

LAKEVIEW COMMUNITY SCHOOLS



LAKEVIEW, MICHIGAN

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

LAKEVIEW COMMUNITY SCHOOLS

TABLE OF CONTENTS

	<u>PAGE</u>
Administrative Personnel	
Financial Section	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	13
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	16
Statement of Net Assets – Internal Service Fund	17
Statement of Revenue, Expenses and Changes in Fund Net Assets – Internal Service Fund	18
Statement of Cash Flows – Internal Service Fund	19
Statement of Fiduciary Assets and Liabilities – Agency Funds	20
Notes to Financial Statements	21-35
Combining and Individual Fund Financial Statements and Schedules:	
Schedule of General Fund Balance Sheet Accounts – By Activity	36
Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance – By Activity	37
Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance – By Activity – Budget and Actual	38-49
Combining Balance Sheet – Nonmajor Governmental Funds	50-51
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	52-53
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – Food Service Fund	54
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – Preschool Fund	55
Combining Statement of Assets and Liabilities – Agency Funds	56

**LAKEVIEW COMMUNITY SCHOOLS
ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2011**

SCHOOL BOARD MEMBERS

Ed Jonaitis	President
Tim Reed	Vice-President
Tim Rasmussen	Secretary
Jack Jeppesen	Treasurer
Daryl Johnson	Trustee
Jeff Davis	Trustee
David England	Trustee

SUPERINTENDENT

Dixie M. Pope, Ed.D.

PRINCIPALS

Gary Jensen	High School
Kyle Hamlin	Middle School
Timothy Erspamer	Lakeview Elementary
Sara Shriver	Bright Start Elementary

DIRECTOR OF INSTRUCTION

Sara L. Shriver

ACCOUNTING SUPERVISOR

Patricia K. Root

INDEPENDENT AUDITORS' REPORT

Month //, 2011

Board of Education
Lakeview Community Schools
Lakeview, Michigan

We have audited the accompanying financial statements of the governmental activities, the general fund and the aggregate remaining fund information of *Lakeview Community Schools* (the "District"), as of and for the year ended June 30, 2011 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lakeview 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, the general fund and the aggregate remaining fund information of Lakeview Community Schools as of June 30, 2011 and the respective changes in financial position, where applicable, thereof and the budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated Month //, 2011 on our consideration of Lakeview Community Schools' internal control over financial reporting and 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 assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lakeview Community Schools' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of Lakeview Community Schools' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lakeview Community Schools

~~123 Fifth Street
Lakeview, Michigan 48850~~

~~Phone: 989-352-6226
Fax: 989-352-8245~~

*Dixie M. Pope, Superintendent
Sara L. Shriver, Director of Instruction
Pamela M. Main, Human Resource Supervisor
Patricia K. Root, Accounting Supervisor*

Management's Discussion and Analysis

As management of Lakeview Community Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,486,829 (*net assets*). Of this amount, \$825,350 (*unrestricted net assets*) may be used to meet the District's ongoing obligations for district programs.
- The District's total net assets increased by \$985,069.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,308,017, an increase of \$178,556 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$550,244 or 4.5% percent of total general fund expenditures and transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements including management discussion and analysis, budgetary schedules and combining statements for non-major and fiduciary funds.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated leave).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The activities of the District include instruction, supporting services, community services, food services, athletics and other services. The District has no business-type activities as of and for the year ended June 30, 2011.

The government-wide financial statements can be found on pages **10 and 11** of this report.

Fund financial statements. 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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains numerous individual governmental funds, one internal service fund, and two agency funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. These funds include several debt service funds, a capital projects fund, a food service fund, and a preschool fund special revenue fund. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The governmental fund financial statements can be found on pages **12-16** of this report.

Proprietary fund. The District maintains one proprietary fund. The *internal service fund* is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to accumulate resources to fund compensated absences payable. The proprietary fund financial statements can be found on pages **17-19** of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Lakeview Community Schools' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page **20** of this report.

Notes to 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 **21-35** of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages **36-56** of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$3,486,829 at the close of the most recent fiscal year. The timing of debt service payments and depreciation expense of capital assets has a significant impact on this balance.

A portion of the District's net assets reflect investment in capital assets net of related debt (e.g., land, buildings, vehicles, and equipment, less any related debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to the students it serves; consequently, these assets are *not* available for future spending. Although 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.

Lakeview Community Schools' Net Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Assets		
Current and other assets	\$ 4,754,980	\$ 4,534,410
Capital assets, net	16,054,284	16,708,547
	<hr/>	
Total assets	20,809,264	21,242,957
<hr/>		
Liabilities		
Current liabilities	3,283,183	3,293,620
Long-term liabilities outstanding	14,039,252	15,447,577
	<hr/>	
	17,322,435	18,741,197
<hr/>		
Net assets		
Invested in capital assets, net of related debt	2,177,780	1,432,760
Restricted	483,699	219,557
Unrestricted	825,350	849,443
	<hr/>	
Total net assets	\$ 3,486,829	\$ 2,501,760
	<hr/>	

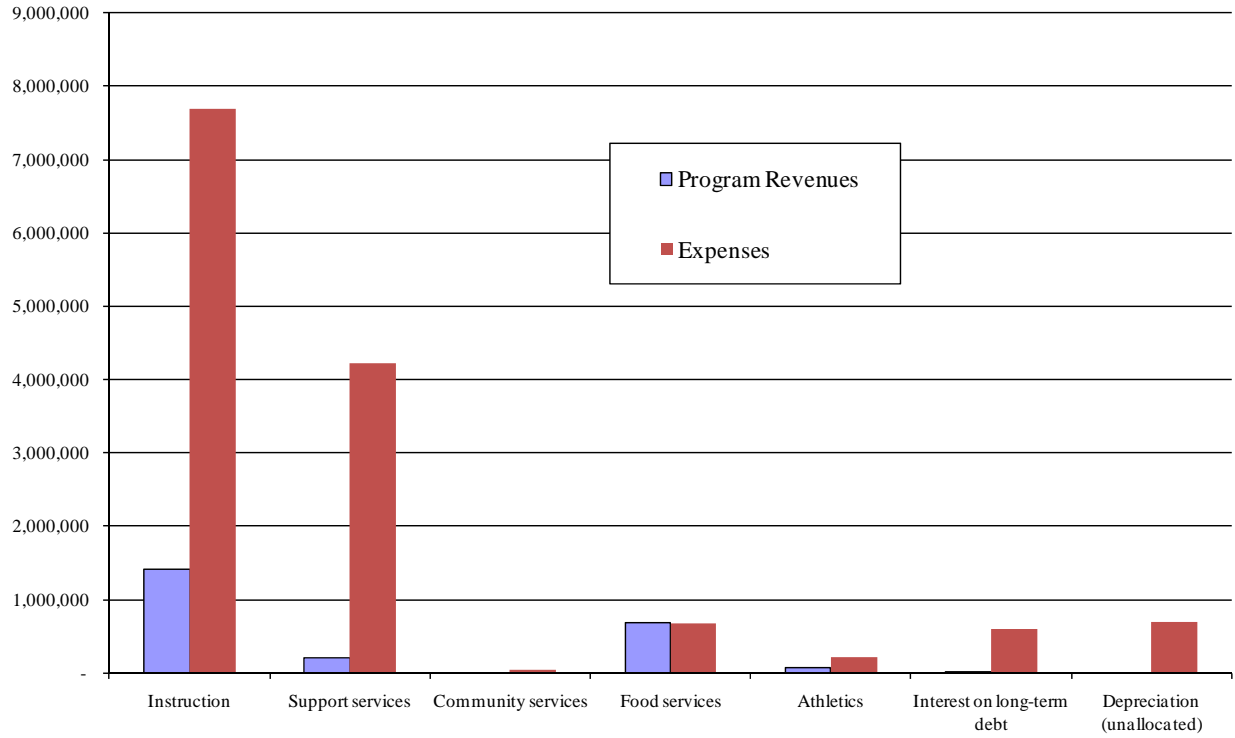
An additional portion of the District's net assets represents resources that are subject to other external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the District's ongoing obligations to its general programs.

Lakeview Community Schools' Changes in Net Assets

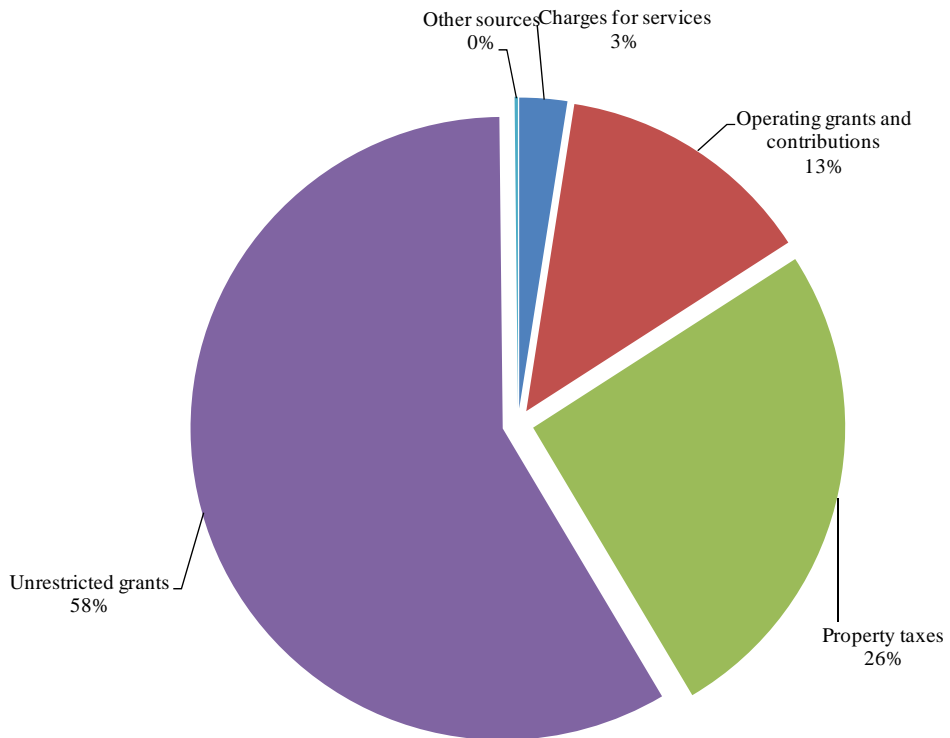
	Governmental Activities	
	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 373,418	\$ 450,655
Operating grants and contributions	2,022,456	1,898,913
General revenues:		
Property taxes - operations	1,804,247	1,909,818
Property taxes - debt service	2,051,959	1,956,093
Grants and contributions not restricted to specific programs	8,800,711	9,115,990
Universal service funds	13,087	6,081
Unrestricted investment earnings	12,010	11,045
Other revenue	27,067	-
Total revenues	<u>15,104,955</u>	<u>15,348,595</u>
Expenses		
Instruction	7,690,217	7,879,629
Supporting services	4,220,231	4,334,077
Community services	36,706	6,960
Food services	673,416	611,240
Athletics	211,012	225,661
Interest on long-term debt	588,627	721,753
Unallocated depreciation	699,677	710,593
Total expenses	<u>14,119,886</u>	<u>14,489,913</u>
Change in net assets	985,069	858,682
Net assets, beginning of year	<u>2,501,760</u>	<u>1,643,078</u>
Net assets, end of year	<u>\$ 3,486,829</u>	<u>\$ 2,501,760</u>

Governmental activities. Net assets increased by \$985,069. This was primarily the result of the current year principal payments on long-term debt exceeding the amount of capitalized assets.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$550,244, while the total fund balance was \$742,928. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 4.5% and 6.1%, respectively, of total general fund expenditures and transfers out.

The fund balance of the District's general fund increased by \$99,521 during the current fiscal year. The largest revenue source in this fund is state revenue which includes primarily state aid. Expenditures consist primarily of costs associated with instruction and related supporting activities.

General Fund Budgetary Highlights

Amendments to the original adopted budget are passed in order to reflect changes in information and circumstances. Some of the more significance changes between the original adopted and final amended budgets were:

- The budget for federal revenue was increased in order to adjust for the Education Jobs Fund grant, a one-time award passed through the Michigan Department of Education. Related expenditures were adjusted accordingly for a net zero impact on the change in fund balance.
- The budget for at-risk State revenue was increased from \$0 to \$296,417 due to uncertainty of the amount that would be provided by the State of Michigan.
- The original budget for preschool expenditures (a component of added needs) was increased from \$54,400 to \$170,288 when the award for at-risk revenue was estimable.

The District is not permitted to amend the budget after June 30, 2011 in accordance with State law. Therefore, the budget is estimated as close to actual as possible, with the understanding that small variances are expected. Variances between the final amended budget and the actual expenditures were:

- At risk State revenue was \$138,312 less than the final amended budget of \$298,417 because these funds are earmarked by the State for certain restricted purposes, which were not met in the current year. The unspent funds were not lost, but instead deferred to a subsequent period when eligible expenditures are available.
- Title I Federal revenue was \$217,754 less than the final amended budget of \$756,335 because the District was still in the process of expending a special one-time award for the High School as of June 30, 2011.
- Summer school expenditures (a component of added needs) were \$183,822 less than the final budget of \$294,187 because the funds will be used to finance 2011-2012 summer school activities.

Capital Asset and Debt Administration

Capital assets – The District’s investment in capital assets for its governmental activities as of June 30, 2011 amounted to \$16,708,547 (net of accumulated depreciation). The District had no capital asset additions for the year ended June 30, 2011. Capital assets at fiscal year included the following:

Lakeview Community Schools’ Capital Assets (Net of Depreciation)

	<u>2011</u>	<u>2010</u>
Land	\$ 370,160	\$ 370,160
Buildings and improvements	14,579,815	15,095,527
Machinery and equipment	795,554	860,701
Vehicles	<u>308,755</u>	<u>382,159</u>
Total	<u>\$16,054,284</u>	<u>\$16,708,547</u>

Additional information on the District’s capital assets can be found in **Note 5 on pages 28 and 29** of this report.

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$14,039,252. The District’s total debt decreased by \$1,408,325 during the current fiscal year.

Additional information on the District’s long-term debt can be found in **Note 8 on pages 30-32** of this report.

Factors Bearing on the District’s Future

The following factors were considered in preparing the District’s budget for the 2011-2012 fiscal year:

- Wages for teachers were calculated based on the salary step increase given in the second half of fiscal year 2011.
- Retirement and insurance costs were projected according to state retirement and insurance rate projections.
- Grant projections were calculated on a grant-by-grant basis.

Requests for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Superintendent or Designee
Lakeview Community Schools
123 Fifth Street
Lakeview, MI 48850
(989) 352-6226

BASIC FINANCIAL STATEMENTS

LAKEVIEW COMMUNITY SCHOOLS
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,806,502
Investments	800,032
Receivables:	
Accounts	2,444
Due from other governments	1,895,003
Other assets	250,999
Total current assets	<u>4,754,980</u>
Noncurrent assets:	
Capital assets not being depreciated	370,160
Capital assets being depreciated, net	15,684,124
Total noncurrent assets	<u>16,054,284</u>
Total assets	<u>20,809,264</u>
Liabilities	
Current liabilities:	
Accounts payable	46,937
Accrued expenses	1,297,478
Unearned revenue	138,768
Note payable	1,800,000
Current portion of compensated absences	9,508
Current portion of long-term debt	1,510,131
Total current liabilities	<u>4,802,822</u>
Noncurrent liabilities:	
Noncurrent portion of compensated absences	132,450
Noncurrent portion of long-term debt	12,387,163
Total noncurrent liabilities	<u>12,519,613</u>
Total liabilities	<u>17,322,435</u>
Net assets	
Invested in capital assets, net of related debt	2,177,780
Restricted for food service operations	176,892
Restricted for debt service	306,807
Unrestricted	825,350
Total net assets	<u><u>\$ 3,486,829</u></u>

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

LAKEVIEW COMMUNITY SCHOOLS

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

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 7,690,217	\$ 40,574	\$ 1,373,977	\$ (6,275,666)
Supporting services	4,220,231	50,735	144,769	(4,024,727)
Athletics	211,012	78,336	-	(132,676)
Community services	36,706	-	-	(36,706)
Food services	673,416	203,773	481,076	11,433
Interest on long-term debt	588,627	-	22,634	(565,993)
Unallocated depreciation	699,677	-	-	(699,677)
Total governmental activities	\$ 14,119,886	\$ 373,418	\$ 2,022,456	(11,724,012)
General revenues:				
Property taxes - operations				1,804,247
Property taxes - debt service				2,051,959
Grants and contributions not restricted to specific programs				8,800,711
Universal service funds				13,087
Unrestricted investment earnings				12,010
Other revenue				27,067
Total general revenues				12,709,081
Change in net assets				985,069
Net assets, beginning of year				2,501,760
Net assets, end of year				\$ 3,486,829

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

LAKEVIEW COMMUNITY SCHOOLS

**Balance Sheet
Governmental Funds
June 30, 2011**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,183,825	\$ 562,546	\$ 1,746,371
Investments	800,032	-	800,032
Accounts receivable	2,444	-	2,444
Due from other governments	1,847,911	47,092	1,895,003
Inventory	37,357	10,259	47,616
Prepaid items	39,134	-	39,134
Total assets	<u>\$ 3,910,703</u>	<u>\$ 619,897</u>	<u>\$ 4,530,600</u>
Liabilities			
Accounts payable	\$ 12,919	\$ 34,018	\$ 46,937
Accrued expenditures	1,216,088	-	1,216,088
Deferred revenue	138,768	20,790	159,558
Note payable	1,800,000	-	1,800,000
Total liabilities	<u>3,167,775</u>	<u>54,808</u>	<u>3,222,583</u>
Fund balance (Note 10)			
Nonspendable	76,491	10,259	86,750
Restricted	-	554,830	554,830
Committed	81,827	-	81,827
Assigned	34,366	-	34,366
Unassigned	550,244	-	550,244
Total fund balance	<u>742,928</u>	<u>565,089</u>	<u>1,308,017</u>
Total liabilities and fund balance	<u>\$ 3,910,703</u>	<u>\$ 619,897</u>	<u>\$ 4,530,600</u>

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

LAKEVIEW COMMUNITY SCHOOLS
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2011

Fund balances - total governmental funds \$ 1,308,017

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

Long-term receivables are reported as an asset and revenue when earned on the statement of net assets while the governmental funds report these balances as an asset and deferred revenue until the availability criterion for revenue recognition is met.

Deferred long-term Durant receivable 20,790

Amortization of bond issuances costs are not recorded in the fund statements, but are recorded as a noncurrent assets in the statement of net assets.

Bond issuance costs, net of accumulated amortization 164,249

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated 370,160
Capital assets being depreciated, net 15,684,124

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable (14,056,869)
Unamortized bond premium (80,225)
Unamortized deferred loss on bond refunding 239,800
Accrued interest on bonds payable (81,390)
Compensated absences (81,827)

Net assets of governmental activities \$ 3,486,829

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

LAKEVIEW COMMUNITY SCHOOLS
Statement of Revenue, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenue			
Local sources	\$ 2,132,485	\$ 2,267,641	\$ 4,400,126
State sources	8,889,530	35,805	8,925,335
Federal sources	1,332,771	456,414	1,789,185
	<u>12,354,786</u>	<u>2,759,860</u>	<u>15,114,646</u>
Expenditures			
Current:			
Instruction	7,705,067	-	7,705,067
Supporting services	4,217,908	-	4,217,908
Athletics	211,012	-	211,012
Community services	36,706	-	36,706
Food services	-	673,416	673,416
Debt service:			
Principal	13,692	1,424,691	1,438,383
Interest and fiscal charges	23,679	551,365	575,044
Bond issuance costs	-	47,968	47,968
Taxes abated	44,017	498	44,515
Capital outlay	5,988	-	5,988
	<u>12,258,069</u>	<u>2,697,938</u>	<u>14,956,007</u>
Revenue over (under) expenditures	<u>96,717</u>	<u>61,922</u>	<u>158,639</u>
Other financing sources (uses)			
Issuance of long-term debt	-	3,165,000	3,165,000
Payment to refunded bond escrow agent	-	(3,145,083)	(3,145,083)
Transfers in	2,804	121,011	123,815
Transfers out	-	(123,815)	(123,815)
	<u>2,804</u>	<u>17,113</u>	<u>19,917</u>
Net changes in fund balances	99,521	79,035	178,556
Fund balances, beginning of year, as restated	<u>643,407</u>	<u>486,054</u>	<u>1,129,461</u>
Fund balances, end of year	<u><u>\$ 742,928</u></u>	<u><u>\$ 565,089</u></u>	<u><u>\$ 1,308,017</u></u>

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

LAKEVIEW COMMUNITY SCHOOLS
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 178,556

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

Long-term receivables are reported as revenue when earned on the statement of activities while the governmental funds report these balances as revenue when the availability criterion for revenue recognition is met.

Change in deferred Durant receivable (9,691)

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.

Capital outlay 45,414
Depreciation expense (699,677)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net assets.

Issuance of long-term debt (3,165,000)
Bond issuance costs 47,968
Principal payments on long-term debt 1,438,383
Payment to refunded bond escrow agent 3,145,083
Amortization of bond issuance costs (21,353)
Amortization of bond premium 16,938
Amortization of deferred loss on bond refunding (26,430)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on bonds 17,262
Change in the accrual for compensated absences 17,616

Change in net assets of governmental activities \$ 985,069

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

LAKEVIEW COMMUNITY SCHOOLS
Statement of Revenue, Expenditures
and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Amended</u>		<u>Over (Under)</u>
				<u>Budget</u>
Revenue				
Local sources	\$ 2,084,261	\$ 2,090,842	\$ 2,132,485	\$ 41,643
State sources	8,494,874	9,022,914	8,889,530	(133,384)
Federal sources	738,611	1,599,753	1,332,771	(266,982)
	<u>11,317,746</u>	<u>12,713,509</u>	<u>12,354,786</u>	<u>(358,723)</u>
Expenditures				
Current:				
Instruction	7,205,238	8,135,190	7,705,067	(430,123)
Supporting services	4,101,992	4,482,161	4,217,908	(264,253)
Athletics	185,492	223,082	211,012	(12,070)
Community services	10,500	69,345	36,706	(32,639)
Debt service:				
Principal	13,000	14,500	13,692	(808)
Interest and fiscal charges	70,000	30,000	23,679	(6,321)
Taxes abated	31,000	44,017	44,017	-
Capital outlay	-	7,220	5,988	(1,232)
	<u>11,617,222</u>	<u>13,005,515</u>	<u>12,258,069</u>	<u>(747,446)</u>
Revenue over (under) expenditures	(299,476)	(292,006)	96,717	388,723
Other financing sources				
Transfers in	-	2,804	2,804	-
Net changes in fund balance	(299,476)	(289,202)	99,521	388,723
Fund balance, beginning of year, as restated	<u>643,407</u>	<u>643,407</u>	<u>643,407</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 343,931</u></u>	<u><u>\$ 354,205</u></u>	<u><u>\$ 742,928</u></u>	<u><u>\$ 388,723</u></u>

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

LAKEVIEW COMMUNITY SCHOOLS

**Statement of Net Assets
Internal Service Fund
June 30, 2011**

	Compensated Absences Fund
	<hr/>
Assets	
Cash and cash equivalents	\$ 60,131
Liabilities	
Compensated absences	<hr/> 60,131
Net assets	
Unrestricted	<hr/> <hr/> \$ -

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

LAKEVIEW COMMUNITY SCHOOLS
Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended June 30, 2011

	Compensated Absences Fund
	<hr/>
Operating revenue	
Charges for services	\$ 17,870
Operating expenses	
Personnel services	<hr/> 18,265
Operating loss	(395)
Nonoperating revenue	
Interest income	<hr/> 395
Change in net assets	-
Net assets, beginning of year	<hr/> -
Net assets, end of year	<hr/> <hr/> \$ -

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

LAKEVIEW COMMUNITY SCHOOLS
Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2011

	<u>Compensated Absences Fund</u>
Cash flows from operating activities	
Receipts from interfund services provided	\$ 17,870
Cash flows from investing activities	
Interest received	<u>395</u>
Increase in cash and cash equivalents	18,265
Cash and cash equivalents, beginning of year	<u>41,866</u>
Cash and cash equivalents, end of year	<u><u>\$ 60,131</u></u>
Cash flows from operating activities	
Operating loss	\$ (395)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Change in:	
Compensated absences	<u>18,265</u>
Net cash provided by operating activities	<u><u>\$ 17,870</u></u>

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

LAKEVIEW COMMUNITY SCHOOLS
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

Assets

Cash and cash equivalents	\$ 316,421
Accounts receivable	<u>639</u>
Total assets	<u><u>\$ 317,060</u></u>

Liabilities

Due to student groups	\$ 80,981
Withholdings payable	<u>236,079</u>
Total liabilities	<u><u>\$ 317,060</u></u>

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

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Lakeview Community Schools (the “District”), consistently applied in the preparation of the accompanying financial statements, is as follows:

The Reporting Entity

As required by generally accepted accounting principles, these financial statements present the reporting entity of Lakeview Community Schools. The criteria identified in GASB Statements 14 and 39, including financial accountability, have been utilized in identifying the District’s reporting entity which includes no component units.

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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2011.

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

Separate financial statements are provided for governmental, proprietary and fiduciary funds even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. The agency fund follows the accrual basis of accounting, but does not have a measurement focus.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. 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.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

Property taxes, expenditure-driven grant revenue 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.

The District reports the following major governmental fund:

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

Additionally, the government reports the following fund types:

The *special revenue funds* account for assets which are restricted for specific purposes.

The *debt service funds* account for the accumulation of resources which are restricted for the payment of principal and interest on bonds.

The *internal service fund* accounts for earned, but unused, sick and vacation benefits that the District may be liable for upon employee retirement.

The *agency funds* account for resources held on the behalf of other individuals and governments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. The District had no capital grants and contributions for the year ended June 30, 2011. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, unrestricted grants and interest income.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the internal service fund is charges to other funds for employee benefits. Operating expenses for the internal service fund are comprised of accrued compensated absences. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets and Budgetary Accounting

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District considers the debt service payment schedule to be an adequate budgetary control. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
5. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2011. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the School Board.

Property Taxes

Property taxes are recognized as revenue in the General and Debt Service funds on a levy year basis. The 2010 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within sixty days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Cash and Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The District's investments consist of mutual funds with a regional financial institution. Investments are stated at fair value.

State statutes authorize the District to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

Receivables

The District follows the practice of recording as receivables revenues that have been earned but not yet received. Receivables consist primarily of State Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management, and therefore, no amount has been recorded as a provision for bad debts.

Inventories

Inventories consist of office supplies and food items. Inventories are stated at cost (first-in, first-out).

Prepaid Items

Payments to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-45
Machinery and equipment	5-20
Vehicles	8

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Vested Termination Benefits

Most employees of the District are compensated for leaves of absences chargeable to sick days. Each school year, the covered employees are credited with a number of sick days and any unused portion of such allowances can accumulate. Upon retirement, those employees who meet certain age and years of service requirements will be paid for a portion of sick days accumulated to a maximum number of days and at a rate determined by their job category.

The liability for the sick leave has been computed using the vesting method in accordance with Governmental Accounting Standards Board Statement No. 16. This liability is shown on the statement of net assets.

Long-term Obligations

For new bond issuances of governmental funds after the implementation of GASB Statement No. 34 and all proprietary fund bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the Authority to assigned fund balance to the Superintendent. Unassigned fund balance is the residual classification for the general fund.

The Board of Education has adopted a minimum fund balance policy in which the total fund balance of the general fund will be equal to 5 to 15 percent of the subsequent year's budgeted expenditures and transfers out. If the fund balance of the general fund falls below the minimum range, the District will replenish shortages or deficiencies using budgets strategies and timeframes as detailed in the policy. If the fund balance of the general fund exceeds 15 percent, the District may consider using such surpluses for certain purposes or may retain such balances for future needs or unanticipated expenses, in accordance with the policy.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Durant Related Issues

Under Public Act 142 of 1997, enacted in November 1997 as part of the *Durant* Resolution Package, school districts and intermediate school districts were offered settlement amounts to settle, compromise, and resolve, in their entirety, any potential claims they may have asserted for violations of section 29, Article IX, of the constitution through September 30, 1997, which were similar to the claims asserted by the plaintiffs in the *Durant v. State of Michigan* case. To be eligible to receive its offer of settlement amount, the non-plaintiff district needed to adopt and submit to the State Treasurer a waiver resolution, in the form set forth in Public Act 142 of 1997, waiving any potential claims through September 30, 1997. Settlement amounts were based on the formula used to determine amounts owed to *Durant* plaintiffs. Half the settlement amount was received in ten annual payments; the other half was received in a lump sum by participating in a special bonding program offered through the Michigan Municipal Bond Authority (MMBA) or in fifteen annual payments. Lakeview Community Schools elected to participate in the special bonding program.

Districts electing to bond under the Durant settlement received a lump sum amount (bond proceeds) on November 24, 1998. This created a liability which will be reduced each year with an annual state appropriation made for debt service on the bonds. The annual State of Michigan appropriation is the only revenue source for making the annual debt service payment on the bonds. If the legislature fails to appropriate the funds, the District is under no obligation for payment. Additionally, the bond documentation states specifically that the Bonds shall not be in any way a debt or liability of the State of Michigan. This liability has been booked on the statement of net assets. Annual appropriations from the State are recorded in the Durant debt service fund along with the payment of the interest and principal of the bonds.

The original bond proceeds were recorded in the Durant Construction Fund and expended for purposes specified in §1351a of the Michigan Revised School Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District.

2. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 72% of the District's general fund revenue during the 2011 fiscal year.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

During the year ended June 30, 2011 the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General fund:			
Supporting services – pupil services:			
Social work services	\$ 108,979	\$ 109,208	\$ 229

4. DEPOSITS AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,806,502	\$ 316,421	\$ 2,122,923
Investments	800,032	-	800,032
Total deposits and investments	<u>\$ 2,606,534</u>	<u>\$ 316,421</u>	<u>\$ 2,922,955</u>

Cash and cash equivalents are comprised of deposits in two (2) financial institutions located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account. They are recorded in District records at fair value.

Cash and investments are comprised of the following at year-end:

Checking/savings accounts	\$ 2,122,373
Investments	800,032
Cash on hand	550
	<u>\$ 2,922,955</u>

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following deposits and investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>
Cash management/mutual funds:		
MILAF Plus – Max Series	<u>\$ 800,032</u>	S&P AAAM

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. None of the District's deposits or investments had fixed maturities at year end.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of District’s specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in Note 1 (summary of significant accounting policies). The investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District’s investment policy. As of year-end, \$1,765,047 of the District’s bank balance of \$2,265,047 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimized this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirements set forth in the District’s investment policy. Of the above mutual fund investments the District’s custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1 of the summary of significant accounting policies. The District’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

5. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2011 was as follows:

	Beginning of Year	Additions	Disposals	Transfers	End of Year
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 370,160	\$ -	\$ -	\$ -	\$ 370,160
Capital assets being depreciated:					
Buildings and improvements	26,294,476	-	-	-	26,294,476
Machinery and equipment	1,861,924	32,193	(12,142)	(55,940)	1,826,035
Vehicles	1,414,805	13,221	(15,946)	55,940	1,468,020
Total capital assets being depreciated	29,571,205	45,414	(28,088)	-	29,588,531

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

	Beginning of Year	Additions	Disposals	Transfers	End of Year
Governmental activities (concluded)					
Accumulated depreciation:					
Buildings and improvements	\$ (11,198,949)	\$ (515,712)	\$ -	\$ -	\$ (11,714,661)
Machinery and equipment	(932,062)	(110,561)	12,142	-	(1,030,481)
Vehicles	(1,101,807)	(73,404)	15,946	-	(1,159,265)
Total accumulated depreciation	(13,232,818)	(699,677)	28,088	-	(13,904,407)
Total capital assets being depreciated, net	16,338,387	(654,263)	-	-	15,684,124
Total capital assets, net	\$ 16,708,547	\$ (654,263)	\$ -	\$ -	\$ 16,054,284

Depreciation expense is reported as unallocated in the statement of activities.

Of the amounts reported above, \$68,986 was acquired through an installment purchase agreement. Accumulated depreciation on this asset at June 30, 2011 was \$17,247.

In May 2011, the Board of Education determined that Bright Start Elementary (which has an original cost \$3,730,433 and accumulated depreciation of \$1,018,356 as of June 30, 2011) would be closed for the 2011-12 school year. The building was still in use as of June 30, 2011. Management intends to reopen this building in a future school year.

6. INTERFUND TRANSFERS

The transfer into the general fund was a result of the closing of the preschool special revenue fund as approved by the Board of Education. \$121,011 was transferred out of the 2001 voted debt retirement fund as part of the 2010B bond refunding, accounted for in a separate debt service fund.

	Transfers In	Transfers Out
General fund	\$ 2,804	\$ -
Nonmajor governmental funds	121,011	123,815
Total	\$ 123,815	\$ 123,815

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

7. SHORT-TERM DEBT

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2011:

	Short-term Debt			End of Year
	Beginning of Year	Additions	Deletions	
School bond/notes (maturing 8/22/2011) with an interest rate of 1.19% (operating cash flow)	\$ 1,900,000	\$ 1,800,000	\$ 1,900,000	\$ 1,800,000

8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2011:

	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
1998 School Improvement Bonds (Durant Settlement) due in amounts ranging from \$6,996 through \$16,264 plus interest at 4.76% through 2013	\$ 30,481	\$ -	\$ 9,691	\$ 20,790	\$ 10,152
2001 School Building and Site Bonds due in amounts ranging from \$70,000 through \$300,000 plus interest at 4.00 - 4.75%; refunded in 2011	3,350,000	-	3,350,000	-	-
2006 School Building and Site Bonds due in amounts ranging from \$150,000 through \$405,000 plus interest at 4.375% through 2013 (unlimited tax, general obligation)	1,170,000	-	375,000	795,000	390,000
2008 Refunding Bonds due in amounts ranging from \$265,000 through \$555,000 plus interest at 4.05 – 4.65% through 2022 (unlimited tax, general obligation)	5,545,000	-	275,000	5,270,000	280,000
2008 Electrical Improvements installment purchase agreement, payable in monthly installments of \$1,319 including interest at 4.42% through 2013	44,771	-	13,692	31,079	14,471

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
2009 Refunding Bonds due in amounts ranging from \$175,000 through \$400,000 plus interest at 2.40 - 4.40% through 2022 (unlimited tax, general obligation)	\$ 4,225,000	\$ -	\$ 165,000	\$ 4,060,000	\$ 195,000
2010 Refunding Bonds due in amounts ranging from \$325,000 through \$370,000 plus interest at 2.00 - 3.00% through 2013 (unlimited tax, general obligation)	1,040,000	-	325,000	715,000	345,000
2010B Refunding Bonds due in amounts ranging from \$285,000 through \$300,000 plus interest at 2.05 – 3.09 percent through 2022 (unlimited tax, general obligation)	-	3,165,000	-	3,165,000	285,000
Subtotal installment debt	15,405,252	3,165,000	4,513,383	14,056,869	1,519,623
Unamortized bond premium	97,163	-	16,938	80,225	16,938
Deferred loss on refunding	(196,147)	(70,083)	(26,430)	(239,800)	(26,430)
Compensated absences	141,309	28,153	27,504	141,958	9,508
Total long-term debt	<u>\$15,447,577</u>	<u>\$3,123,070</u>	<u>\$ 4,531,395</u>	<u>\$ 14,039,252</u>	<u>\$ 1,519,639</u>

Following is a summary of future bond and loan principal maturities and interest requirements:

	Principal	Interest
2012	\$ 1,519,623	\$ 490,686
2013	1,585,933	442,455
2014	1,246,313	390,604
2015	1,255,000	353,348
2016	1,245,000	314,334
2017 – 2021	4,815,000	835,165
2022	2,390,000	146,550
Total	<u>\$ 14,056,869</u>	<u>\$ 2,973,142</u>

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

Compensated absences are expected to be liquidated by the general and food service funds. During 2006, the District began advance funding its liability for compensated absences through interfund charges from an internal service fund. Once funded, the District expects to liquidate its compensated absences through this fund.

During fiscal year 2011, the District advance refunded \$3,075,000 of 2001 general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on \$3,075,000 of refunded debt. As a result, the bonds are considered defeased and the liability has been removed from the statement of net assets. The defeased bonds were then called prior to year-end. The refunding resulted in a savings of \$125,201 and an economic gain of \$110,857.

9. RETIREMENT PLAN

Plan Description

The District contributes to the Michigan Public School Employees Retirement System (“MPERS”), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides survivor and disability benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by state statute.

The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report can be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling (517) 322-5103.

Funding Policy

Member contribution rates vary based on date of hire and certain voluntary elections. Member Investment Plan (“MIP”) members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 through June 30, 2008 contribute at the following graduated permanently fixed contribution rates: 3 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 4.3 percent of all wages over \$15,000. Members first hired July 1, 2008 through June 30, 2010 contribute at the following graduated permanently fixed contribution rates: 3 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 6.4 percent of all wages over \$15,000. Basic Plan members make no contributions. Members first enrolled on or after July 1, 2010 are enrolled in the Pension Plus Plan which contains a defined contribution component. Member contributions are matched at a rate of 50 percent by the employer, up to a maximum of one percent. 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 benefits on a cash disbursement basis.

The rates for the year ended June 30, 2011 as a percentage of payroll ranged from 16.94 to 20.66 percent for MIP members and 15.44 to 19.16 percent for Pension Plus members. The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature. The District’s contributions to MPERS for the years ended June 30, 2011, 2010, and 2009 were \$1,168,711, \$1,091,240, and \$1,096,507, respectively, equal to the required contributions for each year.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

Other Postemployment Benefits

Retirees have the option of health coverage which is funded on a cash disbursement basis by the employers. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension.

Pension recipients are eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage with the following exceptions:

1. Retirees not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums.
2. Retirees with less than 30 years of service, who terminate employment after October 31, 1998 with the vested deferred benefits, are eligible for partially State of Michigan paid health benefit coverage (no payment if less than 21 years of service).

10. FUND BALANCES – GOVERNMENTAL FUNDS

The District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District's various governmental funds were revised, the implementation of this standard had no effect on total fund balance. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Inventory	\$ 37,357	\$ 10,259	\$ 47,616
Prepaid items	39,134	-	39,134
Total nonspendable	<u>76,491</u>	<u>10,259</u>	<u>86,750</u>
Restricted for:			
Debt service	-	388,197	388,197
Food service program	-	166,633	166,633
Total restricted	<u>-</u>	<u>554,830</u>	<u>554,830</u>
Committed for:			
Compensated absences	<u>81,827</u>	<u>-</u>	<u>81,827</u>
Assigned for:			
Athletics programs	29,103	-	29,103
Pop funds	5,263	-	5,263
Total assigned	<u>34,366</u>	<u>-</u>	<u>34,366</u>

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

	General Fund	Nonmajor Governmental Funds	Total
Unassigned	\$ 550,244	\$ -	\$ 550,244
Total fund balances governmental funds	\$ 742,928	\$ 565,089	\$ 1,308,017

11. NET ASSETS INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

The composition of net assets invested in capital assets, net of related debt as of June 30, 2011, was as follows:

Capital assets:	
Capital assets not being depreciated	\$ 370,160
Capital assets being depreciated, net	15,684,124
	<u>16,054,284</u>
Related debt:	
Total bonds and notes payable	14,056,869
Net bond premium/discount	80,225
Deferred loss on advance refunding	(239,800)
Deferred Durant receivable	(20,790)
	<u>13,876,504</u>
Invested in capital assets, net of related debt	<u>\$ 2,177,780</u>

12. RELATED PARTIES

During the year ended June 30, 2011, the District made certain purchases from a local fast food restaurant owned and operated by a member of the Board of Education. The dollar amounts involved cannot be readily determined as they were reimbursed to employees through expense reports, but are estimated to be less than \$1,000. In addition, a member of the Board of Education serves as an account representative for the District's 403(b) deferred compensation plan.

13. CONTINGENCIES

Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2011, the District carried commercial insurance and participated in a public entity risk pool. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

14. SUBSEQUENT EVENT

Subsequent to June 30, 2011, the District received proceeds of \$1,500,000 in State of Michigan School Aid anticipation notes due in August 2012. The notes bear interest at 0.99%.

15. RESTATEMENT

As described in Note 10, The District adopted the provisions of GASB Statement No. 54 in the current year. While the classifications of fund balance in the District's various governmental funds were revised, the implementation of this standard had no effect on total fund balance. Beginning fund balance of the general fund increased by \$37,231, which was comprised entirely of the athletics special revenue fund (no longer separately presented). As a result, the beginning fund balance of nonmajor governmental funds was decreased by the same amount.

* * * * *

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

GENERAL FUND

LAKEVIEW COMMUNITY SCHOOLS
Schedule of General Fund Balance Sheet Accounts
By Activity
For the Year Ended June 30, 2011

	General Fund (11)	Athletics Fund (21)	Total General Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$1,155,028	\$ 28,797	\$ 1,183,825
Investments	800,032	-	800,032
Accounts receivable	2,119	325	2,444
Due from other governments	1,847,911	-	1,847,911
Inventory	37,357	-	37,357
Prepaid items	39,134	-	39,134
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$3,881,581</u></u>	<u><u>\$ 29,122</u></u>	<u><u>\$ 3,910,703</u></u>
Liabilities			
Accounts payable	\$ 12,900	\$ 19	\$ 12,919
Accrued expenditures	1,216,088	-	1,216,088
Deferred revenue	138,768	-	138,768
Note payable	1,800,000	-	1,800,000
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u><u>3,167,756</u></u>	<u><u>19</u></u>	<u><u>3,167,775</u></u>
Fund balance			
Nonspendable	76,491	-	76,491
Committed	81,827	-	81,827
Assigned	5,263	29,103	34,366
Unassigned	550,244	-	550,244
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u><u>713,825</u></u>	<u><u>29,103</u></u>	<u><u>742,928</u></u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u><u>\$3,881,581</u></u>	<u><u>\$ 29,122</u></u>	<u><u>\$ 3,910,703</u></u>

LAKEVIEW COMMUNITY SCHOOLS
Schedule of General Fund Revenue, Expenditures and Changes in
Fund Balance - By Activity
For the Year Ended June 30, 2011

	<u>General</u> <u>(11)</u>	<u>Athletics</u> <u>(21)</u>	<u>Eliminations</u>	<u>Total</u> <u>General</u> <u>Fund</u>
Revenue				
Local sources	\$ 2,054,058	\$ 78,427	\$ -	\$ 2,132,485
State sources	8,889,530	-	-	8,889,530
Federal sources	1,332,771	-	-	1,332,771
Total revenue	<u>12,276,359</u>	<u>78,427</u>	<u>-</u>	<u>12,354,786</u>
Expenditures				
Current:				
Instruction	7,705,067	-	-	7,705,067
Supporting services	4,217,908	-	-	4,217,908
Athletics	-	211,012	-	211,012
Community services	36,706	-	-	36,706
Debt service:				
Principal	13,692	-	-	13,692
Interest and fiscal charges	23,679	-	-	23,679
Taxes abated	44,017	-	-	44,017
Capital outlay	5,988	-	-	5,988
Total expenditures	<u>12,047,057</u>	<u>211,012</u>	<u>-</u>	<u>12,258,069</u>
Revenue over (under) expenditures	<u>229,302</u>	<u>(132,585)</u>	<u>-</u>	<u>96,717</u>
Other financing sources (uses)				
Transfers in	2,804	124,457	(124,457)	2,804
Transfers out	(124,457)	-	124,457	-
Total other financing sources (uses)	<u>(121,653)</u>	<u>124,457</u>	<u>-</u>	<u>2,804</u>
Net changes in fund balance	107,649	(8,128)	-	99,521
Fund balance, beginning of year	<u>606,176</u>	<u>37,231</u>	<u>-</u>	<u>643,407</u>
Fund balance, end of year	<u>\$ 713,825</u>	<u>\$ 29,103</u>	<u>\$ -</u>	<u>\$ 742,928</u>

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

**By Activity - Budget and Actual
For the Year Ended June 30, 2011**

	General Fund (11)			Variance - Over (Under) Budget
	Budget		Actual	
	Original	Amended		
Revenue				
Local sources:				
Property taxes	\$ 1,872,699	\$ 1,804,253	\$ 1,804,247	\$ (6)
Earnings on investments	20,000	15,000	11,501	(3,499)
Payments received from other governments:				
Special Education Medicaid - MAISD	40,000	49,818	74,727	24,909
Transportation	12,000	20,509	20,509	-
Special education tuition	45,000	32,392	32,392	-
USF funding	6,000	10,000	13,087	3,087
Gate receipts	-	-	-	-
Miscellaneous	25,500	78,685	97,595	18,910
Total local sources	<u>2,021,199</u>	<u>2,010,657</u>	<u>2,054,058</u>	<u>43,401</u>
State sources:				
State aid - unrestricted	8,037,744	8,294,205	8,299,134	4,929
At risk	-	296,417	158,105	(138,312)
Preschool	54,400	68,000	68,000	-
Special education	402,730	364,292	364,291	(1)
Total state sources	<u>8,494,874</u>	<u>9,022,914</u>	<u>8,889,530</u>	<u>(133,384)</u>
Federal sources:				
Federal aid received through the State:				
Title I	514,354	756,335	538,581	(217,754)
Title I carryover	15,125	-	-	-
Eisenhower grant	161,978	240,162	191,000	(49,162)
ARRA stabilization funds	4,059	174,676	174,676	-
Education Job funds	-	333,902	333,902	-
Other	38,963	37,862	35,389	(2,473)
Federal aid received through intermediate school districts	4,132	56,816	59,223	2,407
Total federal sources	<u>738,611</u>	<u>1,599,753</u>	<u>1,332,771</u>	<u>(266,982)</u>
Total revenue	<u>11,254,684</u>	<u>12,633,324</u>	<u>12,276,359</u>	<u>(356,965)</u>

(continued)

Athletics (21)				Eliminations			
Budget		Actual	Variance - Over (Under) Budget	Budget		Actual	Variance - Over (Under) Budget
Original	Amended			Original	Amended		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	71	91	20	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
57,029	62,619	61,041	(1,578)	-	-	-	-
6,033	17,495	17,295	(200)	-	-	-	-
<u>63,062</u>	<u>80,185</u>	<u>78,427</u>	<u>(1,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>63,062</u>	<u>80,185</u>	<u>78,427</u>	<u>(1,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

By Activity - Budget and Actual (Continued)

For the Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Amended</u>		<u>Over (Under)</u>
				<u>Budget</u>
Revenue (concluded)				
Local sources:				
Property taxes	\$ 1,872,699	\$ 1,804,253	\$ 1,804,247	\$ (6)
Earnings on investments	20,000	15,071	11,592	(3,479)
Payments received from other governments:				
Special Education Medicaid - MAISD	40,000	49,818	74,727	24,909
Transportation	12,000	20,509	20,509	-
Special education tuition	45,000	32,392	32,392	-
USF funding	6,000	10,000	13,087	3,087
Athletics gate receipts	57,029	62,619	61,041	(1,578)
Miscellaneous	31,533	96,180	114,890	18,710
	<u>2,084,261</u>	<u>2,090,842</u>	<u>2,132,485</u>	<u>41,643</u>
State sources:				
State aid - unrestricted	8,037,744	8,294,205	8,299,134	4,929
At risk	-	296,417	158,105	(138,312)
Preschool	54,400	68,000	68,000	-
Special education	402,730	364,292	364,291	(1)
	<u>8,494,874</u>	<u>9,022,914</u>	<u>8,889,530</u>	<u>(133,384)</u>
Federal sources:				
Federal aid received through the State:				
Title I	514,354	756,335	538,581	(217,754)
Title I carryover	15,125	-	-	-
Eisenhower grant	161,978	240,162	191,000	(49,162)
ARRA stabilization funds	4,059	174,676	174,676	-
Education Job funds	-	333,902	333,902	-
Other	38,963	37,862	35,389	(2,473)
Federal aid received through intermediate school districts	4,132	56,816	59,223	2,407
	<u>738,611</u>	<u>1,599,753</u>	<u>1,332,771</u>	<u>(266,982)</u>
Total revenue	<u>11,317,746</u>	<u>12,713,509</u>	<u>12,354,786</u>	<u>(358,723)</u>

(continued)

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

By Activity - Budget and Actual (Continued)

For the Year Ended June 30, 2011

	General Fund (11)			Variance - Over (Under) Budget
	Budget		Actual	
	Original	Amended		
Expenditures				
Instruction:				
Basic programs:				
Elementary	\$ 2,314,998	\$ 2,011,937	\$ 1,955,786	\$ (56,151)
Middle school	1,186,251	1,649,916	1,630,951	(18,965)
High school	1,906,824	2,029,717	1,991,234	(38,483)
Total basic programs	<u>5,408,073</u>	<u>5,691,570</u>	<u>5,577,971</u>	<u>(113,599)</u>
Added needs:				
Preschool	54,400	170,288	159,369	(10,919)
Summer school	48,812	294,187	110,365	(183,822)
Special education	1,218,483	1,319,904	1,307,995	(11,909)
Compensatory education	475,470	659,241	549,367	(109,874)
Total added needs	<u>1,797,165</u>	<u>2,443,620</u>	<u>2,127,096</u>	<u>(316,524)</u>
Total instruction	<u>7,205,238</u>	<u>8,135,190</u>	<u>7,705,067</u>	<u>(430,123)</u>
Supporting services:				
Pupil services:				
Guidance services	229,461	307,443	292,820	(14,623)
Health services	28,250	28,658	26,970	(1,688)
Speech services	166,822	161,932	160,255	(1,677)
Social work services	103,272	108,979	109,208	229
Monitors	15,862	36,179	25,195	(10,984)
Total pupil services	<u>543,667</u>	<u>643,191</u>	<u>614,448</u>	<u>(28,743)</u>
Instructional staff:				
Improvement of instruction	208,548	269,731	215,431	(54,300)
Media center	34,850	20,033	13,549	(6,484)
Total instructional staff	<u>243,398</u>	<u>289,764</u>	<u>228,980</u>	<u>(60,784)</u>

(continued)

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

By Activity - Budget and Actual (Continued)

For the Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance - Over (Under) Budget</u>
	<u>Original</u>	<u>Amended</u>		
Expenditures (continued)				
Instruction:				
Basic programs:				
Elementary	\$ 2,314,998	\$ 2,011,937	\$ 1,955,786	\$ (56,151)
Middle school	1,186,251	1,649,916	1,630,951	(18,965)
High school	1,906,824	2,029,717	1,991,234	(38,483)
Total basic programs	<u>5,408,073</u>	<u>5,691,570</u>	<u>5,577,971</u>	<u>(113,599)</u>
Added needs:				
Preschool	54,400	170,288	159,369	(10,919)
Summer school	48,812	294,187	110,365	(183,822)
Special education	1,218,483	1,319,904	1,307,995	(11,909)
Compensatory education	475,470	659,241	549,367	(109,874)
Total added needs	<u>1,797,165</u>	<u>2,443,620</u>	<u>2,127,096</u>	<u>(316,524)</u>
Total instruction	<u>7,205,238</u>	<u>8,135,190</u>	<u>7,705,067</u>	<u>(430,123)</u>
Supporting services:				
Pupil services:				
Guidance services	229,461	307,443	292,820	(14,623)
Health services	28,250	28,658	26,970	(1,688)
Speech services	166,822	161,932	160,255	(1,677)
Social work services	103,272	108,979	109,208	229
Monitors	15,862	36,179	25,195	(10,984)
Total pupil services	<u>543,667</u>	<u>643,191</u>	<u>614,448</u>	<u>(28,743)</u>
Instructional staff:				
Improvement of instruction	208,548	269,731	215,431	(54,300)
Media center	34,850	20,033	13,549	(6,484)
Total instructional staff	<u>243,398</u>	<u>289,764</u>	<u>228,980</u>	<u>(60,784)</u>

(continued)

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

By Activity - Budget and Actual (Continued)

For the Year Ended June 30, 2011

	General Fund (11)			Variance - Over (Under) Budget
	Budget		Actual	
	Original	Amended		
Expenditures (continued)				
Supporting services (concluded)				
General administration:				
Board of Education	\$ 111,000	\$ 128,518	\$ 104,452	\$ (24,066)
Executive administration	260,364	269,113	262,175	(6,938)
Fiscal services	89,892	97,935	92,715	(5,220)
Other business services	28,738	28,738	26,571	(2,167)
Total general administration	489,994	524,304	485,913	(38,391)
School administration:				
Office of the Principal	902,356	872,105	847,503	(24,602)
Supervision - Title programs	8,673	98,499	93,909	(4,590)
Student assessments	-	374	-	(374)
Other administration	3,000	8,000	4,030	(3,970)
Total school administration	914,029	978,978	945,442	(33,536)
Operation and maintenance:				
Operating buildings services	1,167,963	1,152,388	1,095,817	(56,571)
Pupil transportation	566,891	701,769	668,160	(33,609)
Support staff training	15,550	46,267	40,616	(5,651)
Information services	160,500	145,500	138,532	(6,968)
Total supporting services	4,101,992	4,482,161	4,217,908	(264,253)
Athletics	-	-	-	-
Community services:				
Community activities	10,000	36,795	7,015	(29,780)
Homeless services	500	32,550	29,691	(2,859)
Total community services	10,500	69,345	36,706	(32,639)

(continued)

Athletics (21)				Eliminations			
Budget		Actual	Variance - Over (Under) Budget	Budget		Actual	Variance - Over (Under) Budget
Original	Amended			Original	Amended		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
185,492	223,082	211,012	(12,070)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

(continued)

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

By Activity - Budget and Actual (Continued)

For the Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Amended</u>		<u>Over (Under)</u>
				<u>Budget</u>
Expenditures (continued)				
Supporting services (concluded):				
General administration:				
Board of Education	\$ 111,000	\$ 128,518	\$ 104,452	\$ (24,066)
Executive administration	260,364	269,113	262,175	(6,938)
Fiscal services	89,892	97,935	92,715	(5,220)
Other business services	28,738	28,738	26,571	(2,167)
Total general administration	<u>489,994</u>	<u>524,304</u>	<u>485,913</u>	<u>(38,391)</u>
School administration:				
Office of the Principal	902,356	872,105	847,503	(24,602)
Supervision - Title programs	8,673	98,499	93,909	(4,590)
Student assessments	-	374	-	(374)
Other administration	3,000	8,000	4,030	(3,970)
Total school administration	<u>914,029</u>	<u>978,978</u>	<u>945,442</u>	<u>(33,536)</u>
Operation and maintenance:				
Operating buildings services	<u>1,167,963</u>	<u>1,152,388</u>	<u>1,095,817</u>	<u>(56,571)</u>
Pupil transportation	<u>566,891</u>	<u>701,769</u>	<u>668,160</u>	<u>(33,609)</u>
Support staff training	<u>15,550</u>	<u>46,267</u>	<u>40,616</u>	<u>(5,651)</u>
Information services	<u>160,500</u>	<u>145,500</u>	<u>138,532</u>	<u>(6,968)</u>
Total supporting services	<u>4,101,992</u>	<u>4,482,161</u>	<u>4,217,908</u>	<u>(264,253)</u>
Athletics	<u>185,492</u>	<u>223,082</u>	<u>211,012</u>	<u>(12,070)</u>
Community services:				
Community activities	10,000	36,795	7,015	(29,780)
Homeless services	500	32,550	29,691	(2,859)
Total community services	<u>10,500</u>	<u>69,345</u>	<u>36,706</u>	<u>(32,639)</u>

(continued)

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

By Activity - Budget and Actual (Continued)

For the Year Ended June 30, 2011

	General Fund (11)			Variance - Over (Under) Budget
	Budget		Actual	
	Original	Amended		
Expenditures (continued)				
Debt service:				
Principal	\$ 13,000	\$ 14,500	\$ 13,692	\$ (808)
Interest and fiscal charges	70,000	30,000	23,679	(6,321)
Taxes abated	31,000	44,017	44,017	-
Total debt service	<u>114,000</u>	<u>88,517</u>	<u>81,388</u>	<u>(7,129)</u>
Capital outlay	<u>-</u>	<u>7,220</u>	<u>5,988</u>	<u>(1,232)</u>
Total expenditures	<u>11,431,730</u>	<u>12,782,433</u>	<u>12,047,057</u>	<u>(735,376)</u>
Revenue over (under) expenditures	<u>(177,046)</u>	<u>(149,109)</u>	<u>229,302</u>	<u>378,411</u>
Other financing sources (uses)				
Transfers in	-	2,804	2,804	-
Transfers out	<u>(124,457)</u>	<u>(124,457)</u>	<u>(124,457)</u>	<u>-</u>
Total other financing sources (uses)	<u>(124,457)</u>	<u>(121,653)</u>	<u>(121,653)</u>	<u>-</u>
Net changes in fund balance	(301,503)	(270,762)	107,649	378,411
Fund balance, beginning of year, as restated	<u>606,176</u>	<u>606,176</u>	<u>606,176</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 304,673</u></u>	<u><u>\$ 335,414</u></u>	<u><u>\$ 713,825</u></u>	<u><u>\$ 378,411</u></u>

(continued)

Athletics (21)				Eliminations			
Budget		Actual	Variance - Over (Under) Budget	Budget		Actual	Variance - Over (Under) Budget
Original	Amended			Original	Amended		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
185,492	223,082	211,012	(12,070)	-	-	-	-
(122,430)	(142,897)	(132,585)	10,312	-	-	-	-
124,457	124,457	124,457	-	(124,457)	(124,457)	(124,457)	-
-	-	-	-	124,457	124,457	124,457	-
124,457	124,457	124,457	-	-	-	-	-
2,027	(18,440)	(8,128)	10,312	-	-	-	-
37,231	37,231	37,231	-	-	-	-	-
<u>\$ 39,258</u>	<u>\$ 18,791</u>	<u>\$ 29,103</u>	<u>\$ 10,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

LAKEVIEW COMMUNITY SCHOOLS

General Fund

Detail Schedule of General Fund Revenue, Expenditures and Changes in Fund Balance

By Activity - Budget and Actual (Concluded)

For the Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Amended</u>		<u>Over (Under)</u>
				<u>Budget</u>
Expenditures (concluded)				
Debt service:				
Principal	\$ 13,000	\$ 14,500	\$ 13,692	\$ (808)
Interest and fiscal charges	70,000	30,000	23,679	(6,321)
Taxes abated	31,000	44,017	44,017	-
Total debt service	<u>114,000</u>	<u>88,517</u>	<u>81,388</u>	<u>(7,129)</u>
Capital outlay	<u>-</u>	<u>7,220</u>	<u>5,988</u>	<u>(1,232)</u>
Total expenditures	<u>11,617,222</u>	<u>13,005,515</u>	<u>12,258,069</u>	<u>(747,446)</u>
Revenue over (under) expenditures	<u>(299,476)</u>	<u>(292,006)</u>	<u>96,717</u>	<u>388,723</u>
Other financing sources				
Transfers in	-	2,804	2,804	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>2,804</u>	<u>2,804</u>	<u>-</u>
Net changes in fund balance	(299,476)	(289,202)	99,521	388,723
Fund balance, beginning of year, as restated	<u>643,407</u>	<u>643,407</u>	<u>643,407</u>	<u>-</u>
Fund balance, end of year	<u>\$ 343,931</u>	<u>\$ 354,205</u>	<u>\$ 742,928</u>	<u>\$ 388,723</u>

NONMAJOR GOVERNMENTAL FUNDS

LAKEVIEW COMMUNITY SCHOOLS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	<u>Special Revenue</u>		<u>Debt</u>
	<u>Food</u>		<u>Service</u>
	<u>Service</u>	<u>Preschool</u>	<u>Durant</u>
			<u>Debt</u>
Assets			
Cash and cash equivalents	\$ 174,349	\$ -	\$ -
Due from other governments	26,302	-	20,790
Inventory	10,259	-	-
	<u>10,259</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 210,910</u>	<u>\$ -</u>	<u>\$ 20,790</u>
Liabilities			
Accounts payable	\$ 34,018	\$ -	\$ -
Deferred revenue	-	-	20,790
	<u>-</u>	<u>-</u>	<u>20,790</u>
Total liabilities	<u>34,018</u>	<u>-</u>	<u>20,790</u>
Fund balances			
Nonspendable	10,259	-	-
Restricted	166,633	-	-
	<u>166,633</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>176,892</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 210,910</u>	<u>\$ -</u>	<u>\$ 20,790</u>

Debt Service						
2001	2006	2008	2009	2010	2010B	Total
Voting	Voting	Refunding	Refunding	Refunding	Refunding	
\$ -	\$ 72,524	\$ 88,073	\$ 59,955	\$ 74,685	\$ 92,960	\$ 562,546
-	-	-	-	-	-	47,092
-	-	-	-	-	-	10,259
<u>\$ -</u>	<u>\$ 72,524</u>	<u>\$ 88,073</u>	<u>\$ 59,955</u>	<u>\$ 74,685</u>	<u>\$ 92,960</u>	<u>\$ 619,897</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,018
-	-	-	-	-	-	20,790
-	-	-	-	-	-	54,808
-	-	-	-	-	-	10,259
-	72,524	88,073	59,955	74,685	92,960	554,830
-	72,524	88,073	59,955	74,685	92,960	565,089
<u>\$ -</u>	<u>\$ 72,524</u>	<u>\$ 88,073</u>	<u>\$ 59,955</u>	<u>\$ 74,685</u>	<u>\$ 92,960</u>	<u>\$ 619,897</u>

LAKEVIEW COMMUNITY SCHOOLS
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	<u>Special Revenue</u>		<u>Debt Service</u>
	<u>Food Service</u>	<u>Preschool</u>	<u>Durant Debt</u>
Revenue			
Local sources	\$ 204,188	\$ 3	\$ -
State sources	24,662	-	11,143
Federal sources	456,414	-	-
Total revenue	<u>685,264</u>	<u>3</u>	<u>11,143</u>
Expenditures			
Current - food services	673,416	-	-
Debt service:			
Principal	-	-	9,691
Interest and fiscal charges	-	-	1,452
Bond issuance costs	-	-	-
Taxes abated	-	-	-
Total expenditures	<u>673,416</u>	<u>-</u>	<u>11,143</u>
Revenue (under) over expenditures	<u>11,848</u>	<u>3</u>	<u>-</u>
Other financing sources (uses)			
Issuance of long-term debt	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	(2,804)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,804)</u>	<u>-</u>
Net changes in fund balances	11,848	(2,801)	-
Fund balances, beginning of year, as restated	<u>165,044</u>	<u>2,801</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 176,892</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Debt Service						
2001	2006	2008	2009	2010	2010B	Total
Voting	Voting	Refunding	Refunding	Refunding	Refunding	
\$ 433,464	\$ 453,711	\$ 494,757	\$ 289,340	\$ 392,178	\$ -	\$ 2,267,641
-	-	-	-	-	-	35,805
-	-	-	-	-	-	456,414
<u>433,464</u>	<u>453,711</u>	<u>494,757</u>	<u>289,340</u>	<u>392,178</u>	<u>-</u>	<u>2,759,860</u>
-	-	-	-	-	-	673,416
275,000	375,000	275,000	165,000	325,000	-	1,424,691
124,941	51,508	191,826	151,281	30,357	-	551,365
-	-	-	-	-	47,968	47,968
<u>118</u>	<u>85</u>	<u>95</u>	<u>99</u>	<u>101</u>	<u>-</u>	<u>498</u>
<u>400,059</u>	<u>426,593</u>	<u>466,921</u>	<u>316,380</u>	<u>355,458</u>	<u>47,968</u>	<u>2,697,938</u>
<u>33,405</u>	<u>27,118</u>	<u>27,836</u>	<u>(27,040)</u>	<u>36,720</u>	<u>(47,968)</u>	<u>61,922</u>
-	-	-	-	-	3,165,000	3,165,000
-	-	-	-	-	(3,145,083)	(3,145,083)
-	-	-	-	-	121,011	121,011
<u>(121,011)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,815)</u>
<u>(121,011)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,928</u>	<u>17,113</u>
(87,606)	27,118	27,836	(27,040)	36,720	92,960	79,035
<u>87,606</u>	<u>45,406</u>	<u>60,237</u>	<u>86,995</u>	<u>37,965</u>	<u>-</u>	<u>486,054</u>
<u>\$ -</u>	<u>\$ 72,524</u>	<u>\$ 88,073</u>	<u>\$ 59,955</u>	<u>\$ 74,685</u>	<u>\$ 92,960</u>	<u>\$ 565,089</u>

LAKEVIEW COMMUNITY SCHOOLS
Food Service Fund
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Amended</u>		Over (Under)
				<u>Budget</u>
Revenue				
Local sources:				
Lunch sales	\$ 202,545	\$ 202,545	\$ 190,601	\$ (11,944)
Other	11,620	11,620	13,587	1,967
Total local sources	<u>214,165</u>	<u>214,165</u>	<u>204,188</u>	<u>(9,977)</u>
State sources - State School Aid	<u>48,393</u>	<u>50,323</u>	<u>24,662</u>	<u>(25,661)</u>
Federal sources:				
Federal aid received through the State	373,900	374,442	404,296	29,854
USDA donated commodities	<u>35,000</u>	<u>44,129</u>	<u>52,118</u>	<u>7,989</u>
Total federal sources	<u>408,900</u>	<u>418,571</u>	<u>456,414</u>	<u>37,843</u>
Total revenue	671,458	683,059	685,264	2,205
Expenditures				
Current - food services	<u>647,399</u>	<u>716,703</u>	<u>673,416</u>	<u>(43,287)</u>
Net changes in fund balance	24,059	(33,644)	11,848	45,492
Fund balance, beginning of year	<u>165,044</u>	<u>165,044</u>	<u>165,044</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 189,103</u></u>	<u><u>\$ 131,400</u></u>	<u><u>\$ 176,892</u></u>	<u><u>\$ 45,492</u></u>

LAKEVIEW COMMUNITY SCHOOLS
Preschool Fund
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Amended</u>		Over (Under)
				<u>Budget</u>
Revenue				
Other revenue	\$ -	\$ 3	\$ 3	\$ -
Other financing uses				
Transfers out	-	(2,804)	(2,804)	-
Net changes in fund balance	-	(2,801)	(2,801)	-
Fund balance, beginning of year	<u>2,801</u>	<u>2,801</u>	<u>2,801</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,801</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

AGENCY FUNDS

LAKEVIEW COMMUNITY SCHOOLS
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2011

	Student Activities	Payroll Fund	Total
Assets			
Cash and cash equivalents	\$ 80,342	\$ 236,079	\$ 316,421
Accounts receivable	639	-	639
Total assets	\$ 80,981	\$ 236,079	\$ 317,060
Liabilities			
Due to student groups	\$ 80,981	\$ -	\$ 80,981
Withholdings payable	-	236,079	236,079
Total liabilities	\$ 80,981	\$ 236,079	\$ 317,060