

CARSONVILLE-PORT SANILAC SCHOOLS

Carsonville, Michigan

Report on Financial Statements
(with required supplementary and
additional information)

June 30, 2010

CARSONVILLE-PORT SANILAC SCHOOLS
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October 15, 2010

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Carsonville-Port Sanilac Schools
Carsonville, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carsonville-Port Sanilac Schools as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carsonville-Port Sanilac 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 Carsonville-Port Sanilac Schools as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010, on our consideration of Carsonville-Port Sanilac 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 *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages *i* through *ix* and page 19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion it.

Board of Education
Carsonville-Port Sanilac Schools
October 15, 2010

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carsonville-Port Sanilac Schools' basic financial statements. The additional information on pages 20 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Carsonville-Port Sanilac Schools

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2010

Carsonville-Port Sanilac School District, a K-12 school district located in Sanilac County, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to provide, in layman's term, a look at the district's performance and past and current position.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements -- and Management Discussion and Analysis (MD&A) -- for State and Local Governments issued in June of 2000. This is our seventh year of implementation so certain comparative information between the current year and the prior year is required to be presented in the MD&A. Our district has met those requirements to our knowledge.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

Government-wide Financial Statements

The government-wide financial statements, required by GASB 34, are calculated using full accrual accounting and more closely represent those presented by business and industry. All of the District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

Carsonville-Port Sanilac Schools
 Management's Discussion and Analysis
 For Fiscal Year Ended June 30, 2010

Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30, 2010:

Assets	2010	2009
Current assets	\$ 2,086,617	\$ 2,136,587
Deferred costs	46,152	49,281
Capital assets	13,472,373	13,466,609
Less: accumulated depreciation	<u>(6,919,352)</u>	<u>(6,588,287)</u>
Total assets	<u>\$ 8,685,790</u>	<u>\$ 9,064,190</u>
Liabilities		
Current liabilities	\$ 978,507	\$ 935,271
Long-term liabilities	<u>6,214,278</u>	<u>6,517,556</u>
Total liabilities	<u>7,192,785</u>	<u>7,452,827</u>
Net Assets		
Invested in capital assets, net of related debt	18,712	92,578
Restricted for debt service	713,473	652,278
Unrestricted	<u>760,820</u>	<u>866,507</u>
Total net assets	<u>1,493,005</u>	<u>1,611,363</u>
Total liabilities and net assets	<u>\$ 8,685,790</u>	<u>\$ 9,064,190</u>

Analysis of Financial Position

During the fiscal year ended June 30, 2010, the District's net assets decreased by \$ 118,358. A few of the more significant factors affecting net assets during the year are discussed below.

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Carsonville-Port Sanilac Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2010

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2010, \$331,066 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

Capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$325,303 for the fiscal year ended June 30, 2010.

Results of Operations

For the fiscal year ended June 30, 2010, the results of operations, on a District-wide basis, were:

General Revenues	2010	% of Total	2009	% of Total
Property taxes	\$ 1,517,707	24.4%	\$ 1,516,371	24.73%
Investment earnings	9,864	.2%	9,238	.15%
State sources	3,637,505	58.6%	3,595,559	58.65%
Federal ARRA	175,223	2.8%	232,366	3.79%
Other	<u>134,109</u>	<u>2.2%</u>	<u>182,985</u>	<u>2.98%</u>
Total general revenues	<u>5,474,408</u>	<u>88.2 %</u>	<u>5,535,519</u>	<u>90.30%</u>
Program Revenues				
Charges for services	99,296	1.6%	100,718	1.64%
Operating grants	<u>635,784</u>	<u>10.2%</u>	<u>494,356</u>	<u>8.06%</u>
Total program revenues	<u>735,080</u>	<u>11.8%</u>	<u>595,074</u>	<u>9.70%</u>
Total revenues	<u>\$ 6,209,488</u>	<u>100.00%</u>	<u>6,131,593</u>	<u>100.00%</u>
Expenses				
Instruction	\$ 3,369,559	53.1%	\$ 3,314,231	54.25%
Support services	1,799,723	28.3%	1,628,305	26.66%
Transfer to other districts	28,400	.3%	4,930	.08%
Food services	327,258	5.1%	291,278	4.77%
Athletics	172,124	2.5%	183,415	3.00%
Interest on long-term debt	279,373	4.3%	294,134	4.82%
Unallocated depreciation	331,066	6.1%	369,535	6.05%
Amortization	20,250	.2%	20,250	.33%
Other	<u>93</u>	<u>.1%</u>	<u>2,570</u>	<u>.04%</u>
Total expenses	<u>6,327,846</u>	<u>100.00%</u>	<u>6,108,648</u>	<u>100.00%</u>
Increase/(decrease) in net assets	<u>\$ (118,358)</u>		<u>\$ 22,945</u>	

Carsonville-Port Sanilac Schools
 Management's Discussion and Analysis
 For Fiscal Year Ended June 30, 2010

Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District 18 mills of property taxes for operations on non-homestead properties. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2009-2010 fiscal year, the district levied \$925,600 non-homestead property taxes. This represented an increase of 0.47% from the prior year. The amount of unpaid property taxes at June 30, 2010, less an estimate for those deemed to be un-collectible, was \$3,000.

The following table summarizes the non-homestead property tax levies for operations for the past several years:

Fiscal Year	Non-homestead Tax Levy	% Increase (Decrease) from prior year
2009- 2010	\$ 925,600	0.47%
2008- 2009	\$ 921,225	2.41%
2007- 2008	\$ 899,523	8.32%
2006 - 2007	\$ 830,410	1.60%
2005 - 2006	\$ 817,203	6.77%
2004 - 2005	\$ 765,384	3.40%
2003 – 2004	\$ 740,285	10.80%
2002 – 2003	\$ 668,581	1.60%
2001 – 2002	\$ 658,606	9.20%
2000 – 2001	\$ 603,342	6.70%
1999 – 2000	\$ 565,480	4.70%

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the September 2009 count and 25% of the February 2009 count. For the 2009 – 2010 fiscal year, the District's foundation allowance was \$7,316 per student FTE.

Carsonville-Port Sanilac Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2010

3. Student Enrollment

The following schedule compares actual to budgeted FTE for the blended student enrollment for the Past several fiscal years:

	Actual Blended Student FTE	Budgeted Blended Student FTE	Variance Favorable (Unfavorable)
2009 – 2010	632.01	631.25	0.76
2008 – 2009	624.88	624.82	0.06
2007 – 2008	624.73	624.73	0.00
2006 – 2007	628.75	628.75	0.00
2005 – 2006	632.13	632.00	0.13
2004 – 2005	632.00	632.00	0.00
2003 – 2004	623.00	623.00	0.00
2002 – 2003	630.50	615.00	15.50
2001 – 2002	644.00	646.00	(2.00)
2000 – 2001	665.96	646.20	19.76

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2010, federal, state and other grants accounted for \$635,784. This represents an increase of \$141,428 over the total grant sources received for the 2008 – 2009 fiscal year.

5. Interest Earnings

The District received interest on its investments in the amount of \$9,864 for the fiscal year ended June 30, 2010. Interest revenues increase from the prior fiscal year by \$626.

Carsonville-Port Sanilac Schools
 Management's Discussion and Analysis
 For Fiscal Year Ended June 30, 2010

6. Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund balances is shown below.

Expenditures	2009 – 2010 Fiscal Year	2008 – 2009 Fiscal Year	Increase (Decrease)
Instruction	\$ 3,382,026	\$ 3,334,438	\$ 47,588
Supporting services	1,805,067	1,636,965	168,102
Food service activities	327,258	291,278	35,980
Athletic activities	172,124	183,415	(11,291)
Debt Service	584,685	607,993	(23,308)
Capital Outlay		128,935	(128,935)
Other Transfers	<u>28,400</u>	<u>4,930</u>	<u>23,470</u>
Total expenditures	<u>\$ 6,299,560</u>	<u>\$ 6,187,954</u>	<u>\$ 336,498</u>

Carsonville-Port Sanilac Schools
 Management's Discussion and Analysis
 For Fiscal Year Ended June 30, 2010

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1st. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30th.

For the 2009 – 2010 fiscal year, the district amended the general fund budget three times with the Board adopting the changes in June 2010. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	Original Budget	Final Budget	Actual	Variance with Final Budget- positive (negative)	% Variance
Total revenues	<u>\$ 5,302,764</u>	<u>\$ 5,234,484</u>	<u>\$ 5,245,315</u>	<u>\$ 10,831</u>	0.21%
Expenditures:					
Instruction	3,267,293	3,338,535	3,382,026	(43,491)	(1.3)%
Supporting services	2,134,619	1,856,682	1,805,067	51,615	2.8%
Capital outlay	-	-	-	-	
Other Transfers	<u>44,342</u>	<u>39,963</u>	<u>28,400</u>	<u>11,563</u>	40.71%
Total expenditures	5,446,254	5,235,180	5,215,493	19,687	0.38%
Other financing sources (uses)	_____	<u>(181,562)</u>	<u>(174,671)</u>	<u>6,891</u>	3.95%
Excess of revenue over Expenditures & other uses	<u>\$ (143,490)</u>	<u>(182,258)</u>	<u>(144,849)</u>	<u>\$ 37,409</u>	25.83%
Fund Balance – Beginning of year		<u>891,658</u>	<u>891,658</u>		
Fund Balance – End of year		<u>\$ 709,400</u>	<u>\$ 746,809</u>		

Carsonville-Port Sanilac Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2010

Capital Asset and Debt Administration

Capital Assets

By the end of the 2009 – 2010 fiscal year, the district had invested \$13,472,373 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciated expense for the year amounted to \$331,066 bringing the accumulation to \$6,919,352 as of June 30, 2010.

Long- term Debt

At June 30, 2010, the District had \$6,476,412, in bonded debt outstanding. This represents a reduction of \$285,593 over the amount outstanding at the closed of the prior fiscal year as no new debt was issued in the 2009– 2010 fiscal year.

Factors Bearing on the District's Future

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

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2010 – 2011 fiscal year.
- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. Additionally, while the State has managed to keep the growth in the rate districts fund the retirement system to a minimum over the past few years, the increase in the number of retirees projected to occur over the next few years may result in higher annual increases.
- The contracts with the Carsonville-Port Sanilac Schools Education Association, the union that represents the teaching staff, International Union of Operating Engineers, the union that represents the custodial and support staff, have all been settled and expire June 30, 2012. Contracts with administrators and the bus driver association are all settled with a 2012 expiration date as well.
- The state of Michigan continues to increase its focus on student achievement. Results of standardized test scores (Michigan Education Assessment Program) are compared from year to year, with the results being tabulated by school building and by district. With the changes to the federal Title I legislation resulting from the No Child Left Behind Act, adequate yearly progress of students will be more important as certain portions of funding are now tied to it.

Carsonville-Port Sanilac Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2010

Next Years Proposed Budget 10/11

For this Proposed Budget hearing we wish to comply with Section 16 of the Uniform Budgeting and Accounting Act and state that our proposed property tax millage rate to be levied this fall is 18 mills. This will generate \$925,600 in local property taxes. This is based on the Non-Homestead Taxable Value of \$51,529,208.

This budget will change because of factors that were not known before the budget had to be adopted. There may once again be a shift of funds from State sources into Federal sources caused by the Federal ARRA stabilization funding.

Revenue:

The local revenue was adjusted to reflect student enrollment figures from the February 2010 and projected fall 2010 count.

Expenses:

The district has negotiated a unique contract settlement for 2010-11 and 2011-12 with all employee groups. This settlement will allow each group to receive a raise after the district maintains the 10% fund equity. The possible raise will be adjusted at the end of the 2010-11 year.

The healthcare benefits have increased for MESSA health insurances for the teachers and the Health Savings Accounts for the other employee groups. Many support employees of the district have switched to another insurance plan; Health Savings Account. This has saved both the district and the employees, money in health care expenses.

The district continues to operate with a half-time Superintendent. This saves the district approximately \$121,000 per year.

The district continues to be creative with staffing and operation of the school district. We now operate with a half time Principal as well.

We have increased operation and maintenance budgets for increased fuel, electric and gas costs.

The district leases its busses, which allows us to have a newer bus fleet and saves on maintenance costs.

Contracting the District's Financial Management

This financial report is designed to provide our 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, please contact:

Harold Titus, Superintendent
Margie Crompton, Business Manager
Carsonville-Port Sanilac Schools
100 N. Goetze Rd.
Carsonville, MI 48419
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BASIC FINANCIAL STATEMENTS

CARSONVILLE-PORT SANILAC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS:	
Cash and equivalents	\$ 1,339,236
Accounts receivable	12,038
Property taxes receivable	3,000
Prepaid expenses	1,848
Due from other governmental units	730,495
Due from Agency funds	-
TOTAL CURRENT ASSETS	<u>2,086,617</u>
NONCURRENT ASSETS:	
Deferred costs, net of amortization	46,152
Land	50,000
Capital assets	13,422,373
Less accumulated depreciation	(6,919,352)
TOTAL NONCURRENT ASSETS	<u>6,599,173</u>
TOTAL ASSETS	<u><u>\$ 8,685,790</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	\$ 70,820
Accrued salaries & wages	363,285
Accrued payroll taxes	28,070
Benefits payable	50,239
Retirement payable	61,887
Deferred revenue	33,000
Accrued interest	38,593
Current portion of long term debt	317,613
Current portion of compensated absences	15,000
TOTAL CURRENT LIABILITIES	<u>978,507</u>
NONCURRENT LIABILITIES:	
Noncurrent portion of long term debt	6,178,103
Compensated absences	36,175
TOTAL NONCURRENT LIABILITIES	<u>6,214,278</u>
NET ASSETS:	
Invested in capital assets, net of related debt	18,712
Restricted for debt service	713,473
Unrestricted	760,820
TOTAL NET ASSETS	<u>1,493,005</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,685,790</u></u>

The accompanying notes are an integral part of the financial statements.

CARSONVILLE-PORT SANILAC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	
Governmental activities:				
Instruction	\$ 3,369,559		\$ 276,464	\$ (3,093,095)
Support services	1,799,723		118,485	(1,681,238)
Transfers to other districts	28,400			(28,400)
Food services	327,258	\$ 67,588	240,280	(19,390)
Athletics	172,124	31,708		(140,416)
Interest on long-term debt	279,373		555	(278,818)
Other	93			(93)
Amortization	20,250			(20,250)
Unallocated depreciation	331,066			(331,066)
Total governmental activities	\$ 6,327,846	\$ 99,296	\$ 635,784	(5,592,766)
General revenues:				
Property taxes, levied for general purposes				920,099
Property taxes, levied for debt service				597,608
State of Michigan school aid unrestricted				3,637,505
Federal ARRA sources, unrestricted				175,223
Investment revenue				9,864
Miscellaneous				134,109
Total general revenue				5,474,408
Change in net assets				(118,358)
Net assets, beginning of year				1,611,363
Net assets, end of year				\$ 1,493,005

The accompanying notes are an integral part of the financial statements.

CARSONVILLE-PORT SANILAC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>GENERAL FUND</u>	<u>2005 REFUNDING</u>	<u>2001 ENERGY CONSERVATION IMPROVEMENT BOND (QZAB)</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
CURRENT ASSETS:					
Cash and equivalents	\$ 379,900	\$ 495,408	\$ 368,065	\$ 95,863	\$ 1,339,236
Accounts receivable	12,038			-	12,038
Prepaid expenses	1,848				1,848
Due from other governmental units	730,495				730,495
Due from other funds	242,142	-		12,313	254,455
Due from Agency funds	-				-
TOTAL ASSETS	<u>\$ 1,366,423</u>	<u>\$ 495,408</u>	<u>\$ 368,065</u>	<u>\$ 108,176</u>	<u>\$ 2,338,072</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
LIABILITIES:					
Accounts payable	\$ 70,820				\$ 70,820
Accrued salaries & wages	363,285				363,285
Due to other funds	12,313	\$ 150,000		\$ 92,142	254,455
Accrued payroll taxes	28,070				28,070
Benefits payable	50,239				50,239
Retirement payable	61,887				61,887
Deferred revenue	33,000				33,000
Other liabilities					-
TOTAL LIABILITIES	<u>619,614</u>	<u>150,000</u>	<u>-</u>	<u>92,142</u>	<u>861,756</u>
FUND BALANCE:					
Reserved for debt service		345,408	\$ 368,065	-	713,473
Unreserved:					
Designated for maintenance fund	72,328				72,328
Designated for compensated absences	51,175				51,175
Designated for bus lease	69,802				69,802
Designated for subsequent years expenditures	115,291				115,291
Undesignated	438,213			16,034	454,247
TOTAL FUND BALANCE	<u>746,809</u>	<u>345,408</u>	<u>368,065</u>	<u>16,034</u>	<u>1,476,316</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,366,423</u>	<u>\$ 495,408</u>	<u>\$ 368,065</u>	<u>\$ 108,176</u>	<u>\$ 2,338,072</u>

The accompanying notes are an integral part of the financial statements.

CARSONVILLE-PORT SANILAC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total Fund Balances - Governmental Funds **\$ 1,476,316**

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 are not reported in the funds

The cost of the capital assets is:

13,472,373

Accumulated depreciation is:

(6,919,352)

Long term liabilities are not due and payable in the current period and are not reported in the funds

Capital lease:

(19,304)

Bonds payable:

(6,728,947)

Deferred bond premium:

(20,788)

Deferred bond discount:

22,184

Deferred amount on bond refunding:

251,139

Compensated absences:

(51,175)

Accrued interest is not reported as a liability in governmental funds; it is recorded when paid:

Accrued interest

(38,593)

Deferred costs for bond refunding

46,152

Balance of taxes receivable at 06/30/10 less allowance for doubtful accounts, expected to be collected after September 1, 2010

3,000

Net Assets of Governmental Activities

\$ 1,493,005

CARSONVILLE-PORT SANILAC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	2005 REFUNDING	2001 ENERGY CONSERVATION IMPROVEMENT BOND (QZAB)	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources					
Property tax	\$ 930,099	\$ 597,608			\$ 1,527,707
Tuition & fees	52,840				52,840
Interest income	2,112	437	\$ 7,256	\$ 59	9,864
Sales of meals & milk				65,987	65,987
Admission				24,672	24,672
Other	30,053			8,637	38,690
State sources	3,608,823			29,237	3,638,060
Federal sources	570,172			240,280	810,452
Incoming transfers and other	51,216				51,216
TOTAL REVENUES	<u>5,245,315</u>	<u>598,045</u>	<u>7,256</u>	<u>368,872</u>	<u>6,219,488</u>
EXPENDITURES:					
Instruction	3,382,026				3,382,026
Supporting services	1,805,067				1,805,067
Other transfers	28,400				28,400
Food services				327,258	327,258
Athletic services				172,124	172,124
Debt service:					
Principal redemption		300,000		2,716	302,716
Interest		281,321		555	281,876
Other		93		-	93
Capital outlay	-				-
TOTAL EXPENDITURES	<u>5,215,493</u>	<u>581,414</u>	<u>-</u>	<u>502,653</u>	<u>6,299,560</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>29,822</u>	<u>16,631</u>	<u>7,256</u>	<u>(133,781)</u>	<u>(80,072)</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	-	-	37,308	137,363	174,671
Transfers to other funds	(174,671)				(174,671)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(174,671)</u>	<u>-</u>	<u>37,308</u>	<u>137,363</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES & OTHER SOURCES (USES)	<u>(144,849)</u>	<u>16,631</u>	<u>44,564</u>	<u>3,582</u>	<u>(80,072)</u>
FUND BALANCE - BEGINNING OF YEAR	891,858	328,777	323,501	12,452	1,556,388
FUND BALANCE - END OF YEAR	<u>\$ 746,809</u>	<u>\$ 345,408</u>	<u>\$ 368,065</u>	<u>\$ 16,034</u>	<u>\$ 1,476,316</u>

The accompanying notes are an integral part of the financial statements.

CARSONVILLE-PORT SANILAC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010

Total net change in fund balances - governmental funds \$ (80,072)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their useful lives as depreciation:

Depreciation expense	(331,066)
Amortization expense	(20,250)
Capital outlay	5,763

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable at the beginning of the year	41,096
Accrued interest payable at the end of the year	(38,593)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)

Principal repayments	307,151
Proceeds from issuance of debt	-

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Taxes receivable at the beginning of the year	(13,000)
Taxes receivable at the end of the year	3,000

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued absences at the beginning of the year	58,788
Accrued absences at the end of the year	(51,175)

Change in net assets of governmental activities \$ (118,358)

CARSONVILLE-PORT SANILAC SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 44,001
Accounts Receivable	-
TOTAL ASSETS	<u>\$ 44,001</u>
<u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES:	
Due to student organizations	\$ 44,001
Due to other funds	-
FUND BALANCE:	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 44,001</u>

The accompanying notes are an integral part of the financial statements.

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The School district was organized in 1910 and presently covers approximately 78.9 square miles covering all or parts of 8 Townships in Sanilac County. The School District operates under an elected School Board (7 members) and provides educational services to approximately 630 students.

The basic financial statements of the Carsonville-Port Sanilac Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

REPORTING ENTITY:

The Carsonville-Port Sanilac Schools (the "District") is governed by the Carsonville-Port Sanilac Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14 and 39.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

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

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued):

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

GOVERNMENTAL FUNDS

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

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2005 Refunding and 2001 Energy Conservation Improvement Bond (QZAB) debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

OTHER NON-MAJOR FUNDS

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *Durant debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

Accrual Method:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Modified Accrual Method:

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued):

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

State Revenue:

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2010 the foundation allowance was based on the pupil membership counts taken in February and September of 2009.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption Property (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes (formerly known as Non-Homestead) which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The State revenue is recognized during the foundation period and is funded through payments from October, 2009 - August, 2010. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

Federal Revenue:

Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

ASSETS, LIABILITIES AND EQUITY:

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No.40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value and determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the districts intend to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

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

ASSETS, LIABILITIES AND EQUITY (Continued):

2. Property Taxes.

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2010, the District levied the following amounts per \$1,000 of assessed valuation:

<u>FUND</u>	<u>MILLS</u>
General Fund:	
Non-Principal Residence Exemption (PRE)	18.000
Commercial Personal Property	6.000
Debt Service Fund:	
PRE, Non-PRE, Commercial Personal Property	3.900

3. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

5. Capital Assets.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their fair market value on the date received.

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

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000. Group purchases are evaluated on a case-by-case basis.

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

ASSETS, LIABILITIES AND EQUITY (Continued):

6. Compensated Absences.

Each teacher shall be credited with thirteen (hires after 6/30/07) or sixteen (hires before 6/30/07) sick leave days at the beginning of the school year that can be accumulated to one hundred forty days. All unused sick leave days in excess of one hundred forty days shall be paid to the teacher at the end of the school year on the basis of \$25.00 per day, only after 10 years of service. Other employee groups have contracts with negotiated sick leave benefits at varying levels.

7. Long-term obligations.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Use of Estimates.

The process of preparing general purpose financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

9. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of assets does not constitute "available spendable resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

NOTE 2 - STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY:

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The District does not maintain a formalized encumbrance accounting system.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.

**CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 2 - STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY (Continued):

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Violations, if any, are noted in the required supplementary information section.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue and debt service fund.
6. The budget as presented has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.
7. Violations of the uniform budgeting act were noted in the general fund expenditures. See the required supplementary information for detail of these violations.

NOTE 3 - CASH AND EQUIVALENTS - CREDIT RISK:

Cash and cash equivalents are held separately in the name of the district by each of the district's funds.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2010, \$1,349,574 of the District's bank balance of \$1,599,574 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The carrying balance is \$1,383,237.

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

The above amounts as previously reported in Note 3:

Deposits	\$ 1,339,236
Fiduciary Funds	44,001
	\$ 1,383,237

The District has no investments.

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - RECEIVABLES:

Receivables at June 30, 2010 from other governmental units consist of the following:

Governmental Units:		
State aid		\$ 662,145
Federal revenue		68,350
Other		<u> -</u>
 Total		 <u>\$ 730,495</u>

Amounts due from governmental units include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 5 – CAPITAL ASSETS:

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets not being depreciated - land	\$ 50,000			\$ 50,000
Other capital assets:				
Land improvements	2,441,725			2,441,725
Building and additions	9,508,222			9,508,222
Machinery and equipment	1,466,663	\$ 5,763		1,472,426
Subtotal	13,416,610	5,763	-	13,422,373
Accumulated depreciation:				
Land improvements	(1,605,112)	(83,662)		(1,688,774)
Building and additions	(3,824,282)	(193,515)		(4,017,797)
Machinery and equipment	(1,158,892)	(53,889)		(1,212,781)
Subtotal	(6,588,286)	(331,066)	-	(6,919,352)
Net other capital assets	<u>6,828,322</u>	<u>(325,303)</u>	<u>-</u>	<u>6,503,021</u>
Net capital assets	<u>\$ 6,878,322</u>	<u>\$ (325,303)</u>	<u>\$ -</u>	<u>\$ 6,553,021</u>

Depreciation for the fiscal year ended June 30, 2010 amounted to \$331,066. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6 - LONG-TERM DEBT:

The District issues bonds to provide funds for the acquisition, construction and improvements of major facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

Copier lease, due with monthly installments of \$501 with interest at 7.26%	\$ 19,304
2000 general obligations building & site bonds due in annual installments ranging from \$220,000 to \$225,000 with interest at 5.25%	-
2005 general obligation building & site bonds as a result of refunding 2011-2026 bonds issued in 2000. The bond are due in annual installments ranging from \$30,000 to \$480,000 with interest ranging from 3.00% to 4.75%	6,235,000
1998 limited obligation bonds (Durant bonds) (face amount \$46,583) due in annual installments ranging from \$2,255 to \$11,663 with interest at 4.76%	8,947
2001 Qualified Zone Academy Bonds (face amount \$485,000). The bonds are interest free and repayable 5/1/2014. The District is required to set aside \$37,308 beginning on 5/1/2001 and each year thereafter. The sum of these amounts set aside, together with the interest earned thereon, will be sufficient to repay the aggregate principal amount of the bonds.	485,000
Plus: Premium on bond refunding	20,788
Less: Discount on bond refunding	(22,184)
Less: Deferred amount on bond refunding	(251,139)
Total bonded debt	6,495,716
Accumulated compensated absences	51,175
Total long-term debt	<u>\$ 6,546,891</u>

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2010, \$5,995,000 of bonds outstanding are considered defeased.

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6 - LONG-TERM DEBT (Continued):

The annual requirements to amortize long-term debt outstanding as of June 30, 2010 are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 317,613	\$ 267,854	\$ 585,467
2012	328,105	255,736	583,841
2013	333,632	242,809	576,441
2014	338,901	229,265	568,166
2015	830,000	215,759	1,045,759
2016-2020	1,915,000	852,995	2,767,995
2021-2025	2,205,000	411,590	2,616,590
2026-2030	480,000	21,840	501,840
Total	6,748,251	3,390,054	9,246,099
Premium amount on bond refunding	20,788		20,788
Discount amount on bond refunding	(22,184)		(22,184)
Deferred amount on bond refunding	(251,139)		(251,139)
Compensated Absences	51,175		51,175
TOTAL	\$ 6,546,891	\$ 3,390,054	\$ 9,044,739

An amount of \$863,473 is available in the debt service fund to service the general obligation debt.

CHANGES IN LONG-TERM DEBT:

The following is a summary of the long-term debt transaction of the district for the year ended June 30, 2010:

	<u>Copier Lease</u>	<u>General Obligation Bonds and Premium</u>	<u>QZAB Bonds</u>	<u>Compensated Absences</u>	<u>Limited Obligation Durant Bonds</u>	<u>Total</u>
Balance - July 1, 2009	\$ 23,739	\$ 6,265,342	\$ 485,000	\$ 58,788	\$ 11,663	\$ 6,844,532
Additions:						-
Deletions	(4,435)	(282,877)	-	(7,613)	(2,716)	(297,641)
Balance - June 30, 2010	19,304	5,982,465	485,000	51,175	8,947	6,546,891
Less current portion	(4,768)	(310,000)	-	(15,000)	(2,845)	(332,613)
Total due after one year	<u>\$ 14,536</u>	<u>\$ 5,672,465</u>	<u>\$ 485,000</u>	<u>\$ 36,175</u>	<u>\$ 6,102</u>	<u>\$ 6,214,278</u>

Interest expense (all funds) for the year ended June 30, 2010 was \$281,876.

The Durant bonds, including interest, was issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the bond.

CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE
General Fund	\$ 242,142	\$ 12,313
Special Revenue	12,313	92,142
Debt Retirement		150,000
	\$ 254,455	\$ 254,455

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 8 - OPERATING LEASES:

The School District leases buses and office equipment under operating lease agreements that expire at various dates, respectively. Lease expense amounted to \$74,719. At June 30, 2010, future lease payments under such leases are as follows:

June 30, 2011	\$ 69,802
June 30, 2012	\$ 69,802

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN:

Plan Description – The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine-member board of the MPERS. The MPERS provides retirement benefits and post-retirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, Michigan, 48909 or by calling (517) 322-6000.

Funding Policy – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000. Members joining the system on or after July 1, 2008 contribute at the following graduated rate: 3% of the first \$5,000, 3.6% of \$5,001 through \$15,000 and 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2010 was 16.54% for July 1 through September 30, 2009 and 16.94% for October 1 through June 30, 2010. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributes to MPERS for the years ended June 30, 2010, 2009, and 2008, were \$473,032, \$480,461, and \$437,789, respectively, equal to the required contribution for each year.

The District is not responsible for the payment of retirement benefits that is the responsibility of the State of Michigan.

**CARSONVILLE-PORT SANILAC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued):

OTHER POST-EMPLOYMENT BENEFITS:

Under the MPSERS' Act, all retirees have the option of continuing health, dental and vision coverage. These benefits are not included in the pension benefit obligation referred to above.

NOTE 10 - RISK MANAGEMENT:

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays quarterly premiums to the pool for the insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance, torts, theft of, damage to and destruction of assets and errors & omissions.

NOTE 11- TRANSFERS:

Transfers between funds for the year ended June 30, 2010 were as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 174,671	
Athletic Fund		\$ 137,363
Debt Retirement Fund		37,308
	<hr/>	<hr/>
Total Transfers	<u>\$ 174,671</u>	<u>\$ 174,671</u>

The transfer to athletic fund from general fund was to subsidize operations. The transfer from general fund to Debt Retirement was to help cover debt payments. One QZAB debt was paid off with excess transferred from the General Fund.

NOTE 12 – CONTINGENCY:

The District has been named as a defendant in a tenure hearing initiated by a tenured teacher. The claim asserted is a violation of rights under the Michigan Tenure Act. The hearing on this matter has been held. The District is now awaiting the decision. The District is estimating the cost of damages to be approximately \$28,000. The District's attorney feels there is a good chance settlement will occur.

NOTE 13 – THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA):

During the year ended June 30, 2010 the District recorded revenue of \$175,223 of unrestricted ARRA stabilization funds to off-set a shortage in the State of Michigan foundation funding. It is uncertain if the District will receive ARRA stabilization funds in the future.

REQUIRED SUPPLEMENTARY INFORMATION

CARSONVILLE-PORT SANILAC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local sources	\$ 1,015,277	\$ 1,021,828	\$ 1,015,104	\$ (6,724)
State sources	3,870,357	3,591,321	3,608,823	17,502
Federal sources	385,545	569,911	570,172	261
Transfers from other governmental units	31,585	51,424	51,216	(208)
TOTAL REVENUES	<u>5,302,764</u>	<u>5,234,484</u>	<u>5,245,315</u>	<u>10,831</u>
EXPENDITURES:				
Instruction	3,267,293	3,338,535	3,382,026	(43,491)
Supporting services	2,134,619	1,856,682	1,805,067	51,615
Capital outlay	-	-	-	-
Outgoing transfers and other	44,342	39,963	28,400	11,563
TOTAL EXPENDITURES	<u>5,446,254</u>	<u>5,235,180</u>	<u>5,215,493</u>	<u>19,687</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(143,490)</u>	<u>(696)</u>	<u>29,822</u>	<u>30,518</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	(181,562)	(174,671)	6,891
Transfer from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(181,562)</u>	<u>(174,671)</u>	<u>6,891</u>
EXCESS OF REVENUES OVER EXPENDITURES & OTHER SOURCES (USES)	<u>(143,490)</u>	<u>(182,258)</u>	<u>(144,849)</u>	<u>\$ 37,409</u>
FUND BALANCE - BEGINNING OF YEAR	891,658	891,658	891,658	
FUND BALANCE - END OF YEAR	<u>\$ 748,168</u>	<u>\$ 709,400</u>	<u>\$ 746,809</u>	

ADDITIONAL INFORMATION

CARSONVILLE-PORT SANILAC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2010

	<u>DURANT DEBT SERVICE</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL 2010</u>
<u>ASSETS</u>			
Cash in bank	\$ -	\$ 95,863	\$ 95,863
Accounts receivable	\$ -	-	-
Due from other funds	-	12,313	12,313
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 108,176</u>	<u>\$ 108,176</u>
 <u>LIABILITIES & FUND BALANCE</u>			
LIABILITIES:			
Due to other funds	\$ -	\$ 92,142	\$ 92,142
TOTAL LIABILITIES	<u>-</u>	<u>92,142</u>	<u>92,142</u>
FUND BALANCE	-	16,034	16,034
TOTAL LIABILITIES & FUND BALANCE	<u>\$ -</u>	<u>\$ 108,176</u>	<u>\$ 108,176</u>

CARSONVILLE-PORT SANILAC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>DURANT DEBT</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL 2010</u>
REVENUES:			
Local sources		\$ 99,355	\$ 99,355
State sources	\$ 3,271	25,966	29,237
Federal sources		240,280	240,280
 TOTAL REVENUES	 <u>3,271</u>	 <u>365,601</u>	 <u>368,872</u>
EXPENDITURES:			
Food services		327,258	327,258
Athletic services		172,124	172,124
Debt service:			
Principal redemption	2,716		2,716
Interest	555		555
Other			-
 TOTAL EXPENDITURES	 <u>3,271</u>	 <u>499,382</u>	 <u>502,653</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>-</u>	 <u>(133,781)</u>	 <u>(133,781)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds		137,363	137,363
Transfers to other funds			-
Payments on loans			-
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>137,363</u>	 <u>137,363</u>
 EXCESS OF REVENUES OVER EXPENDITURES & OTHER SOURCES (USES)	 <u>-</u>	 <u>3,582</u>	 <u>3,582</u>
 FUND BALANCE - BEGINNING OF YEAR	 <u>-</u>	 <u>12,452</u>	 <u>12,452</u>
 FUND BALANCE - END OF YEAR	 <u>\$ -</u>	 <u>\$ 16,034</u>	 <u>\$ 16,034</u>

CARSONVILLE-PORT SANILAC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property Tax		\$ 930,099	
Tuition & Fees		52,840	
Interest income		2,112	
Other		30,053	
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ 1,021,828</u>	<u>1,015,104</u>	<u>\$ (6,724)</u>
REVENUE FROM STATE SOURCES:			
State aid		3,343,664	
Drivers education		-	
Other state grants		265,159	
TOTAL REVENUE FROM STATE SOURCES	<u>3,591,321</u>	<u>3,608,823</u>	<u>17,502</u>
REVENUE FROM FEDERAL SOURCES:			
Title I		146,367	
IDEA Project #050450/0405		38,400	
Rural & Low Income		-	
Drug Free		1,821	
ARRA Unrestricted Stabilization Funds		175,223	
ARRA Restricted Stabilization Funds		156,545	
Other Federal Revenue		51,816	
TOTAL REVENUE FROM FEDERAL SOURCES	<u>569,911</u>	<u>570,172</u>	<u>261</u>
OTHER:			
Sale of fixed assets	-	-	-
Transfers from other government units	51,424	51,216	(208)
TOTAL OTHER	<u>51,424</u>	<u>51,216</u>	<u>208</u>
TOTAL REVENUES	<u>\$ 5,234,484</u>	<u>\$ 5,245,315</u>	<u>\$ 10,831</u>

CARSONVILLE-PORT SANILAC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Basic Programs:			
Elementary:			
Professional Salaries		\$ 782,131	
Non-Professional Salaries		47,977	
Insurance Benefits		192,940	
FICA, Retirement, etc.		222,807	
Purchased Services		699	
Supplies		41,434	
Capital Outlay		1,598	
Miscellaneous		613	
Total Elementary	<u>\$ 1,257,788</u>	<u>1,290,199</u>	<u>\$ (32,411)</u>
Secondary:			
Professional Salaries		763,501	
Non-Professional Salaries		18,648	
Insurance Benefits		206,055	
FICA, Retirement, etc.		207,742	
Purchased Services		846	
Supplies		47,961	
Capital Outlay		3,815	
Miscellaneous		9,216	
Total Secondary	<u>1,240,897</u>	<u>1,257,784</u>	<u>(16,887)</u>
Latch Key:			
Professional Salaries		-	
Non-Professional Salaries		44,275	
Insurance Benefits		-	
FICA, Retirement, etc.		10,414	
Purchased Services		-	
Supplies		1,947	
Capital Outlay		-	
Miscellaneous		614	
Total Latch Key	<u>57,295</u>	<u>57,250</u>	<u>45</u>

CARSONVILLE-PORT SANILAC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Added Needs:			
Special Education:			
Professional Salaries		\$ 221,776	
Non-Professional Salaries		27,508	
Insurance Benefits		89,921	
FICA, Retirement, etc.		78,697	
Purchased Services		20,946	
Supplies		3,913	
Capital Outlay		-	
Miscellaneous		562	
Total Special Education	<u>\$ 458,146</u>	<u>443,323</u>	<u>\$ 14,823</u>
Federal Programs:			
Professional Salaries		116,164	
Non-Professional Salaries		12,463	
Insurance Benefits		24,171	
FICA, Retirement, etc.		23,397	
Purchased Services		39,852	
Supplies		9,638	
Capital Outlay		-	
Miscellaneous		-	
Total Federal Programs	<u>217,578</u>	<u>225,685</u>	<u>(8,107)</u>
Compensatory Education (At-Risk):			
Professional Salaries		63,374	
Non-Professional Salaries		-	
Insurance Benefits		25,596	
FICA, Retirement, etc.		16,729	
Purchased Services		810	
Supplies		1,276	
Capital Outlay		-	
Miscellaneous		-	
Total Compensatory Education (At-Risk)	<u>106,831</u>	<u>107,785</u>	<u>(954)</u>
TOTAL INSTRUCTION:	<u>3,338,535</u>	<u>3,382,026</u>	<u>(43,491)</u>

CARSONVILLE-PORT SANILAC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES:			
Pupil Services:			
Guidance Services:			
Professional Salaries		\$ 62,968	
Non-Professional Salaries		11,444	
Insurance Benefits		26,028	
FICA, Retirement, etc.		18,366	
Purchased Services		17,140	
Supplies		602	
Capital Outlay		-	
Miscellaneous		-	
Total Guidance Services	<u>\$ 136,537</u>	<u>136,548</u>	<u>\$ (11)</u>
Improvement of Instruction:			
Professional Salaries		95,564	
Non-Professional Salaries		654	
Insurance Benefits		20,699	
FICA, Retirement, etc.		23,610	
Purchased Services		22,422	
Supplies		3,742	
Total Improvement of Instruction	<u>164,952</u>	<u>166,691</u>	<u>(1,739)</u>
Library:			
Professional Salaries		25,663	
Non-Professional Salaries		6,047	
Insurance Benefits		7,516	
FICA, Retirement, etc.		9,170	
Purchased Services		89	
Supplies		2,982	
Capital Outlay		-	
Miscellaneous		150	
Total Library	<u>61,632</u>	<u>51,617</u>	<u>10,015</u>

CARSONVILLE-PORT SANILAC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
General Administration:			
Professional Salaries		\$ 83,475	
Non-Professional Salaries		30,504	
Insurance Benefits		26,694	
FICA, Retirement, etc.		9,580	
Other Benefits		-	
Purchased Services		21,496	
Supplies		2,230	
Capital Outlay		320	
Miscellaneous		5,039	
Total General Administration	<u>\$ 180,110</u>	<u>179,338</u>	<u>\$ 772</u>
School Administration:			
Professional Salaries		85,000	
Non-Professional Salaries		49,585	
Insurance Benefits		34,279	
FICA, Retirement, etc.		42,155	
Other Benefits		-	
Purchased Services		62,424	
Supplies		1,412	
Capital Outlay		-	
Miscellaneous		1,072	
Total School Administration	<u>295,755</u>	<u>275,927</u>	<u>19,828</u>
Board of Education			
Professional Salaries		370	
Insurance Benefits		-	
FICA, Retirement, etc.		100	
Purchased Services		11,233	
Supplies		-	
Miscellaneous		2,056	
Total Board of Education	<u>14,543</u>	<u>13,759</u>	<u>784</u>

CARSONVILLE-PORT SANILAC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
Business - Fiscal Services:			
Professional Salaries		\$ 51,293	
Non-Professional Salaries		-	
Insurance Benefits		20,012	
FICA, Retirement, etc.		24,495	
Other Benefits		-	
Purchased Services		8,548	
Supplies		269	
Capital Outlay		-	
Miscellaneous		24,279	
Total Business - Fiscal Services:	\$ 130,905	128,896	\$ 2,009
Operation of Plant:			
Professional Salaries		-	
Non-Professional Salaries		141,910	
Insurance Benefits		61,664	
FICA, Retirement, etc.		44,217	
Other Benefits		-	
Purchased Services		232,875	
Supplies		17,066	
Capital Outlay		10,055	
Miscellaneous		757	
Total Operation of Plant	525,887	508,544	17,343
Pupil Transportation:			
Professional Salaries		-	
Non-Professional Salaries		98,350	
Insurance Benefits		13,757	
FICA, Retirement, etc.		32,401	
Other Benefits		-	
Purchased Services		82,932	
Supplies		38,578	
Capital Outlay		-	
Miscellaneous		2,349	
Total Pupil Transportation	267,570	268,367	(797)

CARSONVILLE-PORT SANILAC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
Technology:			
Purchased Services		\$ 29,481	
Supplies		21,765	
Capital Outlay		24,134	
Total Technology	<u>\$ 78,791</u>	<u>75,380</u>	<u>\$ 3,411</u>
TOTAL SUPPORTING SERVICES	<u>1,856,682</u>	<u>1,805,067</u>	<u>51,615</u>
OTHER TRANSACTIONS:			
Other transfers	39,963	28,400	11,563
Capital outlay	-	-	-
TOTAL OTHER TRANSACTIONS	<u>39,963</u>	<u>28,400</u>	<u>11,563</u>
TOTAL EXPENDITURES	<u>5,235,180</u>	<u>5,215,493</u>	<u>19,687</u>
OTHER FINANCING USES:			
Transfers to other funds	181,562	174,671	6,891
TOTAL OTHER FINANCING USES	<u>181,562</u>	<u>174,671</u>	<u>6,891</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 5,416,742</u></u>	<u><u>\$ 5,390,164</u></u>	<u><u>\$ 26,578</u></u>

CARSONVILLE-PORT SANILAC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>TOTAL 2010</u>
<u>ASSETS</u>			
Cash in bank	\$ 94,815	\$ 1,048	\$ 95,863
Accounts receivable	-		-
Due from other funds	12,313	-	12,313
Due from other governmental units	-		-
TOTAL ASSETS	<u>\$ 107,128</u>	<u>\$ 1,048</u>	<u>\$ 108,176</u>
 <u>LIABILITIES & FUND BALANCE</u>			
LIABILITIES:			
Due to other funds	\$ 92,142	-	\$ 92,142
TOTAL LIABILITIES	<u>92,142</u>	<u>-</u>	<u>92,142</u>
FUND BALANCE	14,986	\$ 1,048	16,034
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 107,128</u>	<u>\$ 1,048</u>	<u>\$ 108,176</u>

CARSONVILLE-PORT SANILAC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
JUNE 30, 2010

	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>COMBINED</u>	<u>COMBINED BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:					
Local Sources:					
Sale of meals & milk	\$ 65,987		\$ 65,987	\$ 67,500	\$ (1,513)
Admissions		\$ 24,672	24,672	15,800	8,872
Interest	39	20	59	125	(66)
Other	1,601	7,036	8,637	12,800	(4,163)
Total Local Sources	<u>67,627</u>	<u>31,728</u>	<u>99,355</u>	<u>96,225</u>	<u>3,130</u>
State Sources:					
State Lunch & Breakfast Aid	25,966		25,966	12,000	13,966
Other	-		-	-	-
Total State Sources	<u>25,966</u>	<u>-</u>	<u>25,966</u>	<u>12,000</u>	<u>13,966</u>
Federal Sources:					
National School Lunch Program	228,685		228,685	205,000	23,685
USDA Commodities	11,595		11,595	12,000	(405)
Total Federal Sources	<u>240,280</u>	<u>-</u>	<u>240,280</u>	<u>217,000</u>	<u>23,280</u>
TOTAL REVENUE	<u>333,873</u>	<u>31,728</u>	<u>365,601</u>	<u>325,225</u>	<u>40,376</u>
EXPENDITURES:					
School Service Activities:					
Professional salaries	94,899		94,899	90,000	(4,899)
Employee benefits	52,032		52,032	52,800	768
Food & milk	156,649		156,649	151,000	(5,649)
Athletics activities		172,124	172,124	172,175	51
Utilities	18,384		18,384	-	(18,384)
Miscellaneous	5,294		5,294	3,800	(1,494)
TOTAL EXPENDITURES	<u>327,258</u>	<u>172,124</u>	<u>499,382</u>	<u>469,775</u>	<u>(29,607)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,615</u>	<u>(140,396)</u>	<u>(133,781)</u>	<u>(144,550)</u>	<u>10,769</u>
OTHER FINANCING SOURCES:					
Transfers from General Fund		137,363	137,363	154,755	(17,392)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>137,363</u>	<u>137,363</u>	<u>\$ 154,755</u>	<u>(17,392)</u>
NET CHANGE IN FUND BALANCE	<u>6,615</u>	<u>(3,033)</u>	<u>3,582</u>	<u>\$ 10,205</u>	<u>\$ (6,623)</u>
FUND BALANCE - JULY 1	8,371	4,081	12,452		
FUND BALANCE - JUNE 30	<u>\$ 14,986</u>	<u>\$ 1,048</u>	<u>\$ 16,034</u>		

CARSONVILLE-PORT SANILAC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	<u>DURANT DEBT SERVICE</u>	<u>2005 REFUNDING</u>	<u>2001 ENERGY CONSERVATION IMPROVEMENT BOND (QZAB)</u>	<u>TOTALS</u> <u>2010</u>
<u>ASSETS</u>				
Cash and equivalents	\$ -	\$ 495,408	\$ 368,065	\$ 863,473
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 495,408</u>	<u>\$ 368,065</u>	<u>\$ 863,473</u>
 <u>LIABILITIES & FUND BALANCE</u>				
LIABILITIES				
Due to other funds		\$ 150,000		\$ 150,000
FUND BALANCE				
Reserved for debt service	\$ -	345,408	\$ 368,065	713,473
TOTAL LIABILITIES & FUND BALANCE	<u>\$ -</u>	<u>\$ 495,408</u>	<u>\$ 368,065</u>	<u>\$ 863,473</u>

CARSONVILLE-PORT SANILAC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2010

	<u>DURANT DEBT SERVICE</u>	<u>2005 REFUNDING</u>	<u>2001 ENERGY CONSERVATION IMPROVEMENT BOND (QZAB)</u>	<u>TOTALS 2010</u>
REVENUES FROM LOCAL SOURCES:				
Local Sources:				
Current tax levy	-	\$ 597,608	-	\$ 597,608
Interest on investments	-	437	\$ 7,256	7,693
Total Local Sources	<u>-</u>	<u>598,045</u>	<u>7,256</u>	<u>605,301</u>
State Sources:				
State school aid	\$ 3,271			3,271
TOTAL REVENUES	<u>3,271</u>	<u>598,045</u>	<u>7,256</u>	<u>608,572</u>
EXPENDITURES:				
Retirement of bonds	2,716	300,000	-	302,716
Interest on bonded debt	555	281,321	-	281,876
Bond fees and charges	-	93	-	93
TOTAL EXPENDITURES	<u>3,271</u>	<u>581,414</u>	<u>-</u>	<u>584,685</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds		-	37,308	37,308
Transfer to other funds		-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>37,308</u>	<u>37,308</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>16,631</u>	<u>44,564</u>	<u>61,195</u>
FUND BALANCE - JULY 1	-	328,777	323,501	652,278
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ 345,408</u>	<u>\$ 368,065</u>	<u>\$ 713,473</u>

CARSONVILLE-PORT SANILAC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND LIABILITIES
YEAR ENDED JUNE 30, 2010

	<u>BALANCE</u> <u>JUNE 30,</u> <u>2009</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30,</u> <u>2010</u>
Academic awards	\$ 231	\$ 130	\$ 63	\$ 298
Academic Memorial Fund	534	-	-	534
Alt Ed Misc	1,379	1,791	1,276	1,894
Art Club	332	-	137	195
Band	126	548	96	578
Band Fundraising	-	2,260	2,260	-
Baseball	(128)	-	-	(126)
Boys Basketball	-	5,116	4,057	1,059
Bowling	-	1,884	1,591	293
Careers	331	-	-	331
Central office - miscellaneous	(1,936)	2,138	3,314	(3,112)
Cheerleading	570	5,096	4,840	826
Cheerleading Fundraiser	-	1,150	1,150	-
Class of 2005	417	-	-	417
Class of 2006	(172)	-	-	(172)
Class of 2007	216	-	-	216
Class of 2008	(97)	-	-	(97)
Class of 2009	(1,282)	1,332	1,282	(1,232)
Class of 2010	112	4,116	4,229	(1)
Class of 2011	81	469	527	23
Class of 2012	-	957	-	957
Class of 2013	-	1,115	531	584
Community Enrichment	30	-	-	30
Cross Country Team	293	491	293	491
District Pride	68	-	-	68
Drivers Education	136	-	-	136
Economics Club	8	-	-	8
Elementary Academic Boosters	7,608	26,652	22,942	11,318
Elementary Art	59	-	-	59
Elementary Extra Curricular	840	-	-	840
Elementary Fund Raising	(998)	998	51	(51)
Elementary Library Book Fund	3,201	3,135	5,866	470
Elementary RIF Program	(238)	1,681	238	1,205
Elementary Reading Level Library	5,332	100	-	5,432
Elementary Store	32	-	-	32
Elementary Student Assistance	125	-	-	125
Elementary Student Council	67	-	-	67
Equestrian Team	-	425	80	345
Football Team	1	1,072	383	690
Football Team Fundraising	-	5,193	3,693	1,500
French Club	20	-	-	20
Freshman BB	237	-	-	237
Girls Basketball	2,944	5,912	5,284	3,572
Golf Team	181	1,082	893	370
High School (pop)	398	1,829	1,319	906
High School Student Assistance	422	104	322	204
High School Student Council	1,772	7,353	8,628	497
Honor society	(182)	949	753	14
Honor Society Field Trip	1,141	3,218	3,583	776
Interest earned	716	68	-	784
Library Book Fund	132	41	3	170
Middle School Student Council	1,985	5,084	6,282	787
Middle School Technology	250	-	-	250
Miscellaneous	1,698	5,043	3,957	2,784
Mitchell Memorial	272	-	-	272
Natural Helpers	161	-	-	161
Office machines	7	-	-	7
Phy. Ed. Lock Replacement	201	5	-	206
Science Department	222	-	-	222
Softball Team	(205)	3,201	2,661	335
Special Activities	(276)	-	-	(276)
Theater 13	(743)	5,461	5,429	(711)
Toys for Tots	32	-	-	32
Track Team	81	39	39	81
Travel Club	455	-	-	455
Video Arts	719	-	-	719
Volleyball	1,843	1,005	-	2,848
William Bopra Donation	-	600	-	600
Yearbook	-	2,466	1,017	1,449
TOTAL AGENCY FUND	<u>\$ 31,761</u>	<u>\$ 111,309</u>	<u>\$ 99,069</u>	<u>\$ 44,001</u>

CARSONVILLE-PORT SANILAC SCHOOLS
SCHEDULE OF BONDED DEBT
2001 ENERGY CONSERVATION IMPROVEMENT BOND (QZAB)
JUNE 30, 2010

PRINCIPAL DUE MAY 1	DEBT SERVICE REQUIREMENT FOR FISCAL YEAR	
	JUNE 30	AMOUNT
\$ 485,000	2014	\$ 485,000
<u>\$ 485,000</u>		<u>\$ 485,000</u>

CARSONVILLE-PORT SANILAC SCHOOLS
SCHEDULE OF BONDED DEBT - DURANT BONDS
JUNE 30, 2010

<u>PRINCIPAL DUE</u> <u>MAY 15</u>	<u>INTEREST DUE</u>	<u>DEBT SERVICE REQUIREMENT</u> <u>FOR FISCAL YEAR</u>	
	<u>MAY 15</u>	<u>JUNE 30</u>	<u>AMOUNT</u>
\$ 2,845	\$ 426	2011	\$ 3,271
2,980	291	2012	3,271
3,122	149	2013	3,271
<u>\$ 8,947</u>	<u>\$ 866</u>		<u>\$ 9,813</u>

The above bond issue bears interest at 4.76%. The bond proceeds were used for erecting, furnishing and equipping additions to the existing school buildings and developing and improving the site.

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid Payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the School Aid Payments directly to the Authority's Depository.

CARSONVILLE-PORT SANILAC SCHOOLS
SCHEDULE OF BONDED DEBT
REFUNDING BONDS, SERIES 2005
JUNE 30, 2010

PRINCIPAL DUE MAY 1	INTEREST DUE		DEBT SERVICE REQUIREMENT FOR FISCAL YEAR	
	MAY 1	NOVEMBER 1	JUNE 30	AMOUNT
\$ 310,000	\$ 133,092	\$ 133,092	2011	\$ 576,184
320,000	127,279	127,279	2012	574,558
325,000	121,079	121,079	2013	567,158
335,000	114,579	114,579	2014	564,158
345,000	107,879	107,879	2015	560,758
360,000	100,764	100,764	2016	561,528
370,000	93,114	93,114	2017	556,228
385,000	85,714	85,714	2018	556,428
395,000	77,773	77,773	2019	550,546
405,000	69,133	69,133	2020	543,266
420,000	60,020	60,020	2021	540,040
430,000	50,570	50,570	2022	531,140
440,000	41,433	41,433	2023	522,866
450,000	31,808	31,808	2024	513,616
465,000	21,964	21,964	2025	508,928
480,000	10,920	10,920	2026	501,840
\$ 6,235,000	\$ 1,247,121	\$ 1,247,121		\$ 8,729,242

On April 12, 2005 Carsonville-Port Sanilac School District refunded the 2011 through 2026 bonds for the purpose of better interest rates and erecting, furnishing, and equipping additions to the District's Elementary School and Middle/High School.