

**KENOWA HILLS  
PUBLIC SCHOOLS**  
**Kent and Ottawa Counties, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2010

**KENOWA HILLS PUBLIC SCHOOLS**  
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For the year ended June 30, 2010

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

## **FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

November 12, 2010

The Board of Education  
Kenowa Hills Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kenowa Hills Public Schools (the "District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion 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 opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010 on our consideration of Kenowa Hills Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Member

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Kenowa Hills Public Schools' financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# Kenowa Hills Public Schools

*High levels of learning for each and every student*

Management's Discussion and Analysis  
June 30, 2010

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As management of the Kenowa Hills Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

## Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

## District-Wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.





# Kenowa Hills Public Schools

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Management's Discussion and Analysis  
June 30, 2010

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

## Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current assets	\$ 24,904,800	\$ 10,286,538
Noncurrent assets	26,156,113	27,067,291
<b>Total Assets</b>	<b>51,060,913</b>	<b>37,353,829</b>
<b>Liabilities</b>		
Current liabilities	7,856,244	6,118,893
Noncurrent liabilities	40,175,851	28,120,942
<b>Total Liabilities</b>	<b>48,032,095</b>	<b>34,239,835</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	(1,188,952)	(2,097,088)
Restricted	2,618,962	1,912,003
Unrestricted	1,598,808	3,299,079
<b>Total Net Assets</b>	<b>\$ 3,028,818</b>	<b>\$ 3,113,994</b>



# Kenowa Hills Public Schools

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Management's Discussion and Analysis  
June 30, 2010

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

	<u>2010</u>	<u>2009</u>
<b>Program Revenues</b>		
Charges for services	\$ 1,427,684	\$ 1,465,451
Operating grants	7,151,909	7,044,659
<b>General Revenues</b>		
Property taxes	14,134,812	13,965,882
State school aid, unrestricted	14,517,470	15,748,647
Interest earnings	38,007	115,355
Gain on sale of capital assets	5,664	
Other	283,052	394,432
<b>Total Revenues</b>	<u>37,558,598</u>	<u>38,734,426</u>
<b>Expenses</b>		
Instruction	21,140,835	21,197,332
Supporting services	12,463,442	13,171,775
Community services	696,765	773,384
Food service	1,452,581	1,512,451
Athletics	468,118	487,028
Interest expense	1,422,033	1,457,112
<b>Total Expenses</b>	<u>37,643,774</u>	<u>38,599,082</u>
Increase (decrease) in net assets	(85,176)	135,344
<b>Net Assets - Beginning of Year, as restated</b>	<u>3,113,994</u>	<u>2,978,650</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 3,028,818</u></u>	<u><u>\$ 3,113,994</u></u>

### Financial Analysis of the District as a Whole

The District's financial position is influenced by many factors. Growth during the year in taxes and operating grants were again the largest contributors to revenue increases. Expenditure growth outpaced revenue growth in percentage terms this fiscal year.

The Districts's total revenues decreased 3 percent to \$37.6 million. Property taxes and unrestricted state aid accounted for most of the District's revenue, contributing 76 cents of every dollar raised. Another 19 percent came from State and federal aid for specific programs (including \$1,515,161 from American Recovery and Reinvestment Act Funds) and the remainder from fees charged for services, interest earnings and miscellaneous sources. The chart below depicts the breakdown of the sources of revenue for the District. The revenue breakdown shifted this year primarily due to the receipt of federal ARRA dollars that were received and offset a loss in State foundation funds.

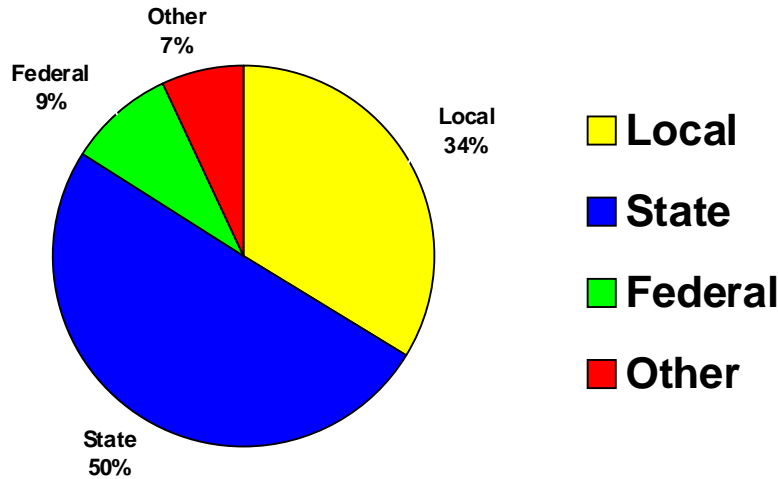


# Kenowa Hills Public Schools

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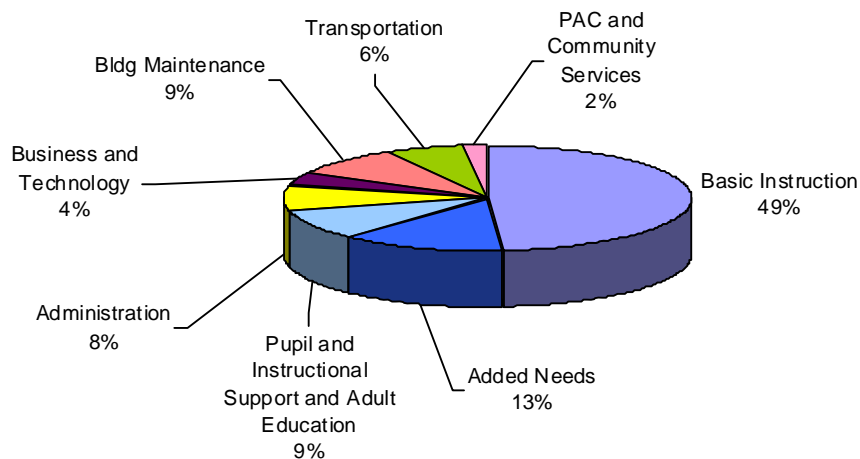
Management's Discussion and Analysis  
June 30, 2010

## Sources of Revenue for Fiscal Year 2009-2010



The total cost of all programs and services decreased 2.5 percent to \$37.6 million. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (68 percent). The District's administrative and business activities accounted for 9 percent of total costs. Operation and maintenance expenses accounted for \$2.95 million or 9 percent.

## Departmental Expenditures as Percentage of Total





# Kenowa Hills Public Schools

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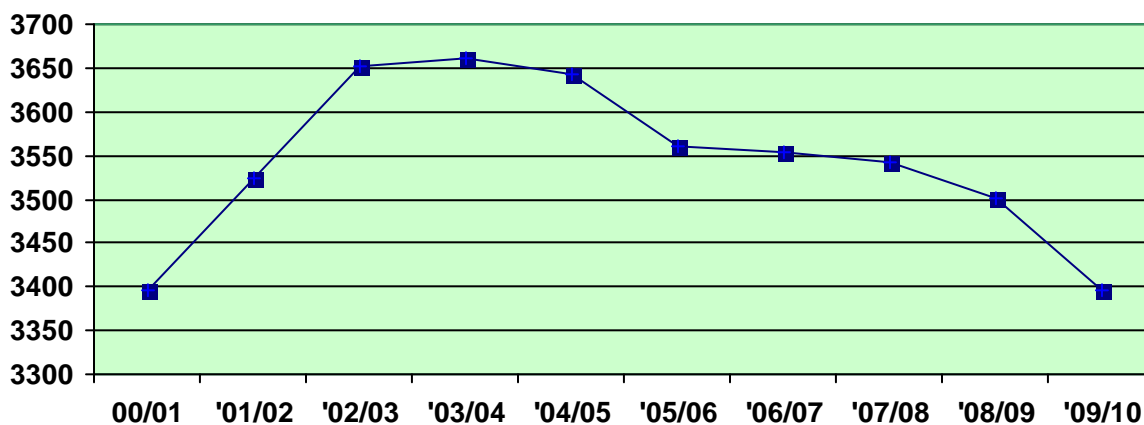
Management's Discussion and Analysis  
June 30, 2010

Total expenses surpassed revenues, decreasing net assets by \$85,176 from last year.

Total revenues for 2009-2010 decreased by approximately 3% while expenditures stayed almost constant. However, there are several important factors to note: Certified staff received a 1.5 step increase for the year which increased costs at a higher than normal level, the District reduced expenditures mid-year in response to a greater loss of students than expected, and over 1 million dollars of expenditures paid for an Early Retirement Incentive that will save the District significantly in future years.

- The blended student count for which the District receives a foundation allowance decreased by 105 students between 2008-2009 and 2009-2010.

## Enrollment History: 2000 through 2009



- Changes in the tax laws relating to evaluations on some commercial and industrial properties, as well as the overall decline in the housing market resulted in a decrease in taxable values for the second consecutive year.
- Approximately 50% of the District's revenue is funded by the State of Michigan. This is cause for the District to remain cautious regarding funding as the state legislature does not appear to be taking action to correct the State's financial problem.
- A revenue loss of approximately \$1.5 million that the District would have sustained due to the State's financial crisis was supplemented by federal American Recovery and Reinvestment (ARRA) dollars. It is unlikely this funding will continue through the time that Michigan's economy recovers.
- The District has reduced its fund equity by approximately 10% over the 2008-2009 and 2009-2010 school years from 17% to 7%. The Board of Education, during the 2009-2010 school year, has taken prudent and dramatic steps to place the District in a position in which it can sustain itself financially including reducing staff significantly and closing three elementary buildings.



# Kenowa Hills Public Schools

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Management's Discussion and Analysis  
June 30, 2010

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## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

## Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Kenowa Hills Public School's funds are described as follows:

### Major Funds

#### General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$31,948,333, total other financing sources of \$21,610, total expenditures of \$33,623,426, and total other financing uses of \$314,115. It ended the fiscal year with a fund balance of \$2,383,547, a decrease of \$1,967,598 from the fund balance of \$4,351,145 at June 30, 2009. The District made mid-year cuts in January to mitigate the loss of funds resulting from a loss of over 100 students.

#### Debt Service Fund

The District maintains one Debt Service Fund. Total revenues were \$4,009,501 and total expenditures were \$3,313,954. The ending fund balance in the Debt Service Fund was \$2,816,146.

#### 2010 Construction Fund – Bonds

The District issued bonds June 23, 2010 resulting in bond proceeds of \$13,815,000. Bond issuance costs totaled \$88,002 leaving a fund balance of \$13,726,998 at June 30, 2010, to be used for scheduled construction and equipment costs.



# Kenowa Hills Public Schools

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Management's Discussion and Analysis  
June 30, 2010

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## Nonmajor Funds

### Special Revenue Funds

The District operates two Special Revenue Funds, for the food service and athletic programs. Total revenues were \$1,593,953 and other financing sources were \$314,115, with total expenditures of \$1,897,268 and other financing uses of \$21,610. The ending fund balance of \$20,615 was attributable to the Food Service Fund.

### 2010 Construction Fund - Buses

On June 23, 2010, the District sold bonds of \$510,000 to purchase buses. No expenditures were made as of June 30, 2010 leaving a fund balance of \$510,000.

### Fiduciary Funds

The District has Scholarship Funds and a Student Activities Fund. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2010 totaled \$155,019.

## General Fund Budgetary Highlights

Over the course of the year, the District revised its initial annual operating budget twice, once in February (initially submitted in November), and in June just prior to fiscal year end. These budget revisions included:

- Changes made to account for the final student enrollment that determines how much foundation grant per pupil or State school aid will be received during the fiscal year.
- Programming changes implemented in curriculum that impacted the staffing and costs related to Title programs and At Risk funds.
- Changes due to budget cuts that were approved by the Board of Education mid-year to begin to bring the District's expenditures into alignment with revenue after foundation reductions and losses of students.
- An Early Retirement Incentive was offered to staff late in the year that resulted in the separation of 31 certified staff, 34 support staff members and 3 administrators. The cost of the ERI was over \$1 million, however most of the staff were not replaced which will result in significant savings to the District in future years.

## Capital Asset and Debt Administration

### Capital Assets

By the end of 2009-10, the District had invested \$44.83 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$1.0 million.



# Kenowa Hills Public Schools

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Management's Discussion and Analysis  
June 30, 2010

At June 30, 2010, the District's investment in capital assets (net of accumulated depreciation), including land, land improvements, buildings, vehicles, furniture and equipment, was \$26.1 million. This represents a decrease of approximately \$999,000 from the previous year-end.

Land	\$ 1,108,000
Land improvements	436,831
Buildings and additions	23,629,975
Furniture and equipment	215,613
Vehicles	<u>677,692</u>
<b>Net Capital Assets</b>	<u><u>\$ 26,068,111</u></u>

## Long-term Debt

At year end, the District had \$42.28 million in general obligation bonds and other long-term debt outstanding – a net increase of \$12.14 million from last year due to purchasing bonds. The District continued to pay down its debt, retiring \$1.895 million of outstanding bonds and \$579,000 of employee retirement and sick leave payments.

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a district's boundaries. The District's other long term obligations include early retirement incentive and accumulated sick leave. We present more detailed information about our long-term liabilities in Note F in the Notes to Basic Financial Statements.

The District's underlying bond rating from Standard & Poor's on its general obligation unlimited tax debt is "A". The outstanding debt was qualified by the State, and thus also carries the State's program rating of "AA-".

## Factors Bearing on the District's Future

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

- Michigan's economy continues to be a major concern for future school funding. Layoffs and continued high unemployment rates have forced many families to move out-State for employment, resulting in lower student enrollments. The District's September count was down 34 (3,377) from the September 2009 count of 3,411. This count is significantly less than the loss of over 100 students in 2010. As area businesses have closed or jobs have continued to be moved out-of-State or out of the U.S., State School Aid funding, which represents approximately 50% of the District's annual revenues, has been cut due to declining income and sales taxes.
- After the initial 2010-11 budget was adopted, State revenue projections were better than anticipated and the State increased the foundation by \$11 per student rather than implementing a cut to the foundation allowance as expected.



# Kenowa Hills Public Schools

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Management's Discussion and Analysis  
June 30, 2010

- Additional Federal funds to be received by school districts from the Federal Education Jobs Fund will provide additional revenue of approximately \$670,000 and will help to offset the losses of ARRA funds.
- Negotiated contract agreements are in place with teacher and support staff unions representing 350 employees and a transportation agreement are in place through August, 2011.
- Cost increases exceeding the general rate of inflation continue to be expected for health care plans provided to employees by the District. The chart below depicts fixed wage and benefit costs. For the 2010-11 school year, employee groups agreed to pay a portion of the cost of their health care which will help to alleviate these costs. Having greater impact on the costs was the decision of the District to close buildings which resulted in cost efficiencies due to the reduction of staff necessary to keep the buildings in operation.

Fiscal Year	Total Wage & Benefit (Fixed Costs)	Total Expenditures	Pct. Of Fixed to Total
2007-08	\$25,179,277	\$32,272,097	78.02%
2008-09	\$26,841,625	\$34,284,263	78.29%
2009-10 (Budgeted)	\$27,392,696	\$34,538,697	79.31%
2010-11 (Budgeted)	\$25,235,531	\$30,446,968	82.88%

- The District's fund balance in its primary operating fund, the General Fund, decreased by \$1,967,598 during the 2009-10 fiscal year to \$2,383,547. This decrease was less than \$3,122,122 loss projected. The current fund balance represents 7% of the 2010-11 General Fund operational budget. Although this Fund Balance is lower than recommended, the District is optimistic that the significant operational changes and budget reductions made for the 2010-11 school year will allow the District to move forward with a balanced operational program and financial outlook.

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Christine Annese, Assistant Superintendent for Administrative Services, Kenowa Hills Public Schools, 2325 Four Mile Road, N.W., Grand Rapids, MI 49544. Contact by e-mail: [cannese@khps.org](mailto:cannese@khps.org).



## **BASIC FINANCIAL STATEMENTS**

**KENOWA HILLS PUBLIC SCHOOLS**  
**Statement of Net Assets**  
**June 30, 2010**

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 1,050
Cash equivalents, deposits and investments (Note B)	20,791,787
Receivables:	
Taxes (Note C)	128,683
Accounts	18,599
Due from other governmental units (Note C)	3,877,712
Inventory	69,782
Prepaid expenses	17,187
<b>Total Current Assets</b>	<b>24,904,800</b>
<b>Noncurrent Assets</b>	
Unamortized bond issue costs	88,002
Capital assets not being depreciated (Note E)	1,108,000
Capital assets being depreciated, net (Note E)	24,960,111
<b>Total Noncurrent Assets</b>	<b>26,156,113</b>
<b>Total Assets</b>	<b>51,060,913</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	837,261
Due to other governmental units	1,198,918
Accrued interest payable	237,433
Salaries payable	2,979,105
Unearned revenue	303,527
Current portion of long term obligations	2,300,000
<b>Total Current Liabilities</b>	<b>7,856,244</b>
<b>Noncurrent Liabilities (Note F)</b>	
General obligation bonds payable	41,385,000
Early retirement incentive	434,465
Accumulated sick leave	459,323
Unamortized bond premium	197,063
Current portion of long term obligations	(2,300,000)
<b>Total Noncurrent Liabilities</b>	<b>40,175,851</b>
<b>Total Liabilities</b>	<b>48,032,095</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	(1,188,952)
Restricted for:	
Debt service	2,618,962
Unrestricted	1,598,808
<b>Total Net Assets</b>	<b>\$ 3,028,818</b>

See accompanying notes to basic financial statements.

**KENOWA HILLS PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 21,140,835	\$ 39,299	\$ 5,756,546	\$(15,344,990)
Supporting services	12,463,442	60,272	630,479	(11,772,691)
Community services	696,765	493,999	5,592	(197,174)
Food service	1,452,581	679,595	759,292	(13,694)
Athletics	468,118	154,519	-	(313,599)
Interest expense	1,422,033	-	-	(1,422,033)
<b>Total Governmental Activities</b>	<b>\$ 37,643,774</b>	<b>\$ 1,427,684</b>	<b>\$ 7,151,909</b>	<b>(29,064,181)</b>
<b>General Revenues</b>				
Taxes:				
				10,125,675
				4,009,137
				14,517,470
				38,007
				5,664
				283,052
				<u>28,979,005</u>
				<b>Change in Net Assets</b>
				<u>(85,176)</u>
				Net Assets - Beginning of Year
				3,293,994
				<b>Adjustment for prior year early retirement incentive</b>
				<u>(180,000)</u>
				Net Assets - Beginning of Year, as Restated
				3,113,994
				Net Assets - End of Year
				<u>\$ 3,028,818</u>

See accompanying notes to basic financial statements.

**KENOWA HILLS PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	<u>General</u>	<u>2005 Debt Service</u>	<u>2010 Construction - Bonds</u>
<b>Assets</b>			
Cash	\$ 400	\$ -	\$ -
Cash equivalents, deposits and investments (Note B)	3,716,055	2,816,146	13,726,998
Receivables:			
Taxes (Note C)	88,434	40,249	-
Accounts	17,895	-	-
Due from other funds (Note D)	16,038	-	-
Due from other governmental units (Note C)	3,866,536	-	-
Inventory	53,576	-	-
Prepaid expenditures	17,187	-	-
<b>Total Assets</b>	<u>\$ 7,776,121</u>	<u>\$ 2,856,395</u>	<u>\$ 13,726,998</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 836,653	\$ -	\$ -
Due to other funds (Note D)	608	-	-
Due to other governmental units	1,198,918	-	-
Salaries payable	2,979,105	-	-
Deferred revenue	377,290	40,249	-
<b>Total Liabilities</b>	<u>5,392,574</u>	<u>40,249</u>	<u>-</u>
<b>Fund Balances</b>			
Reserved for:			
Capital outlay	-	-	13,726,998
Debt service	-	2,816,146	-
Unreserved:			
Undesignated, reported in:			
General fund	2,383,547	-	-
Special revenue funds	-	-	-
<b>Total Fund Balances</b>	<u>2,383,547</u>	<u>2,816,146</u>	<u>13,726,998</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,776,121</u>	<u>\$ 2,856,395</u>	<u>\$ 13,726,998</u>

See accompanying notes to basic financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 650	\$ 1,050
532,588	20,791,787
-	128,683
-	17,895
-	16,038
11,176	3,877,712
16,206	69,782
-	17,187
<u>\$ 560,620</u>	<u>\$24,920,134</u>

\$ -	\$ 836,653
15,334	15,942
-	1,198,918
-	2,979,105
<u>14,671</u>	<u>432,210</u>
<u>30,005</u>	<u>5,462,828</u>

510,000	14,236,998
-	2,816,146
-	2,383,547
<u>20,615</u>	<u>20,615</u>
<u>530,615</u>	<u>19,457,306</u>
<u>\$ 560,620</u>	<u>\$24,920,134</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2010**

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<b>Total governmental fund balances</b>		\$ 19,457,306
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$44,831,710 and accumulated depreciation is \$18,763,599.		26,068,111
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		(109,061)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(41,385,000)	
Early retirement incentive	(434,465)	
Accumulated sick leave	(459,323)	(42,278,788)
Accrued interest is not included as a liability in governmental funds.		(237,433)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		128,683
<b>Total net assets - governmental activities</b>		<b>\$ 3,028,818</b>

See accompanying notes to basic financial statements.

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**KENOWA HILLS PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2010**

	General	2005 Debt Service	2010 Construction - Bonds
<b>Revenues</b>			
Local sources	\$11,038,246	\$ 4,009,501	\$ -
State sources	15,892,748	-	-
Federal sources	2,848,419	-	-
Interdistrict sources	2,168,920	-	-
<b>Total Revenues</b>	<b>31,948,333</b>	<b>4,009,501</b>	<b>-</b>
<b>Expenditures</b>			
Current:			
Instruction	20,608,516	-	-
Supporting services	12,320,483	-	-
Community services	688,768	-	-
Food service	-	-	-
Athletics	-	-	-
Debt service:			
Principal repayment	-	1,895,000	-
Interest and fiscal charges	-	1,418,954	-
Underwriters discount	-	-	88,002
Interdistrict	5,659	-	-
<b>Total Expenditures</b>	<b>33,623,426</b>	<b>3,313,954</b>	<b>88,002</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,675,093)</b>	<b>695,547</b>	<b>(88,002)</b>
<b>Other Financing Sources (Uses)</b>			
Bonds issued			13,815,000
Transfers in	21,610	-	-
Transfers out	(314,115)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(292,505)</b>	<b>-</b>	<b>13,815,000</b>
<b>Net Change In Fund Balances</b>	<b>(1,967,598)</b>	<b>695,547</b>	<b>13,726,998</b>
<b>Fund Balances, Beginning of Year</b>	<b>4,351,145</b>	<b>2,120,599</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,383,547</b>	<b>\$ 2,816,146</b>	<b>\$ 13,726,998</b>

See accompanying notes to basic financial statements.



<u>Nonmajor</u>	<u>Total</u>
\$ 834,661	\$15,882,408
88,518	15,981,266
670,774	3,519,193
-	2,168,920
<u>1,593,953</u>	<u>37,551,787</u>
-	20,608,516
-	12,320,483
-	688,768
1,437,646	1,437,646
459,622	459,622
-	1,895,000
-	1,418,954
-	88,002
-	5,659
<u>1,897,268</u>	<u>38,922,650</u>
<u>(303,315)</u>	<u>(1,370,863)</u>
510,000	14,325,000
314,115	335,725
<u>(21,610)</u>	<u>(335,725)</u>
<u>802,505</u>	<u>14,325,000</u>
499,190	12,954,137
<u>31,425</u>	<u>6,503,169</u>
<u>\$ 530,615</u>	<u>\$19,457,306</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2010**

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**Net change in fund balances - total governmental funds** \$ 12,954,137

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

	\$	7,766	
Capital outlays			
Depreciation expense		(999,588)	(991,822)

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold/retired. (7,358)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead considered deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 1,853

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (14,325,000)

Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. 100,318

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. 1,895,000

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities however, interest expense is recognized as the interest accrues regardless of when it is paid. (3,079)

In the Statement of Net Assets, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$578,871) exceeded the amounts earned (\$288,096) . 290,775

**Total changes in net assets - governmental activities** \$ (85,176)

See accompanying notes to basic financial statements.

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$10,910,671	\$11,047,745	\$11,038,246	\$ (9,499)
State sources	16,820,275	15,852,802	15,892,748	39,946
Federal sources	1,560,469	2,903,975	2,848,419	(55,556)
Interdistrict sources	2,887,249	2,202,951	2,168,920	(34,031)
<b>Total Revenues</b>	<u>32,178,664</u>	<u>32,007,473</u>	<u>31,948,333</u>	<u>(59,140)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	16,124,487	16,801,564	16,337,086	464,478
Added needs	4,899,519	4,499,370	4,271,430	227,940
Supporting services:				
Pupil services	2,338,858	2,261,355	2,242,867	18,488
Instructional staff services	1,027,533	859,346	779,851	79,495
General administrative services	727,653	690,777	678,988	11,789
School administrative services	2,117,996	2,209,372	2,135,316	74,056
Business services	711,306	687,600	702,201	(14,601)
Operation and maintenance services	3,390,604	3,062,526	2,954,164	108,362
Pupil transportation services	2,223,977	2,171,618	2,090,537	81,081
Central services	621,441	816,870	736,559	80,311
Community services	746,201	734,820	688,768	46,052
Interdistrict	4,880	5,659	5,659	-
<b>Total Expenditures</b>	<u>34,934,455</u>	<u>34,800,877</u>	<u>33,623,426</u>	<u>1,177,451</u>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<u>(2,755,791)</u>	<u>(2,793,404)</u>	<u>(1,675,093)</u>	<u>1,118,311</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	21,610	21,610
Transfers out	(353,454)	(333,933)	(314,115)	19,818
<b>Net Other Financing Sources (Uses)</b>	<u>(353,454)</u>	<u>(333,933)</u>	<u>(292,505)</u>	<u>41,428</u>
<b>Net Change In Fund Balances</b>	(3,109,245)	(3,127,337)	(1,967,598)	1,159,739
<b>Fund Balances, Beginning of Year</b>	<u>4,351,145</u>	<u>4,351,145</u>	<u>4,351,145</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,241,900</u>	<u>\$ 1,223,808</u>	<u>\$ 2,383,547</u>	<u>\$ 1,159,739</u>

See accompanying notes to basic financial statements.

**KENOWA HILLS PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2010**

	Private Purpose Trust Fund	Agency Fund
<b>Assets</b>		
Cash equivalents, deposits and investments (Note B)	\$ 32,569	\$ 121,842
Due from other funds	-	608
<b>Total Assets</b>	<b>\$ 32,569</b>	<b>\$ 122,450</b>
<b>Liabilities</b>		
Due to other funds	\$ -	\$ 704
Due to student groups	-	121,746
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 122,450</b>
<b>Net Assets</b>		
Held in trust for:		
Individuals and organizations	\$ 32,569	

See accompanying notes to basic financial statements.

**KENOWA HILLS PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the year ended June 30, 2010**

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	Private Purpose Trust Fund
<b>Additions</b>	
Interest earnings	\$ 585
Donations	300
<b>Total Additions</b>	885
<b>Deductions</b>	
Endowment activities - scholarships	1,550
<b>Change In Net Assets</b>	(665)
<b>Net Assets, Beginning of Year</b>	33,234
<b>Net Assets, End of Year</b>	\$ 32,569

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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## **Note A – Summary of Significant Accounting Policies**

Kenowa Hills Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 3,410 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Kenowa Hills Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-wide and Fund Financial Statements**

**District-wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

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

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund, the 2005 Debt Service Fund, and the 2010 Construction - Bond Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

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

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

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America.

#### **Governmental Funds**

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

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



**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

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

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

#### **Fiduciary Funds**

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

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

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

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

#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Kenowa Hills Public Schools has also adopted budgets for its Special Revenue Funds. A school district's Budget Appropriations Act (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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Kenowa Hills Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Assistant Superintendent for Business to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

**6. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**7. Inventory**

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

**8. Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

### **9. Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

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

### **10. Early Retirement Incentive/Accumulated Sick Leave**

Early retirement incentive and accumulated sick leave at June 30, 2010 have been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2010, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive and accumulated sick leave amounted to \$434,465 and \$459,323, respectively.

### **11. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **12. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

### **13. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**Note B – Cash Equivalents, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

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

Balances at June 30, 2010 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$ 20,791,787
Fiduciary Funds:	
Trust and Agency Funds	<u>154,411</u>
	<u>\$ 20,946,198</u>

**Cash Equivalents and Deposits**

Depositories actively used by the District during the year are detailed as follows:

1. Chemical Bank

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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Cash equivalents consist of bank public funds checking accounts. Deposits consist of certificates of deposit.

June 30, 2010 balances are detailed as follows:

Cash equivalents	\$ 6,679,713
Deposits	29,487
	\$ 6,709,200

*Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$6,709,200 and the bank balance was \$6,949,744. Of the bank balance, \$3,066,146 was covered by federal depository insurance and \$3,883,598 was uninsured and uncollateralized.

**Investments**

As of June 30, 2010 the District had the following investments:

	<b>Fair Value</b>
Surplus Funds Investment Pool Account:	
Michigan Liquid Asset Fund Plus	\$ 14,236,998

The Michigan Liquid Asset Fund Plus (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the State School Code. The pool is not regulated or registered with the Securities and Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2010. The MILAF is rated AAAM by Standard & Poor's.

*Custodial Credit Risk Related to Investments*

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

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

*Interest Rate Risk*

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

*Concentration of Credit Risk*

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

*Foreign Currency Risk*

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

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2009 ad valorem State Education Taxes generated within the Kenowa Hills Public School District, and paid to the State of Michigan, totaled \$6,877,513.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2009 and September, 2009. The 2009-10 "Foundation Allowance" for Kenowa Hills Public Schools was \$7,622 for 3,396 "Full Time Equivalent" students, generating \$15,274,476 in state aid payments to the District, of which \$2,788,074 was paid to the District in July and August, 2010 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 (the tax lien date) by the City of Walker and the Charter Townships of Alpine, Plainfield and Tallmadge and the Township of Wright, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Ottawa, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

Year	General Fund	Debt Service Fund	Total
2009	\$ 13,702	\$ 19,869	\$ 33,571
2008	14,083	9,757	23,840
2007	60,649	10,623	71,272
	\$ 88,434	\$ 40,249	\$ 128,683

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Kenowa Hills Public Schools' electors had previously (May 8, 2007) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2009.

The District levied 3.36 mills in 2009 for debt service purposes.

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

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

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

Amounts due from/to other funds representing interfund receivables and payables from expenditures not yet reimbursed at June 30, 2010, are detailed as follows:

	<b>Due From</b>	<b>Due To</b>
<b>Major Funds</b>		
General Fund:		
Special Revenue Funds:		
Food Service Fund	\$ 15,125	\$ —
Athletics Fund	209	
Agency Fund:		
Student Activities Fund	704	608
	16,038	608
<b>Nonmajor Fund</b>		
Special Revenue Funds:		
Food Service Fund:		
General Fund	—	15,125
Athletics Fund:		
General Fund	—	209
Agency Fund:		
Student Activities Fund:		
General Fund:	608	704
Total Nonmajor Funds	608	16,038
Total All Funds	\$ 16,646	\$ 16,646

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>General Fund</b>		
Special Revenue Funds:		
Food Service Fund	\$ 21,610	\$ 9,140
Athletics Fund	—	304,975
Total General Fund	21,610	314,115
<b>Special Revenue Funds</b>		
Food Service Fund:		
General Fund	9,140	21,610
Athletics Fund:		
General Fund	304,975	—
Total Special Revenue Funds	314,115	21,610
 Total All Funds	 \$ 335,725	 \$ 335,725

The General Fund transfer to the Food Service Fund was made to allocate at-risk State aid. The Food Service transfer to the General Fund was made to allocate indirect costs. The General Fund transfer to the Athletics Fund was made to pay the General Fund share of the District's athletics program for the fiscal year.

**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<b>Balances July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2010</b>
Capital assets not being depreciated:				
Land	\$ 1,108,000	\$ —	\$ —	\$ 1,108,000
Capital assets being depreciated:				
Land improvements	1,186,227	—	—	1,186,227
Buildings and additions	38,441,746	—	—	38,441,746
Furniture and equipment	1,720,479	7,766	95,402	1,632,843
Vehicles	2,513,767	—	50,873	2,462,894
Totals at historical cost	44,970,219	\$ 7,766	\$ 146,275	44,831,710
Less accumulated depreciation for:				
Land improvements	708,572	\$ 40,824	\$ —	749,396
Buildings and additions	14,058,026	753,745	—	14,811,771
Furniture and equipment	1,483,791	21,483	88,044	1,417,230
Vehicles	1,652,539	183,536	50,873	1,785,202
Total accumulated depreciation	17,902,928	\$ 999,588	\$ 138,917	18,763,599
 <b>Net Capital Assets</b>	 \$ 27,067,291			 \$ 26,068,111



**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 769,683
Supporting services	199,918
Community services	7,997
Food service	13,494
Athletics	8,496
	<u>\$ 999,588</u>

**Note F – Long-term Debt**

Amounts available and to be provided for outstanding long-term debt at June 30, 2010 are summarized as follows:

	<b>Bond Issues</b>	<b>Early Retirement Incentive</b>	<b>Accumulated Sick Leave</b>	<b>Total</b>
<b>Amount Available For Retirement of Long-term Debt</b>				
Debt Service Fund	\$ 2,816,146	\$ —	\$ —	\$ 2,816,146
<b>Amounts To Be Provided For Retirement of Long-term Debt</b>				
General Fund	—	434,465	459,323	893,788
Debt Service Fund	38,568,854	—	—	38,568,854
				<u>                    </u>
<b>Total Amounts Available and To Be Provided</b>	<u>\$ 41,385,000</u>	<u>\$ 434,465</u>	<u>\$ 459,323</u>	<u>\$ 42,278,788</u>

Changes in long-term debt for the year ended June 30, 2010 are summarized as follows:

	<b>Debt Outstanding July 1, 2009</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2010</b>
General obligation bonds:				
March 17, 2005 Refunding	\$ 28,955,000	\$ —	\$ 1,895,000	\$ 27,060,000
June, 23, 2010 – Series A	—	13,815,000	—	13,815,000
June 23, 2010 – Series B	—	510,000	—	510,000
Early retirement incentive - contract	438,615	206,638	330,788	314,465
Early retirement incentive – special	180,000	—	60,000	120,000
Accumulated sick leave	565,948	81,458	188,083	459,323
				<u>                    </u>
	<u>\$ 30,139,563</u>	<u>\$ 14,613,096</u>	<u>\$ 2,473,871</u>	<u>\$ 42,278,788</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

Long-term bonds and other obligations outstanding at June 30, 2010 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$34,490M Refunding Bonds March 17, 2005:				
Annual maturities of \$1,190M to \$2,370M	May 1, 2026	4.00 – 5.00	\$27,060,000	\$ 1,970,000
\$13,815M Building and Site, Series A June 23, 2010:				
Annual maturities of \$385M to \$1,081M	May 1, 2026	3.55 - 6.375	13,815,000	—
\$510M Building and Site, Series B June 23, 2010:				
Annual maturities of \$70M to \$75M	May 1, 2017	1.70 – 3.20	510,000	70,000
<b>Other Obligations</b>				
Early retirement incentive - contract			314,465	100,000
Early retirement incentive – special			120,000	60,000
Accumulated sick leave			459,323	100,000
			<u>\$42,278,788</u>	<u>\$ 2,300,000</u>

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 2,040,000	\$ 2,048,678	\$ 4,088,678
2012	2,120,000	2,089,969	4,209,969
2013	2,220,000	1,986,069	4,206,069
2014	2,330,000	1,876,889	4,206,889
2015	4,370,000	1,762,113	6,132,113
2016	1,265,000	1,573,025	2,838,025
2017	1,325,000	1,514,138	2,839,138
2018	1,310,000	1,449,238	2,759,238
2019	1,375,000	1,383,738	2,758,738
2020	1,445,000	1,314,988	2,759,988
2021	1,520,000	1,242,738	2,762,738
2022	1,590,000	1,166,738	2,756,738
2023	1,670,000	1,087,238	2,757,238
2024	1,750,000	1,003,738	2,753,738
2025	1,760,000	916,238	2,776,238
2026	13,295,000	828,238	14,123,238
	<u>\$ 41,385,000</u>	<u>\$ 23,243,773</u>	<u>\$ 64,628,773</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**Note G – Retirement Plan**

Substantially all District employees participate 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. The District's payroll for employees covered by MPSERS for the year ended June 30, 2010 was \$18,540,224. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan-Fixed (MIP-Fixed). Effective January 1, 1990, all new employees are automatically enrolled in the MIP-Graded Plan. Participants in the MIP-Fixed or MIP-Graded Plans receive benefits in addition to those available under the Basic Plan. The contribution rate for MIP-Fixed participants is 3.9% of salary. The contribution rate for MIP-Graded participants is a graduated rate based on total wages: calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. All MIP members may retire at any age with 30 years of service; at age 60 with 10 years of service; or at age 60 with 5 years of service (with stipulations). Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS plan. The contribution rate was 9.99% for the fiscal year ended September 30, 2009 and 10.39% for the fiscal year beginning October 1, 2009. The District's contributions to the plan for the fiscal years ended June 30, 2010, 2009 and 2008 were \$3,079,215, \$3,144,262, and \$3,039,414, respectively.

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

The MPSERS uses the aggregate actuarial cost method, and does not make separate measurements of assets and actuarial accrued liability for individual school districts. The actuarial accrued liability at September 30, 2008 (the latest reporting date available expressed as \$ in millions) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date, was \$54,608. Net assets available for retirement benefits on that date were \$45,677 leaving an unfunded actuarial accrued liability of \$8,931. The total unfunded actuarial accrued liability increased by \$3,160 from September 30, 2007 to September 30, 2008. At September 30, 2008 the funded ratio of actuarial accrued liability was 83.6%; covered payroll totaled \$9,958, and unfunded actuarial accrued liability was 89.7% of covered payroll.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits were 6.55% of covered payroll for the years ended September 30, 2008. At September 30, 2008, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole (express-

**KENOWA HILLS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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ed as \$ in millions) was \$26,811. The MPSERS net assets available for these benefits were \$832 leaving an unfunded actuarial accrued liability of \$25,979. At September 30, 2008 the funded ratio of actuarial liability was 3.1%; covered payroll totaled \$9,958, and unfunded actuarial liability was 260.9% of covered payroll.

Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2009 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

**Note H – Risk Management and Benefits**

The District is a member of the SET-SEG Incorporated Insurance Pooled Fund (the Fund). Premiums from participants in the Fund provide coverage to pay claims, administrative expenses and to purchase reinsurance to protect the Fund and members against large losses. As of June 30, 2010, there were no material pending claims against the District. The District paid \$100,158 in premiums to the Fund for the year ended June 30, 2010.

The District is also a member of the SET-SEG Incorporated Workers' Compensation Pooled Fund (the Fund). Premiums from participants in the Fund provide coverage to pay claims, administrative expenses and to purchase reinsurance to protect the Fund and members against large losses. As of June 30, 2010, there were no material pending claims against the District. The District paid \$74,844 in premiums to the Fund for the year ended June 30, 2010.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note I – Commitments**

On June 23, 2010, the District issued \$14,325,000 of general obligation building and site bonds whose proceeds are being used for building renovations and additions, furniture and equipment purchases and new buses. At June 30, 2010, unspent balances committed to this construction project totaled approximately \$14,236,000.

**Note J – Stewardship, Compliance and Accountability**

The following District funds had actual expenditures and other financing uses exceed final budgeted amounts for the year ended June 30, 2010:

	Budget	Actual	Variance
<b>General Fund</b>			
Business services	\$ 687,600	\$ 702,201	\$ 14,601
<b>Special Revenue Fund</b>			
Food Service Fund:			
Other Financing Uses:			
Transfers out	—	21,610	21,610

## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

<b>Assets</b>	2010	2009
Cash	\$ 400	\$ 400
Cash equivalents, deposits and investments	3,716,055	3,939,614
Receivables:		
Taxes	88,434	101,072
Accounts	17,895	17,378
Due from other funds	16,038	13,561
Due from other governmental units	3,866,536	3,961,370
Inventory	53,576	70,415
Prepaid expenditures	17,187	17,187
	<b>\$ 7,776,121</b>	<b>\$ 8,120,997</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 836,653	\$ 574,005
Due to other funds	608	26,058
Due to other governmental units	1,198,918	889,331
Salaries payable	2,979,105	1,819,810
Deferred revenue	377,290	460,648
	<b>5,392,574</b>	<b>3,769,852</b>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	2,383,547	4,351,145
	<b>\$ 7,776,121</b>	<b>\$ 8,120,997</b>

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
Local sources:		
Property taxes:		
Current property taxes	\$ 10,103,276	\$ 9,916,086
Delinquent property taxes	3,961	10,794
Other property taxes	7,604	30,603
Interest on delinquent taxes	23,472	26,976
	<u>10,138,313</u>	<u>9,984,459</u>
Interest earnings:		
Interest on deposits and investments	22,605	66,398
Other local revenue:		
Adult/community education fees	417,359	363,170
Driver education fees	2,475	890
Preschool/childcare fees	76,640	73,339
Transportation fees	34,711	38,196
Copy center fees	38,636	50,941
Class fees	37,479	45,088
Rental of school facilities	60,416	61,379
Donations	12,882	14,303
Telephone commission reimbursements	25,561	44,405
Beverage consortium commissions	31,653	66,592
Sale of school property	14,147	7,498
Insurance refunds	77,478	66,961
Refunds of prior years expenditures	665	68,662
Miscellaneous	47,226	43,500
	<u>877,328</u>	<u>944,924</u>
Total local sources	11,038,246	10,995,781
State sources:		
State school aid	15,256,677	16,633,483
Special education - transportation	590,426	535,047
Special education - itinerants	40,053	65,002
Other	5,592	12,806
	<u>15,892,748</u>	<u>17,246,338</u>
Total state sources	15,892,748	17,246,338
Federal sources:		
Stabilization - ARRA	981,600	1,301,530
Title I	393,398	365,869
Title I - ARRA	113,929	-
Title I - migrant	81,348	66,090
Title IIA	71,921	122,898
Title IID	-	3,234
Title IID - ARRA	8,402	-
Title III	30,931	29,618
Drug free schools	5,008	10,798
I.D.E.A. program	697,436	690,167
I.D.E.A. program - ARRA	411,230	-
Medicaid - outreach	51,029	6,256
Learn and serve grant	2,187	3,500
	<u>2,848,419</u>	<u>2,599,960</u>
Total federal sources	2,848,419	2,599,960

(Continued)



**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2010 and 2009**

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	2010	2009
Interdistrict sources:		
Special education - county	\$ 1,945,572	\$ 2,013,819
Special education - local school districts	28,582	24,095
Special education - itinerants	153	11,665
Itinerant staff reimbursements	-	18,169
Medicaid fee for service	194,613	175,039
Total interdistrict sources	2,168,920	2,242,787
<b>Total Revenues</b>	<b>\$ 31,948,333</b>	<b>\$ 33,084,866</b>

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 5,195,697	\$ 5,104,953
Employee benefits	2,733,493	2,422,813
Purchased services	114,319	109,284
Supplies	218,111	143,712
Capital outlay	10,254	112,265
Miscellaneous	8,633	5,960
	<u>8,280,507</u>	<u>7,898,987</u>
Middle school:		
Salaries	1,623,558	1,517,404
Employee benefits	908,093	719,472
Purchased services	15,688	12,840
Supplies	33,039	65,106
Capital outlay	3,481	56,616
Miscellaneous	4,332	3,397
	<u>2,588,191</u>	<u>2,374,835</u>
High school:		
Salaries	3,338,931	3,200,889
Employee benefits	1,721,803	1,500,345
Purchased services	143,423	152,772
Supplies	110,252	246,043
Capital outlay	18,721	135,452
Miscellaneous	20,226	16,714
Payments to other districts	46,288	44,989
	<u>5,399,644</u>	<u>5,297,204</u>
Preschool:		
Salaries	36,103	67,782
Employee benefits	11,578	24,399
Purchased services	206	755
Supplies	242	1,138
Miscellaneous	70	766
Payments to other districts	500	1,000
	<u>48,699</u>	<u>95,840</u>
Summer school:		
Salaries	16,094	23,706
Employee benefits	3,913	5,798
Supplies	38	-
	<u>20,045</u>	<u>29,504</u>
Total basic programs	<u>16,337,086</u>	<u>15,696,370</u>
Added needs:		
Special education:		
Salaries	1,728,937	1,715,743
Employee benefits	833,503	823,743
Purchased services	48,920	28,662
Supplies	4,938	11,784
Capital outlay	-	294
Miscellaneous	3,907	3,070
Payments to other districts	407,064	498,013
	<u>3,027,269</u>	<u>3,081,309</u>

(Continued)

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
Compensatory education:		
Salaries	\$ 743,422	\$ 874,564
Employee benefits	320,722	370,110
Purchased services	13,495	22,584
Supplies	7,846	21,486
Capital outlay	5,049	-
Miscellaneous	1,416	2,423
	<u>1,091,950</u>	<u>1,291,167</u>
Career and technology education:		
Salaries	88,350	79,729
Employee benefits	42,047	37,648
Purchased services	1,096	1,025
Supplies	13,682	19,794
Capital outlay	7,036	-
	<u>152,211</u>	<u>138,196</u>
Total added needs	<u>4,271,430</u>	<u>4,510,672</u>
Total instruction	20,608,516	20,207,042
Pupil services:		
Attendance services:		
Salaries	43,088	42,451
Employee benefits	22,869	23,159
	<u>65,957</u>	<u>65,610</u>
Guidance services:		
Salaries	477,784	499,350
Employee benefits	231,412	237,324
Purchased services	2,618	465
Miscellaneous	271	280
	<u>712,085</u>	<u>737,419</u>
Health services:		
Employee benefits	175	319
Purchased services	33,523	35,741
Supplies	312	477
Payments to other districts	84,716	77,061
	<u>118,726</u>	<u>113,598</u>
Psychological services:		
Purchased services	1,233	653
Supplies	-	1,690
Miscellaneous	166,596	175,744
	<u>167,829</u>	<u>178,087</u>
Speech pathology services:		
Salaries	2,750	-
Employee benefits	25,216	-
Purchased services	982	1,163
Supplies	1,659	2,029
Payments to other districts	353,596	323,502
	<u>384,203</u>	<u>326,694</u>

(Continued)

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
Social worker services:		
Employee benefits	\$ 50,796	\$ 541
Purchased services	900	922
Supplies	691	1,784
Payments to other districts	530,358	545,073
	<u>582,745</u>	<u>548,320</u>
Teacher consultant services:		
Salaries	78,374	84,839
Employee benefits	34,475	36,738
Purchased services	1,499	1,575
Supplies	-	216
Payments to other districts	96,974	109,730
	<u>211,322</u>	<u>233,098</u>
Total pupil services	2,242,867	2,202,826
Instructional staff services:		
Salaries	10,157	30,988
Employee benefits	2,493	7,569
Purchased services	60,407	246,701
Supplies	24,056	11,880
Miscellaneous	1,000	1,360
	<u>98,113</u>	<u>298,498</u>
Educational media services:		
Salaries	245,901	321,488
Employee benefits	102,093	136,411
Purchased services	18,897	-
Supplies	24,125	47,929
Miscellaneous	48,300	31,657
	<u>439,316</u>	<u>537,485</u>
Supervision and direction of instruction:		
Salaries	134,932	146,342
Employee benefits	62,657	69,367
Purchased services	1,406	2,544
Supplies	656	2,319
	<u>199,651</u>	<u>220,572</u>
Academic student assessment:		
Purchased services	41,563	46,458
Supplies	1,208	6,595
	<u>42,771</u>	<u>53,053</u>
Total instructional staff services	779,851	1,109,608
General administrative services:		
Board of education:		
Salaries	5,160	4,995
Employee benefits	395	382
Purchased services	77,569	90,867
Miscellaneous	9,354	9,378
	<u>92,478</u>	<u>105,622</u>

(Continued)

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
Executive administration:		
Salaries	\$ 370,142	\$ 394,516
Employee benefits	192,051	180,835
Purchased services	13,268	12,677
Supplies	4,863	10,623
Capital outlay	279	1,289
Miscellaneous	5,907	2,583
	<u>586,510</u>	<u>602,523</u>
Total general administrative services	678,988	708,145
School administrative services:		
Office of the principal:		
Salaries	1,327,204	1,433,044
Employee benefits	645,680	626,437
Purchased services	121,630	31,342
Supplies	4,985	5,916
Capital outlay	416	44,302
Miscellaneous	35,401	20,432
	<u>2,135,316</u>	<u>2,161,473</u>
Total school administrative services	2,135,316	2,161,473
Business services:		
Fiscal services:		
Salaries	273,198	266,478
Employee benefits	105,776	120,617
Purchased services	6,321	19,707
Supplies	3,795	3,892
Miscellaneous	1,928	28,725
	<u>391,018</u>	<u>439,419</u>
Internal services:		
Salaries	76,587	77,645
Employee benefits	50,502	49,743
Purchased services	16,310	19,030
Supplies	15,211	23,985
	<u>158,610</u>	<u>170,403</u>
Other business services:		
Purchased services	1,175	6,300
Miscellaneous	151,398	79,989
	<u>152,573</u>	<u>86,289</u>
Total business services	702,201	696,111
Operation and maintenance services:		
Operation and maintenance:		
Salaries	822,578	837,096
Employee benefits	525,511	469,993
Purchased services	816,612	1,107,830
Supplies	650,362	760,503
Capital outlay	6,046	27,026
Miscellaneous	6,191	4,086
	<u>2,827,300</u>	<u>3,206,534</u>

(Continued)

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
Operation and maintenance services (Continued):		
Security services:		
Salaries	\$ 69,765	\$ 67,722
Employee benefits	57,099	60,532
	<u>126,864</u>	<u>128,254</u>
Total operation and maintenance services	2,954,164	3,334,788
Pupil transportation services:		
Pupil transportation:		
Salaries	684,126	752,631
Employee benefits	271,744	290,856
Purchased services	34,641	33,996
Supplies	208,807	265,840
Capital outlay	-	314,419
Miscellaneous	1,993	2,117
Payments to other districts	889,226	817,336
	<u>2,090,537</u>	<u>2,477,195</u>
Total pupil transportation services	2,090,537	2,477,195
Central services:		
Communications services:		
Purchased services	56,969	65,475
Staff/personnel services:		
Purchased services	173,972	18,984
Supplies	279	734
	<u>174,251</u>	<u>19,718</u>
Technology services:		
Salaries	264,582	268,365
Employee benefits	140,391	139,021
Purchased services	55,902	43,995
Supplies	22,282	32,121
Capital outlay	22,182	31,962
Miscellaneous	-	600
	<u>505,339</u>	<u>516,064</u>
Total central services	736,559	601,257
Total supporting services	<u>12,320,483</u>	<u>13,291,403</u>
Community services:		
Community recreation:		
Salaries	146,496	161,868
Employee benefits	67,472	76,414
Purchased services	5,261	17,294
Supplies	6,006	16,288
Miscellaneous	5,848	6,321
	<u>231,083</u>	<u>278,185</u>
Performing Arts Center:		
Salaries	52,010	50,863
Employee benefits	24,440	24,988
Purchased services	2,079	10,569
Supplies	13,280	2,774
Capital outlay	2,925	6,364
	<u>94,734</u>	<u>95,558</u>

(Continued)

**KENOWA HILLS PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
Custody and care of children:		
Salaries	\$ 262,189	\$ 282,395
Employee benefits	70,761	78,208
Purchased services	7,154	6,672
Supplies	16,423	19,751
Capital outlay	-	1,159
Miscellaneous	485	162
	<u>357,012</u>	<u>388,347</u>
Non-public school pupils:		
Purchased services	914	1,609
Supplies	5,025	1,550
	<u>5,939</u>	<u>3,159</u>
Total community services	688,768	765,249
Interdistrict:		
Other	5,659	5,742
	<u>5,659</u>	<u>5,742</u>
<b>Total Expenditures</b>	<u><u>\$ 33,623,426</u></u>	<u><u>\$ 34,269,436</u></u>

**NONMAJOR GOVERNMENTAL FUNDS**



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**KENOWA HILLS PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2010**

	Special Revenue	
<b>Assets</b>	Food Service	Athletics
Cash	\$ 650	\$ -
Cash equivalents, deposits and investments	22,379	209
Due from other governmental units	11,176	-
Inventory	16,206	-
<b>Total Assets</b>	<b>\$ 50,411</b>	<b>\$ 209</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	\$ 15,125	\$ 209
Deferred revenue	14,671	-
<b>Total Liabilities</b>	29,796	209
<b>Fund Balances</b>		
Reserved for capital outlay		
Unreserved:		
Undesignated	20,615	-
<b>Total Fund Balances</b>	20,615	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 50,411</b>	<b>\$ 209</b>

Capital Projects 2010 Construction - Buses	Total
\$ -	\$ 650
510,000	532,588
-	11,176
-	16,206
<u>\$ 510,000</u>	<u>\$ 560,620</u>

\$ -	\$ 15,334
-	14,671
<u>-</u>	<u>30,005</u>

510,000	510,000
<u>-</u>	<u>20,615</u>
510,000	530,615
<u>\$ 510,000</u>	<u>\$ 560,620</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2010**

	Special Revenue	
	Food Service	Athletics
<b>Revenues</b>		
Local sources:		
Interest earnings	\$ 419	\$ 128
Sales and admissions	679,595	154,519
Total local sources	680,014	154,647
State sources	88,518	-
Federal sources	670,774	-
<b>Total Revenues</b>	<b>1,439,306</b>	<b>154,647</b>
<b>Expenditures</b>		
Current:		
Food service	1,437,646	-
Athletics	-	459,622
<b>Total Expenditures</b>	<b>1,437,646</b>	<b>459,622</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,660</b>	<b>(304,975)</b>
<b>Other Financing Sources (Uses)</b>		
Bonds issued	-	-
Transfers in	9,140	304,975
Transfers out	(21,610)	-
<b>Net Other Financing Sources (Uses)</b>	<b>(12,470)</b>	<b>304,975</b>
<b>Net Change In Fund Balances</b>	<b>(10,810)</b>	<b>-</b>
<b>Fund Balances, Beginning of Year</b>	<b>31,425</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 20,615</b>	<b>\$ -</b>

<u>Capital Projects</u>	
<u>2010 Construction - Buses</u>	<u>Total</u>
\$ -	\$ 547
-	834,114
-	834,661
-	88,518
-	670,774
-	1,593,953
-	1,437,646
-	459,622
-	1,897,268
-	(303,315)
510,000	510,000
-	314,115
-	(21,610)
510,000	802,505
510,000	499,190
-	31,425
<u>\$ 510,000</u>	<u>\$ 530,615</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources:			
Interest earnings	\$ 400	\$ 419	\$ 19
Sales and admissions	655,130	679,595	24,465
Total local sources	655,530	680,014	24,484
State sources	138,500	88,518	(49,982)
Federal sources	641,600	670,774	29,174
<b>Total Revenues</b>	<u>1,435,630</u>	<u>1,439,306</u>	<u>3,676</u>
<b>Expenditures</b>			
Current:			
Food service	1,453,312	1,437,646	15,666
<b>Excess (Deficiency) of Revenues         Over Expenditures</b>	<u>(17,682)</u>	<u>1,660</u>	<u>19,342</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	9,140	9,140	-
Transfers out	-	(21,610)	(21,610)
<b>Total Other Financing Sources (Uses)</b>	<u>9,140</u>	<u>(12,470)</u>	<u>(21,610)</u>
<b>Net Change In Fund Balances</b>	<u>(8,542)</u>	<u>(10,810)</u>	<u>(2,268)</u>
<b>Fund Balances, Beginning of Year</b>	<u>31,425</u>	<u>31,425</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 22,883</u></u>	<u><u>\$ 20,615</u></u>	<u><u>\$ (2,268)</u></u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources:			
Interest earnings	\$ 140	\$ 128	\$ (12)
Sales and admissions	<u>151,007</u>	<u>154,519</u>	<u>3,512</u>
Total local sources	<u>151,147</u>	<u>154,647</u>	<u>3,500</u>
<b>Expenditures</b>			
Current:			
Athletics	<u>475,440</u>	<u>459,622</u>	<u>15,818</u>
<b>Excess (Deficiency) of Revenues         Over Expenditures</b>	<u>(324,293)</u>	<u>(304,975)</u>	<u>19,318</u>
<b>Other Financing Sources</b>			
Transfers in	<u>324,293</u>	<u>304,975</u>	<u>(19,318)</u>
<b>Net Change In Fund Balances</b>	-	-	-
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## **SPECIAL REVENUE FUNDS**

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

*Athletics*—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.



**KENOWA HILLS PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	2010	2009
<b>Assets</b>		
Cash	\$ 650	\$ 650
Cash equivalents, deposits and investments	22,379	142
Due from other funds	-	26,058
Due from other governmental units	11,176	10,371
Inventory	16,206	19,626
<b>Total Assets</b>	<b>\$ 50,411</b>	<b>\$ 56,847</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	\$ 15,125	\$ 11,605
Deferred revenue	14,671	13,817
<b>Total Liabilities</b>	29,796	25,422
<b>Fund Balances</b>		
Unreserved:		
Undesignated	20,615	31,425
<b>Total Liabilities and Fund Balances</b>	<b>\$ 50,411</b>	<b>\$ 56,847</b>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Children's lunches	\$ 374,913	\$ 406,609
Adult lunches and banquets	25,504	33,874
Milk	3,398	3,931
Ala carte	192,595	215,390
Other	83,185	75,221
	<u>679,595</u>	<u>735,025</u>
Interest earnings:		
Interest on deposits and investments	419	1,065
Total local sources	<u>680,014</u>	<u>736,090</u>
State sources	88,518	87,492
Federal sources	<u>670,774</u>	<u>616,729</u>
<b>Total Revenues</b>	<u>1,439,306</u>	<u>1,440,311</u>
<b>Expenditures</b>		
Current:		
Food service:		
Salaries	503,790	510,088
Employee benefits	230,881	223,694
Purchased services	12,551	30,875
Supplies	678,234	720,147
New equipment and furniture	5,400	7,521
Miscellaneous	6,790	5,585
	<u>1,437,646</u>	<u>1,497,910</u>
<b>Total Expenditures</b>	<u>1,437,646</u>	<u>1,497,910</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,660</u>	<u>(57,599)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	9,140	30,060
Transfers out	<u>(21,610)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(12,470)</u>	<u>30,060</u>
<b>Net Change In Fund Balances</b>	<u>(10,810)</u>	<u>(27,539)</u>
<b>Fund Balances, Beginning of Year</b>	<u>31,425</u>	<u>58,964</u>
<b>Fund Balances, End of Year</b>	<u>\$ 20,615</u>	<u>\$ 31,425</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 209</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	<u>\$ 209</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved: Undesignated	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 209</u>	<u>\$ -</u>

**KENOWA HILLS PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Admissions	\$ 65,485	\$ 73,553
Participation fees	46,370	44,820
Tournament revenue	42,409	48,341
Miscellaneous	255	904
	154,519	167,618
Interest earnings:		
Interest on deposits and investments	128	383
	154,647	168,001
<b>Expenditures</b>		
Current:		
Athletics:		
Salaries	261,143	261,230
Employee benefits	67,319	67,913
Purchased services	53,618	62,492
Supplies	48,324	57,120
New furniture and equipment	10,406	8,565
Miscellaneous	18,812	21,065
	459,622	478,385
<b>Total Expenditures</b>	459,622	478,385
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(304,975)	(310,384)
<b>Other Financing Sources</b>		
Transfers in	304,975	310,384
	304,975	310,384
<b>Net Change In Fund Balances</b>	-	-
<b>Fund Balances, Beginning of Year</b>	-	-
<b>Fund Balances, End of Year</b>	\$ -	\$ -

## **DEBT SERVICE FUND**

*2005 Debt Service Fund*—to accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

**KENOWA HILLS PUBLIC SCHOOLS**  
**2005 Debt Service Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	2010	2009
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 2,816,146	\$ 2,122,555
Taxes receivable	40,249	25,758
<b>Total Assets</b>	<b>\$ 2,856,395</b>	<b>\$ 2,148,313</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	\$ -	\$ 1,956
Deferred revenue	40,249	25,758
<b>Total Liabilities</b>	40,249	27,714
<b>Fund Balances</b>		
Reserved for debt service	2,816,146	2,120,599
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,856,395</b>	<b>\$ 2,148,313</b>

**KENOWA HILLS PUBLIC SCHOOLS**  
**2005 Debt Service Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
<b>Revenues</b>		
Local sources:		
Property taxes:		
Current property taxes	\$ 3,826,384	\$ 3,786,123
Industrial facilities taxes	157,201	166,505
Delinquent property taxes	1,837	3,013
Other taxes	8,698	8,987
In lieu of taxes	470	495
Interest on delinquent taxes	56	4,205
	3,994,646	3,969,328
Interest earnings:		
Interest on deposits and investments	14,855	47,509
	4,009,501	4,016,837
<b>Expenditures</b>		
Debt service:		
Principal repayment	1,895,000	1,835,000
Interest and fiscal charges:		
Interest expense	1,405,911	1,464,287
Paying agent fees	225	225
Tax refunds	12,818	2,540
	3,313,954	3,302,052
<b>Net Change in Fund Balances</b>	695,547	714,785
<b>Fund Balances, Beginning of Year</b>	2,120,599	1,405,814
<b>Fund Balances, End of Year</b>	\$ 2,816,146	\$ 2,120,599

## **AGENCY FUND**

*Student Activities*—to account for the collection and disbursements of monies used by the school activity clubs and groups.



**KENOWA HILLS PUBLIC SCHOOLS**  
**Student Activities Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2010**

	<u>Balances July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2010</u>
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 113,125	\$ 377,721	\$ 369,004	\$ 121,842
Due from other funds	-	608	-	608
<b>Total Assets</b>	<u>\$ 113,125</u>	<u>\$ 378,329</u>	<u>\$ 369,004</u>	<u>\$ 122,450</u>
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 704	\$ -	\$ 704
Due to student groups	113,125	377,625	369,004	121,746
<b>Total Liabilities</b>	<u>\$ 113,125</u>	<u>\$ 378,329</u>	<u>\$ 369,004</u>	<u>\$ 122,450</u>

## **OTHER INFORMATION**

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**KENOWA HILLS PUBLIC SCHOOLS**  
**Summary of 2009 Taxes Levied and Collected**  
**For the year ended June 30, 2010**

	Kent County		
	Cities of		
	Grand Rapids	Walker	Alpine
<b>Taxable Valuations</b>			
Operating	\$ 156,480	\$474,949,722	\$115,340,231
Debt Service	1,200,780	847,896,633	204,720,351
<b>Rates (Mills)</b>			
General Fund			
2005 Debt Service Fund			
<b>Taxes Levied 2009 Rolls</b>			
General Fund	\$ 2,817	\$ 7,799,156	\$ 1,933,060
2005 Debt Service Fund	4,036	2,848,904	687,854
	<u>6,853</u>	<u>10,648,060</u>	<u>2,620,914</u>
<b>Taxes Uncollected 2009 Rolls</b>			
General Fund	-	10,928	2,179
2005 Debt Service Fund	-	18,427	1,241
	<u>-</u>	<u>29,355</u>	<u>3,420</u>
<b>Taxes Collected 2009 Rolls</b>			
General Fund	2,817	7,788,228	1,930,881
2005 Debt Service Fund	4,036	2,830,477	686,613
	<u>6,853</u>	<u>10,618,705</u>	<u>2,617,494</u>
<b>Delinquent Taxes Collected</b>			
General Fund	-	2,588	280
2005 Debt Service Fund	-	1,008	157
	<u>-</u>	<u>3,596</u>	<u>437</u>
<b>Total Taxes Collected</b>			
General Fund	2,817	7,790,816	1,931,161
2005 Debt Service Fund	4,036	2,831,485	686,770
	<u>6,853</u>	<u>10,622,301</u>	<u>2,617,931</u>
<b>Taxes Uncollected – June 30, 2010</b>			
General Fund:			
2009	\$ -	\$ 10,928	\$ 2,179
2008	-	9,245	4,149
2007	-	57,100	1,986
	<u>-</u>	<u>77,273</u>	<u>8,314</u>
2005 Debt Service Fund:			
2009	-	18,427	1,241
2008	-	7,680	1,873
2007	-	9,960	371
	<u>-</u>	<u>36,067</u>	<u>3,485</u>
<b>Total Taxes Uncollected</b>	<u>\$ -</u>	<u>\$ 113,340</u>	<u>\$ 11,799</u>

Ottawa County			
Townships of			
Plainfield	Tallmadge	Wright	Total
\$ 219,145	\$10,368,317	\$11,824,851	\$ 612,858,746
1,482,865	59,226,965	31,724,601	1,146,252,195
			18.0000
			3.3600
			<u>21.3600</u>
\$ 3,802	\$ 180,135	\$ 192,836	\$ 10,111,806
4,982	199,003	106,592	3,851,371
<u>8,784</u>	<u>379,138</u>	<u>299,428</u>	<u>13,963,177</u>
-	170	425	13,702
-	95	106	19,869
<u>-</u>	<u>265</u>	<u>531</u>	<u>33,571</u>
3,802	179,965	192,411	10,098,104
4,982	198,908	106,486	3,831,502
<u>8,784</u>	<u>378,873</u>	<u>298,897</u>	<u>13,929,606</u>
-	756	337	3,961
-	424	248	1,837
<u>-</u>	<u>1,180</u>	<u>585</u>	<u>5,798</u>
3,802	180,721	192,748	10,102,065
4,982	199,332	106,734	3,833,339
<u>\$ 8,784</u>	<u>\$ 380,053</u>	<u>\$ 299,482</u>	<u>\$ 13,935,404</u>
\$ -	\$ 170	\$ 425	\$ 13,702
-	160	529	14,083
-	544	1,019	60,649
<u>-</u>	<u>874</u>	<u>1,973</u>	<u>88,434</u>
-	95	106	19,869
-	97	107	9,757
-	102	190	10,623
<u>-</u>	<u>294</u>	<u>403</u>	<u>40,249</u>
<u>\$ -</u>	<u>\$ 1,168</u>	<u>\$ 2,376</u>	<u>\$ 128,683</u>