</u>	<u>76,032</u>	<u>71,788</u>	<u>(4,244)</u>
<b>Added needs - special education</b>				
Salaries	282,882	271,119	271,119	-
Employee benefits	206,881	194,778	191,260	(3,518)
Purchased services	4,800	6,894	6,894	-
Supplies and materials	<u>1,000</u>	<u>650</u>	<u>650</u>	<u>-</u>
Total special education	<u>495,563</u>	<u>473,441</u>	<u>469,923</u>	<u>(3,518)</u>
<b>Added needs - compensatory education</b>				
Salaries	90,381	126,045	132,954	6,909
Employee benefits	42,148	96,556	95,570	(986)
Purchased services	-	1,758	1,758	-
Supplies and materials	<u>27,471</u>	<u>33,243</u>	<u>33,032</u>	<u>(211)</u>
Total compensatory education	<u>160,000</u>	<u>257,602</u>	<u>263,314</u>	<u>5,712</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil - guidance services</b>				
Salaries	\$ 106,686	\$ 105,006	\$ 105,006	\$ -
Employee benefits	69,926	40,062	38,292	(1,770)
Purchased services	1,000	-	-	-
Supplies and materials	1,500	1,496	1,496	-
	<u>179,112</u>	<u>146,564</u>	<u>144,794</u>	<u>(1,770)</u>
<b>Pupil - social work services</b>				
Salaries	34,924	34,924	34,924	-
Employee benefits	9,964	11,258	11,258	-
Purchased services	200	200	200	-
	<u>45,088</u>	<u>46,382</u>	<u>46,382</u>	<u>-</u>
<b>Instructional staff - improvement of education</b>				
Salaries	27,736	-	-	-
Employee benefits	7,450	-	-	-
Purchased services	14,814	24,307	24,307	-
Supplies and materials	-	2,323	2,323	-
	<u>50,000</u>	<u>26,630</u>	<u>26,630</u>	<u>-</u>
<b>Instructional staff - educational media services</b>				
Salaries	23,488	11,185	11,185	-
Employee benefits	7,523	4,382	4,325	(57)
Purchased services	-	464	464	-
Supplies and materials	1,000	337	357	20
	<u>32,011</u>	<u>16,368</u>	<u>16,331</u>	<u>(37)</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>General administration - board of education</b>				
Employee benefits	\$ 23,683	\$ -	\$ -	\$ -
Purchased services	42,000	45,595	45,952	357
Supplies and materials	1,000	224	224	-
Other	3,000	4,357	4,357	-
Total board of education	<u>69,683</u>	<u>50,176</u>	<u>50,533</u>	<u>357</u>
<b>General administration - executive administration</b>				
Salaries	124,612	125,472	125,472	-
Employee benefits	91,600	103,244	103,528	284
Purchased services	1,000	141	141	-
Supplies and materials	500	3,521	3,477	(44)
Other	1,000	1,904	1,904	-
Total executive administration	<u>218,712</u>	<u>234,282</u>	<u>234,522</u>	<u>240</u>
<b>School administration - office of the principal</b>				
Salaries	207,512	209,136	209,138	2
Employee benefits	123,541	121,228	119,011	(2,217)
Purchased services	1,800	3,568	3,508	(60)
Supplies and materials	-	1,226	1,226	-
Other	700	1,188	1,188	-
Total office of the principal	<u>333,553</u>	<u>336,346</u>	<u>334,071</u>	<u>(2,275)</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Business - fiscal services</b>				
Salaries	\$ 36,920	\$ 36,920	\$ 36,920	\$ -
Employee benefits	31,045	34,513	34,650	137
Purchased services	1,000	1,686	1,721	35
Supplies and materials	2,000	2,352	2,352	-
Other	2,500	2,717	2,717	-
Total fiscal services	<u>73,465</u>	<u>78,188</u>	<u>78,360</u>	<u>172</u>
<b>Business - other</b>				
Purchased services	-	12,989	12,989	-
Other	12,500	14,725	14,725	-
Total other business	<u>12,500</u>	<u>27,714</u>	<u>27,714</u>	<u>-</u>
<b>Operations and maintenance - operating building services</b>				
Salaries	195,500	124,478	124,478	-
Employee benefits	141,650	91,328	85,358	(5,970)
Purchased services	152,700	223,744	217,068	(6,676)
Supplies and materials	38,900	40,638	39,813	(825)
Other	-	3,244	3,244	-
Total operating building services	<u>528,750</u>	<u>483,432</u>	<u>469,961</u>	<u>(13,471)</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil transportation services</b>				
Salaries	\$ 136,770	\$ 145,210	\$ 146,424	\$ 1,214
Employee benefits	55,028	48,327	49,083	756
Purchased services	10,000	3,982	3,977	(5)
Supplies and materials	60,000	58,624	55,888	(2,736)
Other	500	587	713	126
Total transportation services	<u>262,298</u>	<u>256,730</u>	<u>256,085</u>	<u>(645)</u>
<b>Central - staff/personnel services</b>				
Purchased services	-	-	474	474
<b>Central - support services technology</b>				
Salaries	54,582	16,356	16,356	-
Employee benefits	24,522	8,665	8,665	-
Purchased services	16,000	37,241	37,241	-
Supplies and materials	10,000	21,667	21,667	-
Total support services technology	<u>105,104</u>	<u>83,929</u>	<u>83,929</u>	<u>-</u>
<b>Central - other</b>				
Employee benefits	55,000	1,385	29,597	28,212
Purchased services	33,000	29,830	29,830	-
Total other central	<u>88,000</u>	<u>31,215</u>	<u>59,427</u>	<u>28,212</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Athletic activities</b>				
Salaries	\$ -	\$ 13,191	\$ 13,191	\$ -
Employee benefits	80,000	11,078	10,672	(406)
Purchased services	-	66,641	66,641	-
Supplies and materials	-	28,860	29,860	1,000
Other	-	10,811	10,810	(1)
Total athletic activities	<u>80,000</u>	<u>130,581</u>	<u>131,174</u>	<u>593</u>
<b>Community services - community activities</b>				
Supplies and materials	-	3,332	3,332	-
<b>Intergovernmental payments</b>				
Payments to other public schools	79,000	51,597	47,517	(4,080)
<b>Capital outlay</b>				
Operations and maintenance - operating building services	2,000	-	-	-
Central - support services technology	5,000	-	-	-
Total capital outlay	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt service</b>				
Principal	50,000	50,000	50,000	-
Interest and other expenditures	30,000	20,623	20,623	-
Bond issuance costs	-	5,127	5,127	-
Total debt service	<u>80,000</u>	<u>75,750</u>	<u>75,750</u>	<u>-</u>
Total expenditures and financing uses	<u>\$ 5,989,679</u>	<u>\$ 5,953,069</u>	<u>\$ 5,943,913</u>	<u>\$ (9,156)</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2011**

Year Ending June 30,	2005 Refunding Bond	2008 Energy Bond	2009 Refunding Bond	2009 Building Bond	1998 Durant Bonds	Total
2012	\$ 200,000	\$ 55,000	\$ 305,000	\$ 75,000	\$ 4,555	\$ 639,555
2013	205,000	55,000	-	225,000	4,772	489,772
2014	205,000	60,000	-	250,000	-	515,000
2015	205,000	60,000	-	250,000	-	515,000
2016	205,000	65,000	-	270,000	-	540,000
2017	205,000	70,000	-	290,000	-	565,000
2018	205,000	70,000	-	315,000	-	590,000
2019	205,000	75,000	-	330,000	-	610,000
2020	205,000	-	-	330,000	-	535,000
2021	205,000	-	-	330,000	-	535,000
2022	205,000	-	-	335,000	-	540,000
2023	205,000	-	-	335,000	-	540,000
2024	205,000	-	-	340,000	-	545,000
2025	205,000	-	-	340,000	-	545,000
2026	205,000	-	-	340,000	-	545,000
2027	-	-	-	350,000	-	350,000
2028	-	-	-	350,000	-	350,000
2029	-	-	-	360,000	-	360,000
2030	-	-	-	360,000	-	360,000
2031	-	-	-	365,000	-	365,000
2032	-	-	-	365,000	-	365,000
2033	-	-	-	370,000	-	370,000
2034	-	-	-	370,000	-	370,000
2035	-	-	-	370,000	-	370,000
2036	-	-	-	375,000	-	375,000
2037	-	-	-	380,000	-	380,000
2038	-	-	-	380,000	-	380,000
2039	-	-	-	380,000	-	380,000
Total	<u>\$ 3,070,000</u>	<u>\$ 510,000</u>	<u>\$ 305,000</u>	<u>\$ 9,130,000</u>	<u>\$ 9,327</u>	<u>\$ 13,024,327</u>

**Vestaburg Community Schools**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2011**

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	<u>2005</u> <u>Refunding Bond</u>	<u>2008</u> <u>Energy Bond</u>	<u>2009</u> <u>Refunding Bond</u>	<u>2009</u> <u>Building Bond</u>	<u>1998</u> <u>Durant Bonds</u>
Principal payments due the first day of	May 1st	May 1st	May 1st	May 1st	May 15th
Interest payments due the first day of	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	May 15th
Interest rate	3.50% - 4.25%	3.90% - 5.20%	4.30% - 4.90%	2.44% - 7.32%	4.76%
Original issue	<u>\$ 3,920,000</u>	<u>\$ 605,000</u>	<u>\$ 775,000</u>	<u>\$ 9,180,000</u>	<u>\$ 71,188</u>