

# **Lapeer Community Schools of Lapeer County**

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**Financial Report  
with Supplemental Information  
June 30, 2010**

# Lapeer Community Schools of Lapeer County

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## Independent Auditor's Report

To the Board of Education  
Lapeer Community Schools of Lapeer County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer Community Schools of Lapeer County (the "School District") as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lapeer Community Schools of Lapeer County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer Community Schools of Lapeer County as of June 30, 2010 and the respective changes in financial position, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Education  
Lapeer Community Schools of Lapeer County

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lapeer Community Schools of Lapeer County's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The other supplemental information is presented for the purpose of additional analysis. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated November 9, 2010 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 opinions 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.

*Plante & Morse, PLLC*

November 9, 2010

# Lapeer Community Schools of Lapeer County

## Statement of Net Assets June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 3)	\$ 7,499,097
Receivables - Net (Note 4)	7,746,069
Inventories	24,504
Prepaid costs	87,519
Restricted assets (Notes 1 and 3)	13,350,553
Capital assets - Net (Note 5)	<u>70,367,210</u>
Total assets	99,074,952
<b>Liabilities</b>	
Accounts payable	5,534,164
Accrued payroll and other liabilities	3,785,308
State aid anticipation note (Note 10)	2,550,000
Accrued interest	485,893
Deferred revenue (Note 4)	3,210
Long-term liabilities (Note 7):	
Due within one year	2,004,934
Due in more than one year	<u>55,800,079</u>
Total liabilities	<u>70,163,588</u>
<b>Net Assets</b>	
Invested in capital assets - Net of related debt	18,271,852
Restricted:	
Debt service	1,629,885
Capital projects	4,273,458
Unrestricted	<u>4,736,169</u>
Total net assets	<u><u>\$ 28,911,364</u></u>

# Lapeer Community Schools of Lapeer County

## Statement of Activities Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$ 33,098,279	\$ -	\$ 5,801,179	\$ (27,297,100)
Support services	19,046,509	181,930	1,299,613	(17,564,966)
Athletics	1,229,585	282,657	-	(946,928)
Food services	2,589,469	852,452	91,357	(1,645,660)
Community services	315,892	23,685	-	(292,207)
Intergovernmental transfers	55,232	-	-	(55,232)
Interest	2,699,848	-	-	(2,699,848)
Depreciation expense (unallocated)	1,435,416	-	-	(1,435,416)
<b>Total primary government</b>	<b>\$ 60,470,230</b>	<b>\$ 1,340,724</b>	<b>\$ 7,192,149</b>	<b>(51,937,357)</b>
General revenue:				
Taxes:				
Property taxes, levied for general purposes				6,603,058
Property taxes, levied for debt service				3,581,432
Property taxes, levied for capital projects				711
State aid not restricted to specific purposes				36,273,753
Federal stabilization funds				1,849,994
Interest and investment earnings				120,540
Other				689,948
<b>Total general revenue</b>				<b>49,119,436</b>
<b>Change in Net Assets</b>				<b>(2,817,921)</b>
<b>Net Assets - Beginning of year</b>				<b>31,729,285</b>
<b>Net Assets - End of year</b>				<b>\$ 28,911,364</b>

# Lapeer Community Schools of Lapeer County

## Governmental Funds Balance Sheet June 30, 2010

	General Fund	Capital Projects 2007 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 3)	\$ 7,199,877	\$ -	\$ 299,220	\$ 7,499,097
Receivables - Net (Note 4)	7,715,897	-	30,172	7,746,069
Due from other funds (Note 6)	173,576	-	43,185	216,761
Inventories	24,504	-	-	24,504
Prepaid costs	87,519	-	-	87,519
Restricted assets (Notes 1 and 3)	-	10,807,812	2,542,741	13,350,553
<b>Total assets</b>	<b>\$15,201,373</b>	<b>\$10,807,812</b>	<b>\$ 2,915,318</b>	<b>\$ 28,924,503</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,965,280	\$ 3,374,258	\$ 218,724	\$ 5,558,262
Accrued payroll and other liabilities	3,785,308	-	-	3,785,308
State aid anticipation note	2,550,000	-	-	2,550,000
Accrued interest (Note 10)	41,445	-	-	41,445
Due to other funds (Note 6)	43,185	9,985	139,493	192,663
Deferred revenue (Note 4)	3,210	-	-	3,210
<b>Total liabilities</b>	<b>8,388,428</b>	<b>3,384,243</b>	<b>358,217</b>	<b>12,130,888</b>
<b>Fund Balances</b>				
Reserved:				
Capital projects	-	7,423,569	909,719	8,333,288
Debt service	-	-	1,629,885	1,629,885
Inventories	24,504	-	-	24,504
Prepaid costs	87,519	-	-	87,519
Unreserved - Designated for compensated absences/employee injury claims/dental and vision benefits	2,149,073	-	-	2,149,073
Undesignated, reported in:				
General Fund	4,551,849	-	-	4,551,849
Special Revenue Funds	-	-	17,497	17,497
<b>Total fund balances</b>	<b>6,812,945</b>	<b>7,423,569</b>	<b>2,557,101</b>	<b>16,793,615</b>
<b>Total liabilities and fund balances</b>	<b>\$15,201,373</b>	<b>\$10,807,812</b>	<b>\$ 2,915,318</b>	<b>\$ 28,924,503</b>

# Lapeer Community Schools of Lapeer County

## Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets Year Ended June 30, 2010

**Fund Balance Reported in Governmental Funds** \$ 16,793,615

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

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

Cost of capital assets	\$ 95,655,386	
Accumulated depreciation	<u>(25,288,176)</u>	70,367,210

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

Bonds payable, including premium and bond issuance costs	(55,655,940)	
Compensated absences	(352,600)	
Early retirement incentive	(1,479,473)	
Risk liability	<u>(317,000)</u>	(57,805,013)

Accrued interest payable is not included as a liability in governmental funds		<u>(444,448)</u>
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**Net Assets of Governmental Activities** \$ 28,911,364

# Lapeer Community Schools of Lapeer County

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2010

	General Fund	Capital Projects 2007 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 7,450,469	\$ 101,017	\$ 4,731,978	\$ 12,283,464
State sources	39,435,435	-	241,057	39,676,492
Federal sources	4,145,926	-	1,472,904	5,618,830
Interdistrict sources	61,200	-	-	61,200
Total revenue	51,093,030	101,017	6,445,939	57,639,986
<b>Expenditures</b>				
Current:				
Instruction	32,825,942	-	-	32,825,942
Support services	17,847,059	-	-	17,847,059
Athletics	-	-	1,229,585	1,229,585
Food services	-	-	2,589,469	2,589,469
Community services	315,892	-	-	315,892
Debt service:				
Principal	-	-	876,836	876,836
Interest	-	-	2,704,378	2,704,378
Other	-	-	1,352	1,352
Capital outlay	374,763	22,894,897	1,086,142	24,355,802
Intergovernmental transfers	55,232	-	-	55,232
Total expenditures	51,418,888	22,894,897	8,487,762	82,801,547
<b>Excess of Revenue Under Expenditures</b>	(325,858)	(22,793,880)	(2,041,823)	(25,161,561)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	944,656	944,656
Transfers out	(944,656)	-	-	(944,656)
<b>Net Change in Fund Balances</b>	(1,270,514)	(22,793,880)	(1,097,167)	(25,161,561)
<b>Fund Balances - Beginning of year</b>	8,083,459	30,217,449	3,654,268	41,955,176
<b>Fund Balances - End of year</b>	<u>\$ 6,812,945</u>	<u>\$ 7,423,569</u>	<u>\$ 2,557,101</u>	<u>\$ 16,793,615</u>

# Lapeer Community Schools of Lapeer County

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2010

**Net Change in Fund Balances - Total Governmental Funds** \$ (25,161,561)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	\$ (1,435,416)	
Capitalized capital outlay	<u>23,073,918</u>	21,638,502

Revenue is reported in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end (40,626)

Amortization of bond premium is recorded as an expense in the statement of activities and the amortization of bond issuance costs is recorded as revenue in the statement of activities 52,948

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities 876,836

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 5,883

Compensated absences and early retirement incentives, as well as estimated self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was earned than paid out (189,903)

**Change in Net Assets of Governmental Activities** **\$ (2,817,921)**

# Lapeer Community Schools of Lapeer County

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## Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2010

	Private Purpose Trust	Student Activities Agency Fund
<b>Assets - Cash and investments</b>	\$ 27,919	<u>\$ 636,448</u>
<b>Liabilities</b>		
Due to student groups		\$ 612,350
Due to other funds (Note 6)	-	<u>24,098</u>
Total liabilities	<u>-</u>	<u>\$ 636,448</u>
 <b>Net Assets - Held in trust for others</b>	 <u>\$ 27,919</u>	

# Lapeer Community Schools of Lapeer County

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## Fiduciary Fund Statement of Changes in Net Assets Year Ended June 30, 2010

	Private Purpose Trust Funds
<b>Additions - Revenue</b>	\$ 37
<b>Deductions - Scholarships and other expenses</b>	741
<b>Change in Net Assets</b>	(704)
<b>Net Assets - Beginning of year</b>	28,623
<b>Net Assets - End of year</b>	<u>\$ 27,919</u>

# Lapeer Community Schools of Lapeer County

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## Notes to Financial Statements June 30, 2010

### Note I - Nature of Business and Significant Accounting Policies

The accounting policies of Lapeer Community Schools of Lapeer County (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

#### **Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state and federal aid.

# Lapeer Community Schools of Lapeer County

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## Notes to Financial Statements June 30, 2010

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

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

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

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

The School District reports the following major governmental funds:

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

**Capital Projects 2007 Bond Issue Fund** - The Capital Projects 2007 Bond Issue Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following fund types:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds include the Cafeteria and Athletics Funds. Any operating deficit generated by these funds is the responsibility of the General Fund.

**Debt Service Funds** - The 2007 Debt Service Fund is to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the 2007 bond issue, respectively. The Durant 1998 Debt Service Fund is used to record the principal and interest payments associated with this bond. These payments are funded by the State of Michigan via a specific appropriation, which is recorded as revenue in the fund.

# Lapeer Community Schools of Lapeer County

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## Notes to Financial Statements June 30, 2010

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Capital Projects Sinking Fund** - The Capital Projects Sinking Fund reports capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the provisions of Section 1212(1) of the State of Michigan School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**Capital Projects Sale of Facilities Fund** - The Capital Projects Sale of Facilities Fund reports proceeds received from the sale of the School District buildings or other revenue and the disbursement of invoices specifically designated for School District renovation of student facilities. The fund operates until the purpose for which it was created is accomplished.

**Fiduciary Funds** - The School District manages certain funds in a fiduciary capacity. These funds are allocated for in private-purpose trust funds or in an Agency Fund.

**Agency Fund** - The Agency Fund is used to record the transactions of student and community groups for school and school-related purposes. The fund is segregated and held in trust for the students.

#### **Assets, Liabilities, and Net Assets or Fund Balance**

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the Special Revenue Funds is generally allocated to each fund using a weighted average of balance for the principal.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All accounts and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on December 1 for the entire amount of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note I - Nature of Business and Significant Accounting Policies (Continued)

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

**Restricted Assets** - The unspent bond proceeds and related interest of the Capital Projects Funds require amounts to be set aside for construction. In addition, the unspent property taxes levied in the Debt Service Funds are required to be set aside for future bond principal and interest payments. These amounts have been classified as restricted assets.

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the School District 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 market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and other equipment	3 to 10 years

**Compensated Absences** - The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

# Lapeer Community Schools of Lapeer County

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## Notes to Financial Statements June 30, 2010

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

A liability for early termination benefits is reported in the government-wide statements at the discounted present value of the expected future benefit payments using a discount rate of 5 percent. The early termination benefits consist of early retirement incentive cash payments provided to 26 employees over a four-year period effective June 30, 2009 and 28 employees over a two-year period effective June 30, 2010. The cost of the obligation is reported in long-term debt.

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Balance** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data** - Comparative data is not included in the School District's financial statements.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General Fund and Special Revenue Funds. All annual appropriations lapse at fiscal year end.

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. For budgeting purposes, capital outlay is classified within the related function. Capital outlay is segregated on the statement of revenue, expenditures, and changes in fund balances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The School District did not have significant actual expenditures in excess of budget.

**Capital Projects Fund Compliance** - The Capital Projects 2007 Bond Issue Fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital project, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

The Capital Projects Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the State of Michigan School Code and the State of Michigan Department of Treasury Letter No. 01-95.

### Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is also allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated two banks for the deposit of its funds.

The investment policy adopted by the board in accordance with state statutes has authorized investment in all the allowable investment vehicles noted above.

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 3 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$1,878,792 was fully insured and collateralized through the Transaction Account Guarantee Program. The School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk of Investments** - Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2010, the School District had the following investments with custodial credit risk:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>How Held</u>
Federal Home Loan Mortgage Association 4.125%	\$ 2,588,231	Held by counterparty
Federal Home Loan Mortgage Association 5.125%	2,870,492	Held by counterparty
Federal National Mortgage Corporation 4.25%	2,557,725	Held by counterparty
Federal National Mortgage Association 6.625%	363,541	Held by counterparty
Federal National Mortgage Association 4.75%	<u>183,825</u>	Held by counterparty
Total	<u>\$ 8,563,814</u>	

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools, and limiting the average maturity in accordance with the School District's cash requirements.

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 3 - Deposits and Investments (Continued)

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
Bank investment pool	\$ 12,040,514	N/A	AI/PI/FI	Not required
Federal Home Loan Mortgage Association 4.125%	2,588,231	7/12/2010	AAA	S&P
Federal Home Loan Mortgage Association 5.125%	2,870,492	8/23/2010	AAA	S&P
Federal National Mortgage Corporation 4.25%	2,557,725	8/15/2010	AAA	S&P
Federal National Mortgage Association 6.625%	363,541	11/15/2010	AAA	S&P
Federal National Mortgage Association 4.75%	183,825	12/15/2010	AAA	S&P
Total	<u>\$ 20,604,328</u>			

**Concentration of Credit Risk** - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are in bank investment pools, Federal Home Loan Mortgage Corporation notes, and Federal National Mortgage Association notes; these investments are 57 percent, 26 percent, and 17 percent, respectively, of the School District's total investments.

**Foreign Currency Risk** - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 4 - Receivables and Deferred Revenue

Receivables as of year end for the School District's individual major and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 16,290	\$ 1,549	\$ 17,839
Accounts receivable	8,378	11,654	20,032
Intergovernmental	<u>7,691,229</u>	<u>16,969</u>	<u>7,708,198</u>
Total receivables	<u>\$ 7,715,897</u>	<u>\$ 30,172</u>	<u>\$ 7,746,069</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Child care revenue received but not earned	<u>\$ -</u>	<u>\$ 3,210</u>

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 5 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

<b>Governmental Activities</b>	Balance July 1, 2009	Additions	Disposals and Adjustments	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 1,046,763	\$ -	\$ -	\$ 1,046,763
Construction in progress	23,198,791	20,120,826	659,811	42,659,806
Capital assets being depreciated:				
Land improvements	3,356,320	209,718	-	3,566,038
Building and building improvements	35,554,595	2,327,880	-	37,882,475
Furniture and equipment	6,047,347	770,760	607,548	6,210,559
Buses and other vehicles	3,985,200	304,545	-	4,289,745
Subtotal	48,943,462	3,612,903	607,548	51,948,817
Accumulated depreciation:				
Land improvements	1,171,347	131,049	-	1,302,396
Buildings and improvements	17,927,240	668,493	-	18,595,733
Furniture and equipment	2,558,148	293,065	607,548	2,243,665
Buses and other vehicles	2,803,573	342,809	-	3,146,382
Subtotal	24,460,308	1,435,416	607,548	25,288,176
Net capital assets being depreciated	24,483,154	2,177,487	-	26,660,641
Net capital assets	\$ 48,728,708	\$ 22,298,313	\$ 659,811	\$ 70,367,210

Depreciation expense was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical.

**Construction Commitments** - The School District has several active Sinking Fund construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
East building improvements	\$ 56,018	\$ 316,000

**Construction Commitments** - The School District has several active "sale of facilities" construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
West auxiliary gym	\$ 1,110,174	\$ -

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 5 - Capital Assets (Continued)

**Construction Commitments** - The School District has several active 2007 bond issue construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Cramton renovations	\$ 2,038,487	\$ -
Lynch renovations	173,127	2,000
Maple Grove renovations	220,562	60,000
Mayfield renovations	225,294	-
Murphy renovations	119,389	-
Schickler renovations	153,783	-
Seaton renovations	169,208	-
Turrill renovations	203,221	11,000
Woodside renovations	22,347,709	650,000
Zemmer renovations	14,069,967	4,220,000
East renovations	216,681	140,000
West renovations	202,048	140,000
District technology	227,119	420,000
Total	<u>\$ 40,366,595</u>	<u>\$ 5,643,000</u>

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Capital Projects 2007 Bond Issue Fund	Nonmajor Governmental Funds	Fiduciary Funds	
General Fund	\$ -	\$ 9,985	\$ 139,493	\$ 24,098	\$ 173,576
Nonmajor governmental funds	43,185	-	-	-	43,185
Total	<u>\$ 43,185</u>	<u>\$ 9,985</u>	<u>\$ 139,493</u>	<u>\$ 24,098</u>	<u>\$ 216,761</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Advanced To	Transfers out - General Fund
Transfers in - Nonmajor governmental funds	<u>\$ 944,656</u>

General Fund transfers are used to support and maintain the operations of the fund for the purpose for which they were created. During 2009-2010, the General Fund transferred board-approved funds to the Athletic Fund to support the operations of the fund.

### Note 7 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes are general obligations of the School District. Other long-term obligations include compensated absences, early retirement incentives, and certain risk liabilities.

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds	\$ 55,129,648	\$ -	\$ 876,837	\$ 54,252,811	\$ 1,049,067
Bond premium	1,811,143	-	65,860	1,745,283	65,860
Bond issuance cost	(355,066)	-	(12,912)	(342,154)	12,912
Total bonds payable	56,585,725	-	929,785	55,655,940	1,127,839
Other obligations	1,959,170	1,841,593	1,651,690	2,149,073	877,095
Total governmental activities	\$ 58,544,895	\$ 1,841,593	\$ 2,581,475	\$ 57,805,013	\$ 2,004,934

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bond obligations are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 1,049,067	\$ 2,668,948	\$ 3,718,015
2012	1,424,897	2,720,744	4,145,641
2013	1,253,847	2,578,364	3,832,211
2014	1,245,000	2,527,800	3,772,800
2015	1,305,000	2,478,000	3,783,000
2016-2020	7,625,000	11,338,750	18,963,750
2021-2025	9,575,000	9,229,250	18,804,250
2026-2030	12,000,000	6,517,750	18,517,750
2031-2035	13,350,000	3,368,750	16,718,750
2036-2037	5,425,000	407,500	5,832,500
Total	<u>\$ 54,252,811</u>	<u>\$ 43,835,856</u>	<u>\$ 98,088,667</u>

### Governmental Activities

General obligation bonds consist of the following:

\$55,205,000 - 2007 general obligation bonds due in annual installments of \$1,000,000 to \$2,725,000 through May 2037; interest at 4.00 percent to 5.25 percent	\$ 53,870,000
\$803,366 - Durant bonds due in annual installments of \$49,067 to \$279,897 through May 15, 2013; interest at 4.76 percent	<u>382,811</u>
Total bonded debt	<u>\$ 54,252,811</u>

**Durant Non-Plaintiff Bond** - Included in governmental activities general obligation bonds is the Durant Non-Plaintiff Bond with an original issue amount of \$803,366. Annual total payments (principal and interest) associated with this bond are funded by the State of Michigan via specifically appropriated state aid and will not require any School District debt levy or utilization of any other School District financial resources.

# Lapeer Community Schools of Lapeer County

## Notes to Financial Statements June 30, 2010

### Note 7 - Long-term Debt (Continued)

Other governmental activities long-term obligations include the following:

Employee compensated absences	\$	352,600
Early retirement incentives		1,479,473
Risk liability		<u>317,000</u>
Total	\$	<u>2,149,073</u>

### Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical benefits, certain property loss, and errors and omissions claims and participates in the MAISL shared-risk pool for claims relating to property loss and torts; the School District is self-insured for dental and vision. The School District is uninsured up to a \$300,000 specific occurrence retention limit for employee injuries (workers' compensation) claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District estimates the liability for employee injury claims and for dental and vision benefits that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2010</u>	<u>2009</u>
Estimated liability - Beginning of year	\$ 355,000	\$ 231,000
Estimated claims incurred - Including changes in estimates	985,890	1,983,447
Claim payments	<u>(1,023,890)</u>	<u>(1,859,447)</u>
Estimated liability - End of year	<u>\$ 317,000</u>	<u>\$ 355,000</u>

# Lapeer Community Schools of Lapeer County

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## Notes to Financial Statements June 30, 2010

### Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

**Plan Description** - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

**Pension Benefits** - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate was 9.73 percent of covered payroll for the period from July 1, 2009 through September 30, 2009 and 10.13 percent for the period from October 1, 2009 through June 30, 2010. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. Members hired on or after July 1, 2008 contribute to a MIP-Plus plan at rates ranging from 3.0 percent to 6.4 percent of gross wages. The School District's required and actual contributions to the plan for the years ended June 30, 2010, 2009, and 2008 were \$3,144,080, \$3,284,228, and \$3,395,141, respectively.

**Postemployment Benefits** - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. For members who first worked after June 30, 2008, a graded premium health insurance subsidy has been put in place. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.81 percent of covered payroll for the period from July 1, 2009 through June 30, 2010. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2010, 2009, and 2008 were \$2,129,528, \$2,263,557, and \$2,151,856, respectively.

# Lapeer Community Schools of Lapeer County

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## Notes to Financial Statements June 30, 2010

### **Note 10 - State Aid Anticipation Note**

On August 20, 2009, Lapeer Community Schools of Lapeer County borrowed \$4.35 million in a state aid anticipation note. The note bears interest at a rate of 0.85 percent to 1.40 percent and is due August 20, 2010. At June 30, 2010, Lapeer Community Schools of Lapeer County has accrued interest of \$41,445 on this note.

### **Note 11 - Subsequent Events**

The School District borrowed approximately \$4.85 million on August 20, 2010 through the Michigan Municipal Bond Authority in anticipation of state aid at a rate ranging from 0.40 percent to 0.80 percent with \$1.9 million due on August 19, 2011, and the remaining \$2.95 million due on August 22, 2011.

### **Note 12 - Upcoming Accounting Pronouncements**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. In addition, the standard clarifies the definition of the special revenue fund type. It is expected that under this new definition, the Athletics Fund will no longer be reported as a special revenue fund and the athletic activity will be included in the General Fund. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The School District will implement Statement No. 54 beginning with the fiscal year ending June 30, 2011.

## **Required Supplemental Information**

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# Lapeer Community Schools of Lapeer County

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 7,500,041	\$ 7,472,991	\$ 7,450,469	\$ (22,522)
State sources	41,761,335	39,284,688	39,435,435	150,747
Federal sources	1,722,009	4,292,482	4,145,926	(146,556)
Interdistrict sources and other	-	61,200	61,200	-
Total revenue	<u>50,983,385</u>	<u>51,111,361</u>	<u>51,093,030</u>	<u>(18,331)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	26,031,957	26,087,405	26,327,426	240,021
Added needs	6,647,018	6,431,882	6,498,516	66,634
Capital outlay	38,362	22,650	13,482	(9,168)
Support services:				
Pupil	2,936,587	3,130,939	2,947,379	(183,560)
Instructional staff	2,162,542	2,290,617	2,272,045	(18,572)
General administration	486,180	441,762	429,077	(12,685)
School administration	3,641,114	3,680,414	3,862,135	181,721
Business services	1,009,413	1,001,265	932,374	(68,891)
Operations and maintenance	3,941,932	4,046,715	3,949,705	(97,010)
Pupil transportation services	3,148,056	3,016,178	2,832,557	(183,621)
Central services	584,561	622,871	621,787	(1,084)
Capital outlay	401,350	346,963	350,203	3,240
Community services	278,377	277,417	315,892	38,475
Capital outlay	49,900	22,257	11,078	(11,179)
Intergovernmental transfers	52,200	52,200	55,232	3,032
Total expenditures	<u>51,409,549</u>	<u>51,471,535</u>	<u>51,418,888</u>	<u>(52,647)</u>
<b>Other Financing Uses -</b>				
Transfers out	<u>(846,548)</u>	<u>(895,393)</u>	<u>(944,656)</u>	<u>(49,263)</u>
<b>Net Change in Fund Balance</b>	<u>(1,272,712)</u>	<u>(1,255,567)</u>	<u>(1,270,514)</u>	<u>(14,947)</u>
<b>Fund Balance - July 1, 2009</b>	<u>8,083,459</u>	<u>8,083,459</u>	<u>8,083,459</u>	<u>-</u>
<b>Fund Balance - June 30, 2010</b>	<u><u>\$ 6,810,747</u></u>	<u><u>\$ 6,827,892</u></u>	<u><u>\$ 6,812,945</u></u>	<u><u>\$ (14,947)</u></u>

## **Other Supplemental Information**

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# Lapeer Community Schools of Lapeer County

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2010

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Cafeteria	Athletics	Durant Bond	2007 Debt	Sinking Fund	Sale of Facilities	
<b>Assets</b>							
Cash and investments	\$ 231,707	\$ 5,857	\$ -	\$ -	\$ -	\$ 61,656	\$ 299,220
Receivables - Net	27,863	-	-	1,549	-	760	30,172
Due from other funds	-	43,185	-	-	-	-	43,185
Restricted assets	-	-	-	1,628,336	914,405	-	2,542,741
<b>Total assets</b>	<b>\$ 259,570</b>	<b>\$ 49,042</b>	<b>\$ -</b>	<b>\$ 1,629,885</b>	<b>\$ 914,405</b>	<b>\$ 62,416</b>	<b>\$ 2,915,318</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 116,880	\$ 43,185	\$ -	\$ -	\$ 51,043	\$ 7,616	\$ 218,724
Due to other funds	131,050	-	-	-	8,443	-	139,493
<b>Total liabilities</b>	<b>247,930</b>	<b>43,185</b>	<b>-</b>	<b>-</b>	<b>59,486</b>	<b>7,616</b>	<b>358,217</b>
<b>Fund Balances</b>							
Reserved:							
Capital projects	-	-	-	-	854,919	54,800	909,719
Debt service	-	-	-	1,629,885	-	-	1,629,885
Undesignated, reported in Special Revenue Funds	11,640	5,857	-	-	-	-	17,497
<b>Total fund balances</b>	<b>11,640</b>	<b>5,857</b>	<b>-</b>	<b>1,629,885</b>	<b>854,919</b>	<b>54,800</b>	<b>2,557,101</b>
<b>Total liabilities and fund balances</b>	<b>\$ 259,570</b>	<b>\$ 49,042</b>	<b>\$ -</b>	<b>\$ 1,629,885</b>	<b>\$ 914,405</b>	<b>\$ 62,416</b>	<b>\$ 2,915,318</b>

# Lapeer Community Schools of Lapeer County

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2010

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Cafeteria	Athletics	Durant Bond	2007 Debt	Sinking Fund	Sale of Facilities	
<b>Revenue</b>							
Local sources	\$ 852,761	\$ 289,520	\$ -	\$ 3,585,322	\$ 3,814	\$ 561	\$ 4,731,978
State sources	184,643	-	56,414	-	-	-	241,057
Federal sources	1,472,904	-	-	-	-	-	1,472,904
<b>Total revenue</b>	<b>2,510,308</b>	<b>289,520</b>	<b>56,414</b>	<b>3,585,322</b>	<b>3,814</b>	<b>561</b>	<b>6,445,939</b>
<b>Expenditures</b>							
Current:							
Athletics	-	1,229,585	-	-	-	-	1,229,585
Food services	2,589,469	-	-	-	-	-	2,589,469
Debt service:							
Principal	-	-	46,836	830,000	-	-	876,836
Interest	-	-	9,578	2,694,800	-	-	2,704,378
Other	-	-	-	1,352	-	-	1,352
Capital outlay	18,678	1,828	-	-	353,129	712,507	1,086,142
<b>Total expenditures</b>	<b>2,608,147</b>	<b>1,231,413</b>	<b>56,414</b>	<b>3,526,152</b>	<b>353,129</b>	<b>712,507</b>	<b>8,487,762</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(97,839)</b>	<b>(941,893)</b>	<b>-</b>	<b>59,170</b>	<b>(349,315)</b>	<b>(711,946)</b>	<b>(2,041,823)</b>
<b>Other Financing Sources -</b>							
Transfers in	-	944,656	-	-	-	-	944,656
<b>Net Change in Fund Balances</b>	<b>(97,839)</b>	<b>2,763</b>	<b>-</b>	<b>59,170</b>	<b>(349,315)</b>	<b>(711,946)</b>	<b>(1,097,167)</b>
<b>Fund Balances - Beginning of year</b>	<b>109,479</b>	<b>3,094</b>	<b>-</b>	<b>1,570,715</b>	<b>1,204,234</b>	<b>766,746</b>	<b>3,654,268</b>
<b>Fund Balances - End of year</b>	<b>\$ 11,640</b>	<b>\$ 5,857</b>	<b>\$ -</b>	<b>\$ 1,629,885</b>	<b>\$ 854,919</b>	<b>\$ 54,800</b>	<b>\$ 2,557,101</b>

# Lapeer Community Schools of Lapeer County

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## Other Supplemental Information Combining Statement of Net Assets Private Purpose Trust Funds June 30, 2010

	Hall Endowment	Project Close- Up	Beckwith	Total
<b>Assets</b> - Cash and cash equivalents	<u>\$ 12,287</u>	<u>\$ 8,911</u>	<u>\$ 6,721</u>	<u>\$ 27,919</u>
<b>Net Assets</b> - Reserved for endowment restrictions	<u>\$ 12,287</u>	<u>\$ 8,911</u>	<u>\$ 6,721</u>	<u>\$ 27,919</u>

# Lapeer Community Schools of Lapeer County

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Private Purpose Trust Funds Year Ended June 30, 2010

	Hall Endowment	Project Close- Up	Beckwith	Total
<b>Operating Revenue</b>				
Interest and other	\$ 17	\$ 11	\$ 9	\$ 37
<b>Operating Expenses</b>				
Scholarships, other expenses, and transfers out to Lapeer County Community Foundation	500	-	241	741
<b>Change in Net Assets</b>	(483)	11	(232)	(704)
<b>Net Assets - Beginning of year</b>	12,770	8,900	6,953	28,623
<b>Net Assets - End of year</b>	<u>\$ 12,287</u>	<u>\$ 8,911</u>	<u>\$ 6,721</u>	<u>\$ 27,919</u>

# Lapeer Community Schools of Lapeer County

## Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2010

June 30	2007 Limited Tax School Building and					
	Durant Bond		Site Bonds		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2011	\$ 49,067	\$ 7,348	\$ 1,000,000	\$ 2,661,600	\$ 1,049,067	\$ 2,668,948
2012	279,897	99,144	1,145,000	2,621,600	1,424,897	2,720,744
2013	53,847	2,564	1,200,000	2,575,800	1,253,847	2,578,364
2014	-	-	1,245,000	2,527,800	1,245,000	2,527,800
2015	-	-	1,305,000	2,478,000	1,305,000	2,478,000
2016	-	-	1,375,000	2,412,750	1,375,000	2,412,750
2017	-	-	1,450,000	2,344,000	1,450,000	2,344,000
2018	-	-	1,525,000	2,271,500	1,525,000	2,271,500
2019	-	-	1,600,000	2,195,250	1,600,000	2,195,250
2020	-	-	1,675,000	2,115,250	1,675,000	2,115,250
2021	-	-	1,750,000	2,031,500	1,750,000	2,031,500
2022	-	-	1,825,000	1,944,000	1,825,000	1,944,000
2023	-	-	1,900,000	1,852,750	1,900,000	1,852,750
2024	-	-	2,000,000	1,753,000	2,000,000	1,753,000
2025	-	-	2,100,000	1,648,000	2,100,000	1,648,000
2026	-	-	2,200,000	1,537,750	2,200,000	1,537,750
2027	-	-	2,300,000	1,422,250	2,300,000	1,422,250
2028	-	-	2,400,000	1,301,500	2,400,000	1,301,500
2029	-	-	2,500,000	1,187,500	2,500,000	1,187,500
2030	-	-	2,600,000	1,068,750	2,600,000	1,068,750
2031	-	-	2,625,000	938,750	2,625,000	938,750
2032	-	-	2,650,000	807,500	2,650,000	807,500
2033	-	-	2,675,000	675,000	2,675,000	675,000
2034	-	-	2,700,000	541,250	2,700,000	541,250
2035	-	-	2,700,000	406,250	2,700,000	406,250
2036	-	-	2,700,000	271,250	2,700,000	271,250
2037	-	-	2,725,000	136,250	2,725,000	136,250
<b>Total principal</b>	<b>\$ 382,811</b>	<b>\$ 109,056</b>	<b>\$ 53,870,000</b>	<b>\$ 43,726,800</b>	<b>\$ 54,252,811</b>	<b>\$ 43,835,856</b>
Principal payments due	May 15		May 1			
Interest payments due	May 15		May 15			
Interest rate	4.76%		4.00% - 5.25%			
Original issue	<b>\$ 803,366</b>		<b>\$ 55,205,000</b>			