

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**Financial Report
with Supplemental Information
Prepared in Accordance with GASB 34**

June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

DS Rostagno, CPA, P.C.

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Board of Education
West Iron County Public School District
601 Garfield Avenue
Iron River, Michigan 49935

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the **West Iron County Public School District**, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

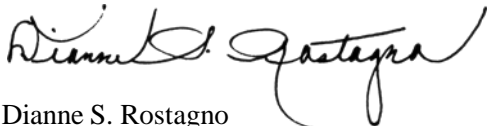
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America, and with the standards prescribed by the State Treasurer. 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 the significant estimates made by the Board of Education, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinions, 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 the **West Iron County Public School District** at June 30, 2011, and the respective changes in financial position for the fiscal 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 09, 2011, on our consideration of the **West Iron County Public School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 16, and on page 91, 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 opinions or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express opinions or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **West Iron County Public School District's** financial statements as a whole. The introductory section and the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards 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 opinions, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 09, 2011

ADMINISTRATION'S DISCUSSION AND ANALYSIS

WEST IRON COUNTY PUBLIC SCHOOLS

601 Garfield Avenue
Iron River, Michigan 49935

Chris Thompson
Superintendent

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The **West Iron County Public School District** is a K-12 school district located in Iron County, Michigan.

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the **West Iron County Public School District's** discussion and analysis of the financial results for the fiscal year ended June 30, 2011.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements

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

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds, including Debt Service, Capital Projects, and the School Service Funds, which are comprised of Food Service and Athletics.

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

District-wide Financial Statements

The *District-wide Financial Statements* are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Fund solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets on the *District-wide Financial Statements*.

WEST IRON COUNTY PUBLIC SCHOOLS

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The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity and scholarship funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Summary of Net Assets:

The following summarizes comparative the net assets at fiscal years ended June 30, 2011 and June 30, 2010:

| <u>NET ASSETS SUMMARY</u> | <u>June 30, 2011</u> | <u>June 30, 2010</u> |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current Assets | \$ 2962681 | \$ 2435762 |
| Capital Assets | 14979290 | 14813262 |
| Less: Accumulated Depreciation | <u>(7801656)</u> | <u>(7443555)</u> |
| Capital assets, net book value | 7177634 | 7369707 |
| Total Assets | \$ <u>10140315</u> | \$ <u>9805469</u> |
| Liabilities | | |
| Current Liabilities | 1349851 | 1393621 |
| Long-term Liabilities | <u>2091766</u> | <u>2480006</u> |
| Total Liabilities | 3441617 | 3873627 |
| Net Assets | | |
| Investment in capital assets, net of related debt | 5253557 | 5146737 |
| Restricted for Inventory and Prepaid Expenses | 52778 | 41964 |
| Restricted for Food Service | 18160 | 15654 |
| Restricted for Athletics | 0 | 0 |
| Restricted for Debt Service | 401182 | 276642 |
| Restricted for Sinking Fund Capital expense | 216158 | 172491 |
| Designated for Special Programs | 0 | 0 |
| Unrestricted | <u>756863</u> | <u>278354</u> |
| Total Net Assets | 6698698 | 5931842 |
| Total Liabilities and Net Assets | \$ <u>10140315</u> | \$ <u>9805469</u> |

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Analysis of Financial Position

During fiscal year ended June 30, 2011, the District's net assets increased by \$ 766,856. A few of the significant factors affecting net assets during the year are discussed below:

A. General Operating Fund Operations

The District's revenues from General Operating Fund operations exceeded expenditures by \$ 508,513. General Operating Fund revenues decreased by \$ 484,369 from the last fiscal year, while General Operating Fund expenditures decreased by \$142,110 from the prior year.

B. Debt, Principal Payments

The District made principal payments on long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

| | Balance July 01, <u>2010</u> | <u>Additions</u> | <u>Deletions</u> | Balance June 30, <u>2011</u> |
|-----------------------------|---|-------------------------|-------------------------|---|
| 2007 Refunding Bonds | \$ 2195000 | \$ 0 | \$ 290000 | \$ 1905000 |
| Durant Resolution Bonds | 27970 | 0 | 8894 | 19076 |
| Long-term Employee Benefits | <u>555930</u> | <u>39077</u> | <u>118000</u> | <u>477007</u> |
| Totals | \$ 2778900 | \$ 39077 | \$ 416894 | \$ 2401083 |

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C. Net Investment in Capital Assets

The District's comparative net investment in capital assets is as follows:

| | Balance June 30, 2010 | Additions | Deletions | Balance June 30, 2011 |
|---|--------------------------------------|---------------------------|--------------------|--------------------------------------|
| Capital Assets | \$ 14813262 | \$ 166028 | \$ 0 | \$ 14979290 |
| Less: Accumulated Depreciation | <u>(7443555)</u> | <u>(358101)</u> | <u>0</u> | <u>(7801656)</u> |
| Net Investment in Capital Assets | \$ <u>7369707</u> | \$ <u>(192073)</u> | \$ <u>0</u> | \$ <u>7177634</u> |

| | Balance June 30, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|--------------------------------------|---------------------------|--------------------|--------------------------------------|
| Capital Assets | \$ 14678805 | \$ 134457 | \$ 0 | \$14813262 |
| Less: Accumulated depreciation | <u>(7074371)</u> | <u>(369184)</u> | <u>0</u> | <u>(7443555)</u> |
| Net Investment in Capital Assets | \$ <u>7604434</u> | \$ <u>(234727)</u> | \$ <u>0</u> | \$ <u>7369707</u> |

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Results of Operations:

For the fiscal years ended June 30, 2011 and June 30, 2010, the District-wide comparative results of operations were as follows:

| | <u>June 30, 2011</u> | <u>June 30, 2010</u> |
|---|----------------------|----------------------|
| Revenues | | |
| General Revenues | | |
| Property taxes, levied for general operations | \$ 2589761 | \$ 2479206 |
| Property taxes, levied for debt service | 498649 | 485454 |
| Property taxes, levied for Sinking Fund | | |
| Improvements | 110880 | 107946 |
| Other taxes and Fees | 46576 | 86503 |
| State Aid, Unrestricted | 4048456 | 4236491 |
| Schools and roads grant | 107856 | 117844 |
| Interest and Investment Earnings | 22705 | 18730 |
| Other general revenues | <u>116150</u> | <u>127050</u> |
| Total General Revenues | \$ 7541033 | \$ 7659224 |
| Operating Grants | | |
| Federal | 926379 | 1125922 |
| State of Michigan | 634006 | 844448 |
| Other operating grants | <u>20795</u> | <u>18763</u> |
| Total Operating Grants | 1581180 | 1989133 |
| Charges for Services | | |
| Instruction | 13035 | 10797 |
| Food Service | 77939 | 108625 |
| Athletics | 70598 | 68850 |
| Community Internet | 0 | 0 |
| Day Care Program | 3068 | 4233 |
| Other Charges for Services | <u>0</u> | <u>0</u> |
| Total Charges for Services | 164640 | 192505 |
| Total Revenues | \$ 9286853 | \$ 9840862 |

WEST IRON COUNTY PUBLIC SCHOOLS

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Results of Operations: (Continued)

| | <u>June 30, 2011</u> | <u>June 30, 2010</u> |
|--|--------------------------|--------------------------|
| Expenses: | | |
| Instruction | \$ 5131488 | \$ 4783030 |
| Support Services | 2347089 | 2611684 |
| Community Services | 38534 | 44638 |
| Food Services | 360697 | 399215 |
| Athletics | 165137 | 164471 |
| Interest on long-term debt | 89129 | 118328 |
| Other Costs | 1292 | 14772 |
| Depreciation (Unallocated) | 358101 | 369184 |
| Intergovernmental payments | <u>28530</u> | <u>31110</u> |
| Total Expenses | \$ 8519997 | \$ 8536432 |
| Non-operating Income (Expense) | (0) | (0) |
| DECREASE/INCREASE IN NET ASSETS | 766856 | 1304430 |
| BEGINNING NET ASSETS | 5931842 | 4627412 |
| <i>Prior Period Adjustment</i> | <u>0</u> | <u>0</u> |
| ENDING NET ASSETS | \$ <u>6698698</u> | \$ <u>5931842</u> |

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance.
- b. Student Enrollment - Blended at 80 percent of current year's fall count and 20 percent of prior year's winter count.
- c. The District's non-homestead levy.

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The **West Iron County School District's** foundation allowance was \$ 7,316 per student for the 2010-2011 school year.

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Student Enrollment:

The District's enrollment for state aid membership purposes for 2010-2011 was 939.85 students. The District's enrollment decreased substantially from the prior year's student count. The following summarizes **fall** student enrollments in the past five years:

| | <u>Student FTE</u> |
|-----------|--------------------|
| 2010-2011 | 904 |
| 2009-2010 | 918 |
| 2008-2009 | 973 |
| 2007-2008 | 1088 |
| 2006-2007 | 1069 |

2. Property Taxes Levied for General Operations (General Fund Non-Homestead)

The District levies 17.7827 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase, or five percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2010-2011 fiscal year was \$ 2,589,761. The non-homestead property tax levy increased from the prior year.

The following summarizes the District's non-homestead property tax levy for the past five years:

| | <u>Non-Homestead Tax Levy</u> | <u>Percent Increase From Prior Year</u> |
|-----------|-------------------------------|---|
| 2010-2011 | \$ 2589761 | 4.46 |
| 2009-2010 | 2479206 | 6.35 |
| 2008-2009 | 2331267 | 3.11 |
| 2007-2008 | 2260978 | 3.38 |
| 2006-2007 | 2187002 | 22.18 |

Average increase last five years: 7.90%

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3. Debt Service and Sinking Fund Levy

The District's debt service fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties - both homestead and non-homestead. For the fiscal year ended June 30, 2011, the District's debt millage levy was 1.9999 mills, which generated revenue of \$498,649.

In addition, the District levied .4447 mills for sinking fund improvements, which generated revenue of \$110,880.

4. Food Sales to Students and Adults (School Lunch Program)

The District's food sales to students and adults decreased by approximately \$ 30,686 from the prior school year. During the prior 2009-2010 fiscal year, this revenue had decreased by \$26,896 from the year before.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in Required Supplemental Information of these financial statements. Changes to the General Fund original budget were as follows:

| | Revenues Original Budget | Revenues Final Budget | Revenues Final Actual | Revenues Variance Actual vs Original Budget | Revenues Variance Actual vs Final Budget |
|--------------------------------|---|--------------------------------------|--------------------------------------|--|---|
| General Operating Funds | \$ 7819276 | \$ 8095713 | \$ 8201969 | \$ 382693 | \$ 106256 |

| | Expenditures Original Budget | Expenditures Final Budget | Expenditures Final Actual | Expenditures Variance Actual vs Original Budget | Expenditures Variance Actual vs Final Budget |
|--------------------------------|---|--|--|--|---|
| General Operating Funds | \$ 7725099 | \$ 7790005 | \$ 7721986 | \$ 3113 | \$ 68019 |

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General Fund Budgetary Highlights (Continued)

Budgeted revenues were increased by \$ 276,437, which is a 3.6 percent increase from the original budget.

Budgeted expenditures were increased by \$ 64,906 from the original budgeted amounts, representing a less than one percent increase.

Accomplishments for the 2010-2011 School Year

Created economic stability enabling the District to withstand state economic reductions.

The District was able to maintain all current academic programs.

All buildings received positive AYP.

Goals and priorities for the 2011-2012 year:

Continue to maintain a positive fund balance.

Continue to maintain all of the District's current academic programs.

The District will continue to look for efficiencies in all areas of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact:

West Iron County Public Schools
School Business Office
601 Garfield Avenue
Iron River, Michigan 49935

BASIC FINANCIAL STATEMENTS

| |
|--|
| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

STATEMENT OF NET ASSETS

JUNE 30, 2011

Governmental Activities

ASSETS

Current Assets

| | | |
|-------------------------------------|----|-----------|
| Cash and Cash Equivalents (Note 3) | \$ | 1,687,945 |
| Receivables | | |
| Taxes | | 294,182 |
| Accounts Receivable | | 19,764 |
| Due from Other Governmental Units | | 906,034 |
| Due from External Parties | | 1,978 |
| Inventories | | 9,366 |
| Prepaid Expenses | | 43,412 |

| | | |
|-----------------------------|--|-----------|
| Total Current Assets | | 2,962,681 |
|-----------------------------|--|-----------|

Noncurrent Assets

| | | |
|--|--|-------------|
| Capital Assets (Note 5) | | 14,979,290 |
| Less: Accumulated Depreciation (Note 5) | | (7,801,656) |

| | | |
|--------------------------------|--|-----------|
| Total Noncurrent Assets | | 7,177,634 |
|--------------------------------|--|-----------|

| | | |
|---------------------|-----------|-------------------|
| TOTAL ASSETS | \$ | 10,140,315 |
|---------------------|-----------|-------------------|

LIABILITIES

Current Liabilities

| | | |
|--|--|---------|
| Accounts Payable | | 36,705 |
| Accrued Salaries and Benefits | | 999,937 |
| Deferred Revenue | | 3,892 |
| Due to External Parties | | - |
| Bonds Payable, Due within one year (Note 8) | | 309,317 |

| | | |
|----------------------------------|--|-----------|
| Total Current Liabilities | | 1,349,851 |
|----------------------------------|--|-----------|

Noncurrent Liabilities

| | | |
|-------------------------------------|--|-----------|
| Bonds Payable (Note 8) | | 1,614,760 |
| Compensated Absences Payable | | 411,506 |
| Long-term Employee Benefits Payable | | 65,500 |

| | | |
|-------------------------------------|--|-----------|
| Total Noncurrent Liabilities | | 2,091,766 |
|-------------------------------------|--|-----------|

| | | |
|--------------------------|-----------|------------------|
| TOTAL LIABILITIES | \$ | 3,441,617 |
|--------------------------|-----------|------------------|

The notes to the financial statements are an integral part of this report.

| |
|--|
| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**STATEMENT OF NET ASSETS
(CONTINUED)**

JUNE 30, 2011

| | <u>Governmental Activities</u> |
|---|--------------------------------|
| <u>NET ASSETS</u> | |
| Invested in Capital Assets, Net of Related Debt | \$ 5,253,557 |
| Restricted | |
| Inventory and Prepaid Expenses | 52,778 |
| Food Service Operations | 18,160 |
| Debt Services | 401,182 |
| Sinking Fund Capital | 216,158 |
| Unrestricted and Undesignated | <u>756,863</u> |
| TOTAL NET ASSETS | \$ 6,698,698 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2011

| Functions/Programs | Expenses | Program Revenues | | Governmental Activities |
|---|-----------------|---------------------------------|-----------------------------|---|
| | | Charges for Services | Operating Grants | Net(Expense) Revenue and Changes in Net Assets |
| Primary Government - | | | | |
| Government Activities: | | | | |
| Instruction | \$ 5,131,488 | \$ 13,035 | \$ 1,022,041 | \$ (4,096,412) |
| Support Services | 2,347,089 | - | 259,449 | (2,087,640) |
| Food Services | 360,697 | 77,939 | 289,465 | 6,707 |
| Athletics | 165,137 | 70,598 | | (94,539) |
| Community Services | 38,534 | 3,068 | | (35,466) |
| Interest/Fees on Long-Term Debt | 89,129 | | 10,225 | (78,904) |
| Other Costs | 1,292 | - | - | (1,292) |
| Depreciation (Unallocated) | 358,101 | | | (358,101) |
| Intergovernmental Payments | 28,530 | - | - | (28,530) |
| | \$ 8,519,997 | \$ 164,640 | \$ 1,581,180 | \$ (6,774,177) |
| | | | | |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property taxes levied for general operations | | | | 2,589,761 |
| Property taxes levied for debt service | | | | 498,649 |
| Property taxes levied for sinking fund improvements | | | | 110,880 |
| Penalties/interest on taxes | | | | 12,974 |
| Other Taxes | | | | 33,602 |
| State Aid, Unrestricted | | | | 4,048,456 |
| Schools and Roads Grant | | | | 107,856 |
| Interest and Investment Earnings | | | | 22,705 |
| Other | | | | 116,150 |
| | | | | 7,541,033 |
| | | | | |
| Change in Net Assets | | | | 766,856 |
| NET ASSETS - BEGINNING OF YEAR | | | | 5,931,842 |
| NET ASSETS - END OF YEAR | | | | \$ 6,698,698 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2011

| | General Operating Fund | Capital Projects Fund | Debt Service Fund |
|---|---------------------------------------|----------------------------------|------------------------------|
| <u>ASSETS</u> | | | |
| Cash and Investments (Note 3) | \$ 1,281,064 | \$ 103,150 | \$ 232,739 |
| Receivables: | | | |
| Taxes | 236,751 | 10,443 | 46,988 |
| Accounts Receivable | 5,602 | - | - |
| Due from Other Funds | 65,866 | 102,565 | 125,555 |
| Due from Other Governmental Units | 906,034 | - | - |
| Inventories | 5,165 | - | - |
| Prepaid Expenditures | 43,412 | - | - |
| | \$ 2,543,894 | \$ 216,158 | \$ 405,282 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 35,817 | - | - |
| Accrued Salaries and Benefits | 998,761 | - | - |
| Accrued Sales Tax | - | - | - |
| Due to Other Funds | 226,870 | - | 4,100 |
| Deferred Revenue (Note 7) | - | - | - |
| | \$ 1,261,448 | \$ - | \$ 4,100 |
| <u>FUND BALANCES</u> | | | |
| Nonspendable | 48,577 | - | - |
| Restricted for Debt Service | - | - | 401,182 |
| Restricted for Food Services Operations | - | - | - |
| Restricted for Sinking Fund Capital Outlay | - | 216,158 | - |
| Committed for Community Schools | 50,979 | - | - |
| Committed for Athletics | - | - | - |
| Unassigned | 1,182,890 | - | - |
| | \$ 1,282,446 | \$ 216,158 | \$ 401,182 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 2,543,894 | \$ 216,158 | \$ 405,282 |

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|--|
| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2011

| Other Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------------------------|
| \$ 70,992 | \$ 1,687,945 |
| - | 294,182 |
| 14,162 | 19,764 |
| 4,218 | 298,204 |
| - | 906,034 |
| 4,201 | 9,366 |
| - | 43,412 |
| \$ 93,573 | \$ 3,258,907 |
| 888 | 36,705 |
| 1,176 | 999,937 |
| - | - |
| 65,256 | 296,226 |
| 3,892 | 3,892 |
| \$ 71,212 | \$ 1,336,760 |
| 4,201 | 52,778 |
| - | 401,182 |
| 18,160 | 18,160 |
| - | 216,158 |
| - | 50,979 |
| - | - |
| - | 1,182,890 |
| \$ 22,361 | \$ 1,922,147 |
| \$ 93,573 | \$ 3,258,907 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2011

Total Fund Balances - Governmental Funds **\$ 1,922,147**

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

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

| | |
|--------------------------------|-------------|
| The cost of capital assets is: | 14,979,290 |
| Accumulated depreciation is: | (7,801,656) |

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

| | |
|-------------------------------------|-------------|
| Bonds/Notes/Leases Payable | (1,924,076) |
| Compensated Absences/Other Benefits | (477,006) |

Other long term assets not available to pay current period expenditures therefore deferred in the funds

-

Accrued interest is not included as a liability in governmental funds

-

Rounding

(1)

Total Net Assets - Governmental Activities

\$ 6,698,698

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2011

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> |
|--|---------------------|-----------------------------|---------------------|
| <u>REVENUE</u> | | | |
| Local Revenue | \$ 2,753,701 | \$ 112,323 | \$ 503,581 |
| State Revenue | 4,482,102 | - | 10,225 |
| Federal Revenue | 608,476 | - | - |
| Intergovernmental Payments | | | |
| Federal Sources | | | |
| DIISD Flowthrough | 29,862 | - | - |
| ARRA Special Education Flowthrough | 116,602 | - | - |
| DIISD ARRA Flowthrough | 9,237 | - | - |
| MAISD Drug Free Schools | 747 | - | - |
| State Revenue | 180,447 | - | - |
| Other Revenue | 20,795 | - | - |
| Miscellaneous | - | - | - |
| | \$ 8,201,969 | \$ 112,323 | \$ 513,806 |
| <u>EXPENDITURES</u> | | | |
| <i>Current:</i> | | | |
| Instruction | 5,188,313 | - | - |
| Support Services | 2,369,188 | - | - |
| Community Services | 38,534 | - | - |
| Food Services | - | - | - |
| Athletics | - | - | - |
| Debt Service | | | |
| Principal | - | - | 298,894 |
| Interest and Fees | - | - | 89,129 |
| Other costs | - | 49 | 1,243 |
| Capital Outlay | 97,421 | 68,607 | - |
| Intergovernmental Payments | - | - | - |
| | \$ 7,693,456 | \$ 68,656 | \$ 389,266 |
| Excess (Deficiency) of Revenues Over Expenditures | 508,513 | 43,667 | 124,540 |
| <u>Other Financing Sources (Uses)</u> | | | |
| Payments to other governmental units | (28,530) | - | - |
| Operating transfers in | - | - | - |
| Operating transfers out | (73,785) | - | - |
| | (102,315) | - | - |
| Total Other Financing Sources (Uses) | (102,315) | - | - |
| Net Change in Fund Balances | 406,198 | 43,667 | 124,540 |
| FUND BALANCES - BEGINNING OF YEAR | 876,248 | 172,491 | 276,642 |
| FUND BALANCES - END OF YEAR | \$ 1,282,446 | \$ 216,158 | \$ 401,182 |

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2011

| Other Nonmajor Governmental Funds | Total Governmental Funds |
|--|---|
| \$ 169,291 | \$ 3,538,896 |
| 20,154 | 4,512,481 |
| 269,311 | 877,787 |
| - | 29,862 |
| - | 116,602 |
| - | 9,237 |
| - | 747 |
| - | 180,447 |
| - | 20,795 |
| - | - |
| \$ 458,756 | \$ 9,286,854 |
| - | 5,188,313 |
| - | 2,369,188 |
| - | 38,534 |
| 360,697 | 360,697 |
| 165,137 | 165,137 |
| - | 298,894 |
| - | 89,129 |
| - | 1,292 |
| - | 166,028 |
| - | - |
| \$ 525,834 | \$ 8,677,212 |
| (67,078) | 609,642 |
| - | (28,530) |
| 73,785 | 73,785 |
| 73,785 | (73,785) |
| 6,707 | (28,530) |
| 15,654 | 581,112 |
| 15,654 | 1,341,035 |
| \$ 22,361 | \$ 1,922,147 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES**

YEAR ENDED JUNE 30, 2011

| | |
|---|-------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 581,112 |
|---|-------------------|

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

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

| | |
|----------------------|-----------|
| Depreciation Expense | (358,101) |
| Capital Outlay | 166,028 |

Loan proceeds are considered to be other financing sources in the fund statements, but not in the statement of activities

Bond premiums on new bond issuances are reported as other financing sources as part of bond proceeds, but must be adjusted in the statement of activities

| | |
|--|---------|
| Repayment of bond/loan principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt) | 298,894 |
|--|---------|

| | |
|---|----------|
| (Increases) Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6 | (39,077) |
|---|----------|

| | |
|--|---------|
| (Increases) Decreases in long-term employee benefits are reported as expenditures when financial resources are used in the governmental funds. | 118,000 |
|--|---------|

Rounding difference

| | |
|--|-------------------|
| Change in Net Assets of Governmental Activities | \$ 766,856 |
|--|-------------------|

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

ASSETS

| | |
|----------------------|---------------------|
| Cash and Investments | \$ 1,717,045 |
| Accounts Receivable | - |
| Due From Other Funds | - |
| | <hr/> |
| TOTAL ASSETS | \$ 1,717,045 |

LIABILITIES

| | |
|--------------------------|-------------------|
| Due to Other Funds | 1,978 |
| Due to Student Groups | 146,659 |
| | <hr/> |
| TOTAL LIABILITIES | \$ 148,637 |

NET ASSETS

| | |
|---------------------------|---------------------|
| Reserved for Scholarships | 1,568,408 |
| | <hr/> |
| TOTAL NET ASSETS | \$ 1,568,408 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

YEAR ENDED JUNE 30, 2011

PRIVATE-PURPOSE TRUST FUND

SCHOLARSHIP FUND

ADDITIONS

| | | |
|---------------------------|----|---------|
| Gifts and Contributions | \$ | 19,069 |
| Interest and Dividends | | 49,387 |
| Investment Gains (Losses) | | 156,069 |
| | | <hr/> |

| | | |
|------------------------|-----------|----------------|
| TOTAL ADDITIONS | \$ | 224,525 |
|------------------------|-----------|----------------|

DEDUCTIONS

| | | |
|----------------------|--|--------|
| Scholarships Awarded | | 58,050 |
| Other | | 5,184 |
| | | <hr/> |

| | | |
|-------------------------|-----------|---------------|
| TOTAL DEDUCTIONS | \$ | 63,234 |
|-------------------------|-----------|---------------|

| | | |
|-----------------------------|--|---------|
| CHANGE IN NET ASSETS | | 161,291 |
|-----------------------------|--|---------|

| | | |
|--------------------------------|--|-----------|
| NET ASSETS - BEGINNING OF YEAR | | 1,407,117 |
| | | <hr/> |

| | | |
|---------------------------------|-----------|------------------|
| NET ASSETS - END OF YEAR | \$ | 1,568,408 |
| | | <hr/> <hr/> |

The notes to the financial statements are an integral part of this report.

NOTES TO THE FINANCIAL STATEMENTS

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, when applicable, which rely to a significant extent on fees and charges for support. All of the District's district-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

The District generally uses restricted assets first for expenses incurred for which both restricted assets and unrestricted assets are available. The District may defer the use of restricted assets based on a review of the specific transaction.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**District-wide and Fund Financial Statements
(Continued)**

Program revenue includes (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. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

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

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**District-wide and Fund Financial Statements
(Continued)**

The criteria applied for designation as a major fund as follows:

- 1) Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for a fund type.
- 2) Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.
- 3) Assets, or other element taken one at a time would have to pass both the 10% test and the 5% test for the fund to be required to be reported as a major fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide Statements

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

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements

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

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund-based Statements (Continued)

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

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following governmental funds:

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

General Fund

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

Community School Fund

This fund is used to account for all financial resources collected for the Community School program.

For reporting purposes, the General Fund and the Community School Fund are combined to form the School District's General Operating Fund. This is reported as a major fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Capital Project Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

The capital project fund ("Sinking Fund") is considered to be a major fund for district-wide reporting purposes.

Debt Retirement Fund

These funds are used to account for the accumulated resources for, and the payment of, general long-term principal, interest, and related costs.

The Debt Retirement Fund is a major fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund-based Statements (Continued)

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Food Services Fund, and Athletic Activity Fund, both of which are considered to be non-major funds.

Fiduciary Funds

These funds are used to account for assets held by the School District in a trustee capacity or as an agent.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund-based Statements (Continued)

Fiduciary Funds (Continued)

Fiduciary Fund net assets and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District presently maintains a Student Activities Fund and a Scholarship Fund. The Student Activity fund is an Agency Fund and the Scholarship Fund is a private-purpose trust fund.

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair market value.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

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

Property Taxes

Property taxes are levied on July 01 and payable by September 15 each year. They become delinquent on March 01 of the following year. Property taxes are recognized when they become available. The County of Iron purchases all delinquent real property taxes during the second quarter of each year, resulting in total collection of real property taxes each year.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Delinquent personal property taxes are recorded as receivable if considered to be collectible within 60 days after year-end. For the year ended June 30, the School District levied 17.7827 operating mills (non-homestead only), and 1.9999 mills for debt retirement.

In addition, on June 10, 2002, the voters of the **West Iron County Public School District** approved a levy for 15 years to establish a sinking fund for the purchase of real estate for sites for, and the construction or repair of, school buildings and all other purposes authorized by law. For the year ended June 30, the School District levied .4447 mills on its taxable valuation of \$249,337,037.

State Revenue

The State of Michigan uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Revenue (Continued)

The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts.

The State portion of the foundation is provided primarily by a State education property tax millage of 6.00 mills (on both homestead and non-homestead property) and an allocated portion of the State sales and other taxes.

The local portion of the foundation is funded primarily by non-homestead property taxes levied at a rate of up to 18 mills.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Revenue (Continued)

The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2010 through August 2011. The School District also receives revenue from the State to administer certain categorical education programs.

State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

State, general, and categorical aids are recognized as revenue in the entitlement year. Federal aids for reimbursable programs are recognized as revenues in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as both revenue and expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the district-wide financial statements.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are defined by the government as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure type assets.

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

| | |
|----------------------------------|-------------|
| Buildings and additions | 20-50 years |
| Buses and other vehicles | 5-10 years |
| Furniture and other equipment | 5-20 years |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities

Unemployment

Payroll and related withholding and expenses which have been earned by School District employees but not paid as of June 30 are recorded as a liability on the School District's balance sheet.

The School District is a reimbursing employer to the Michigan Employment Security Commission and as such is responsible to pay the Commission for those benefits paid and charged to its accounts. As of June 30, 2011 appropriate liabilities have been recorded for all claims paid by the Commission. However, no provision has been made for future payments that might result from claims in process or un-filed.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Sick Leave

The various employment contracts and agreements covering the School District's personnel allow for the accumulation of sick leave as defined.

The master agreement between the **West Iron County Public School District's** Board of Education and the West Iron County Education Association provides that teachers receive 14 days of paid sick leave per year.

At retirement, teachers shall receive payment of accumulated sick leave at the rate of \$70 per day to a maximum of 205 days.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)
Sick Leave (Continued)

To be eligible for payment at retirement, a teacher must have been an employee of the District for at least 10 consecutive years and must be eligible for retirement as stipulated by the Michigan Public School Employee's Retirement Act, which requires at least 15 years of service.

The current agreement between the **West Iron Public School District's** Board of Education and the West Iron County Educational Support Personnel Association - MEA contains the following provisions:

All employees are credited with 1 sick leave day per month in which at least 25% of the month was worked. Sick days can accumulate up to a maximum of 180 days.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

Sick Leave (Continued)

At termination, accumulated sick leave is paid at the rate of \$60 for full-time support staff and \$70 per day for full-time instructional staff, prorated for part-time employees at the time of retirement.

To be eligible for such payment, the employee must have been an employee of the District for at least 10 consecutive years prior to retirement, and must be eligible for retirement as stipulated by the Michigan Public Employee's Retirement Act. This act requires a minimum of 15 years of service.

At June 30, 2011, the accumulated sick leave liability for all employees, including the related costs of FICA and retirement is estimated at \$457,229. Short-term benefits likely to be paid within the next 12 month period would result in a current liability of \$45,723. It is estimated that the long term liability (calculated at the applicable percentage and rate at retirement) is approximately \$411,506.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Monetary Transactions

Federal financial assistance received by school districts may include claims for reimbursement on reimbursable meals and milk served, cash in lieu of commodities, USDA donated commodities (both bonus and entitlement), discounts and rebates for the value of USDA donated commodity ingredients contained in processed foods (end products) provided by the state and federal processing program, respectively, and other payments for administrative costs, etc.

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Monetary Transactions (Continued)

On this basis, the District recognizes the USDA value of donated commodities (bonus and non-bonus) received and expended in the amount of \$26,751 for entitlement commodities, and bonus commodities of \$168.

Use of Estimates

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

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Assets.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period.

Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

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

Budgetary Information

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, makes significant changes to the reporting of fund balance and financial statement classifications of various governmental funds.

Upon adoption of GASB Statement No. 54, the annual financial statements must report fund balance in the following five categories: Non-spendable, Restricted, Committed, Assigned, and Unassigned, defined as follows:

Non-spendable Fund Balance

Amounts that are not in a spendable form, such as inventory, or are required to be maintained intact (such as the corpus of an endowment fund).

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting (Continued)

Restricted Fund Balance

Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed Fund Balance

Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance

Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting (Continued)

Unassigned Fund Balance

Amounts that are available for any purpose; these amounts are reported only in the General Fund.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

State law requires the District to have its budget in place by July 01. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be re-appropriated and honored during the subsequent year.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Excess of Expenditures Over Appropriation in
Budgetary Funds**

Budget Violations

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated. The **West Iron County Public School District's** actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the **West Iron County Public School District** were adopted at the activity level.

The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2010-2011 expenditures did not exceed amended budget allocations.

Fund Deficits

At June 30, 2011, the School District had no fund deficit in any fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS

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

The School District's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

These three levels of risk are as follows:

Category 1

Deposits which are insured or collateralized with securities held by the School District or its agent in the School District's name.

Category 2

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.

Category 3

Deposits which are not collateralized or insured.

Based on these three levels of risk, the School District's cash deposits are classified as follows:

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

| | Category 1 | Category 2 | Category 3 | Totals |
|-------------------|-----------------------|-----------------------|-----------------------|---------------|
| Cash and Deposits | \$ 494873 | \$ -0- | \$ 1474359 | \$ 1969232 |

| | Governmental <u>Activities</u> | Fiduciary <u>Funds</u> | Total Primary <u>Government</u> |
|---------------------------|---|-----------------------------------|--|
| Cash and cash equivalents | \$ 1687945 | \$ 281287 | \$ 1969232 |
| Investments | <u>-0-</u> | <u>1435758</u> | <u>1435758</u> |
| Total | \$ <u>1687945</u> | \$ <u>1717045</u> | \$ <u>3404990</u> |

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

| |
|--|
| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

| | |
|---|--------------------------|
| Deposits (checking and savings accounts, certificates of deposit) | \$ 1969117 |
| Investment in securities, mutual funds, and similar Vehicles | 1435758 |
| Petty cash/Cash on hand | <u>115</u> |
| Total | \$ <u>3404990</u> |

The deposits of the School District were reflected in the accounts of financial institutions at \$1,969,117, of which \$494,873 is covered by federal depository insurance.

INVESTMENTS

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are categorized into these categories of credit risk:

Category 1 - Insured or registered, or securities held by the School District or its agent in the School District's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the School District's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the School District's name.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2011 the School District's investment balances were categorized as follows:

| | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Carrying Amount</u> | <u>Market Value</u> |
|-------------|-----------------------|-----------------------|-----------------------|----------------------------|-------------------------|
| Investments | \$ 1435758 | \$ -0- | \$ -0- | \$ 1435758 | \$ 1435758 |

NOTE 4 - RECEIVABLES

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

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 4 – RECEIVABLES (CONTINUED)

| | <u>General Fund</u> | <u>Non-major and Other Funds</u> | <u>Total</u> |
|--------------------------|--------------------------------|---|--------------------------|
| Receivables: | | | |
| Taxes | \$ 236751 | \$ 57431 | \$ 294182 |
| Intergovernmental | 906034 | 8714 | 914748 |
| Other | <u>5602</u> | <u>5448</u> | <u>11050</u> |
| Total Receivables | \$ <u>1148387</u> | \$ <u>71593</u> | \$ <u>1219980</u> |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 4 – RECEIVABLES (CONTINUED)

Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|--|----------------------|-----------------------|
| Grant and categorical aid payment not Considered available | \$ -0- | \$ -0- |
| Payments received prior to meeting all eligibility requirements | _____ -0- | _____ 3892 |
| Total | \$ <u>-0-</u> | \$ <u>3892</u> |

NOTE 5 – CAPITAL ASSETS

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

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 5 – CAPITAL ASSETS (CONTINUED)

| | Balance July 01, 2010 | Additions | Disposals and Adjustments | Balance June 30, 2011 |
|--|--------------------------------------|------------------|--------------------------------------|--------------------------------------|
| Assets not being depreciated: | | | | |
| Land | \$ 245000 | \$ -0- | \$ -0- | \$ 245000 |
| Capital assets being depreciated: | | | | |
| Land Improvements | 255132 | -0- | -0- | 255132 |
| Building and building Improvements | 10737631 | 52382 | -0- | 10790013 |
| Buses and other vehicles | 1007121 | 48822 | -0- | 1055943 |
| Furniture and equipment | <u>2568378</u> | <u>64824</u> | <u>-0-</u> | <u>2633202</u> |
| Subtotal | \$ 14568262 | \$ 166028 | \$ -0- | \$ 14734290 |
| Accumulated Depreciation: | | | | |
| Land Improvements | (162167) | (12317) | -0- | (174484) |
| Building and building Improvements | \$ (4323841) | \$ (198430) | \$ -0- | \$ (4522271) |

(Continued on page 68)

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 5 – CAPITAL ASSETS (CONTINUED)

(Continued from previous page)

| | Balance July 01, <u>2010</u> | <u>Additions</u> | <u>Disposals and Adjustments</u> | Balance June 30, <u>2011</u> |
|--|---|---------------------------|---|---|
| Accumulated Depreciation: (Continued) | | | | |
| Buses and other vehicles | \$ (896054) | \$ (42067) | \$ -0- | \$ (938121) |
| Furniture and equipment | <u>(2061493)</u> | <u>(105287)</u> | <u>-0-</u> | <u>(2166780)</u> |
| Subtotal | \$ <u>(7443555)</u> | \$ <u>(358101)</u> | \$ <u>-0-</u> | \$ <u>(7801656)</u> |
| Net capital assets being depreciated | <u>7124707</u> | <u>(192073)</u> | <u>-0-</u> | <u>6932634</u> |
| Net capital assets | \$ <u>7369707</u> | \$ <u>(192073)</u> | \$ <u>-0-</u> | \$ <u>7177634</u> |

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

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Do To/From Other Funds:

The amounts of inter-fund receivables and payables as of June 30, 2011 were as follows:

| <u>Fund</u> | <u>Inter-fund Receivable</u> | <u>Inter-fund Payable</u> |
|--------------------|----------------------------------|-------------------------------|
| General fund | \$ 65866 | \$ 224020 |
| Student Activities | -0- | 1838 |
| Debt Retirement | 125555 | 4100 |
| Community Schools | -0- | 470 |
| Capital Projects | 102565 | -0- |
| Athletics | 1838 | 65256 |
| Scholarship Fund | <u>-0-</u> | <u>140</u> |
| Totals | \$ <u>295824</u> | \$ <u>295824</u> |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Do To/From Other Funds: (Continued)

| <u>Summary by Fund Type</u> | <u>Inter-fund Receivable</u> | <u>Inter-fund Payable</u> |
|-----------------------------|----------------------------------|-------------------------------|
| Major Funds | \$ 293986 | \$ 228590 |
| Non-major Funds | 1838 | 65256 |
| Fiduciary Funds | <u>-0-</u> | <u>1978</u> |
| Totals | \$ <u>295824</u> | \$ <u>295824</u> |

These receivables/payables are partially the result of revenues and expenditures being recognized in the appropriate funds. In addition, the General Fund loaned funds to the Athletic/Activities funds to meet the cash flow needs of these funds.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended June 30, 2011 the District authorized the following transfers:

| | | <u>Transfers In</u> | | <u>Transfers Out</u> |
|---------------|-----------|---------------------|-----------|----------------------|
| General Fund | \$ | -0- | \$ | 73785 |
| Athletic Fund | | <u>73785</u> | | <u>-0-</u> |
| Totals | \$ | <u>73785</u> | \$ | <u>73785</u> |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers (Continued)

| | | <u>Transfers In</u> | | <u>Transfers Out</u> |
|------------------------------------|-----------|---------------------|-----------|----------------------|
| <u>Summary by Fund Type</u> | | | | |
| Major Funds | \$ | -0- | \$ | 73785 |
| Non-major Funds | | <u>73785</u> | | <u>-0-</u> |
| Totals | \$ | <u>73785</u> | \$ | <u>73785</u> |

The General Fund transfers monies to the Athletic Fund to avoid deficit spending.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Other Financing Sources (Uses)

The transfers of cash between various District funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

NOTE 7 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 7 – DEFERRED REVENUE (CONTINUED)

At June 30, 2011, the deferred revenue was as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|------------------------------------|----------------------|-----------------------|
| Food Service – Student Lunch Cards | \$ <u>-0-</u> | \$ <u>3892</u> |
| Total | \$ <u>-0-</u> | \$ <u>3892</u> |

NOTE 8 – LONG-TERM DEBT

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

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Long-term obligation activity can be summarized as follows:

| | <u>Balance</u> July 01, 2010 | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> June 30, 2011 |
|---------------------------------|---|-------------------------|-------------------------|---|
| 2007 Refunding Bonds | \$ 2195000 | \$ -0- | \$ 290000 | \$ 1905000 |
| Durant Resolution Package Bonds | 27970 | -0- | 8894 | 19076 |
| Long-Term Employee Benefits | <u>555930</u> | <u>39077</u> | <u>118000</u> | <u>477007</u> |
| Totals | \$ <u>2778900</u> | \$ <u>39077</u> | \$ <u>416894</u> | \$ <u>2401083</u> |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

2007 Refunding Bonds

On March 09, 2007, the West Iron County Public Schools issued 2007 Refunding Bonds in the amount of \$2,975,000. The bonds were issued to refund the 1997 Refunding Bonds, dated November 01, 1997 in the original amount of \$4,695,000. The 2007 bonds carry a maximum bond interest rate of 4.00%. Annual principal payments are due on May 01, with semi-annual interest due on May 01 and November 01 of each year.

The bond issue is qualified and eligible for participation in Michigan's School Loan Revolving Fund under Section 16, Article IX of the 1963 Constitution of the State of Michigan, and Act No. 92, Public Acts of 2005.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

2007 Refunding Bonds (Continued)

Following is a schedule of the principal and interest requirements:

| <u>Payment Date</u> | <u>Principal Due</u> | <u>Interest Rate</u> | <u>Interest Due</u> | <u>Total Payment</u> | <u>Tax Year Total</u> |
|---------------------|------------------------|----------------------|----------------------|------------------------|------------------------|
| 11/01/11 | \$ | | \$ 38,100.00 | \$ 38,100.00 | \$ 38,100.00 |
| 05/01/12 | 300,000.00 | 4.000% | 38,100.00 | 338,100.00 | |
| 11/01/12 | | | 32,100.00 | 32,100.00 | 370,200.00 |
| 05/01/13 | 310,000.00 | 4.000% | 32,100.00 | 342,100.00 | |
| 11/01/13 | | | 25,900.00 | 25,900.00 | 368,000.00 |
| 05/01/14 | 325,000.00 | 4.000% | 25,900.00 | 350,900.00 | |
| 11/01/14 | | | 19,400.00 | 19,400.00 | 370,300.00 |
| 05/01/15 | 325,000.00 | 4.000% | 19,400.00 | 344,400.00 | |
| 11/01/15 | | | 12,900.00 | 12,900.00 | 357,300.00 |
| 05/01/16 | 325,000.00 | 4.000% | 12,900.00 | 337,900.00 | |
| 11/01/16 | | | 6,400.00 | 6,400.00 | 344,300.00 |
| 05/01/17 | 320,000.00 | 4.000% | 6,400.00 | 326,400.00 | |
| 11/01/17 | | | <u>0.00</u> | <u>0.00</u> | <u>326,400.00</u> |
| | <u>\$ 1,905,000.00</u> | | <u>\$ 269,600.00</u> | <u>\$ 2,174,600.00</u> | <u>\$ 2,508,500.00</u> |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Durant Settlement

The Durant class-action lawsuit resulted in a judgment of \$212 million against the State of Michigan. The State mandated specific special education programs, but failed to compensate local districts for the increased costs of the mandated programs.

The local school districts that did not participate in the class-action lawsuit were offered a settlement in lieu of future litigation.

The Districts with settlement amounts greater than or equal to \$75,000 were to receive one-half of the settlement amount over a period of ten years beginning November 15, 1998.

Restrictions on the use of these funds are stated in 11f(6): school buses, electronic instructional material and software, school security, textbooks, technology, infrastructure or infrastructure improvement, training for technology, or to reduce or eliminate voter-approved debt that was issued prior to 11/19/97.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Durant Settlement (Continued)

The District opted to participate in a bonding program, whereby the District would receive bond proceeds equal to the other half of the settlement amount (\$145,612).

The bonds were issued through the Michigan Municipal Bond Authority as School Loan Revenue Bonds, Series 1998. The proceeds of the bonds were to be used for capital expenditures and to pay costs of bond issuance, and were not to be used for maintenance costs.

The Durant bonds are considered to be a legal obligation of the District. The annual State of Michigan appropriation is the only revenue source for making the annual debt service payment on the bonds. If the legislature fails to appropriate the funds, the District is under no obligation for payment.

School Improvement Bond Series 1998

Repayment of the Principal Amount shall be made according to the following revised schedule until the full Principal Amount is repaid.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

School Improvement Bond, Series 1998 (Continued)

In the event that the Authority elects to adjust the interest rates payable on this bond, the Authority may prepare and substitute a new payment schedule reflecting such adjustment, a copy of which shall be sent to the School District and to the Authority's Depository.

The revised schedule is as follows:

| Payment Dates <u>Due on May 15</u> | Amount of Principal <u>Installment</u> | <u>Interest</u> | Total Principal Installment and <u>Interest Payable</u> |
|---|---|--------------------------|--|
| 2012 | \$ 9316.51 | \$ 908.30 | \$ 10224.81 |
| 2013 | <u>9759.98</u> | <u>908.29</u> | <u>10668.27</u> |
| Total | \$ <u>19076.49</u> | \$ <u>1816.59</u> | \$ <u>20893.08</u> |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

School Improvement Bond, Series 1998 (Continued)

Total Settlement Amount of \$ 291,224.00
Bonded Settlement Amount of \$ 145,612.00

Annual Interest Rate is 4.761353%
Average Life of bonds is 6.783 years

Long-Term Employee Benefits

| | | |
|--|----|--------------|
| Long-Term Sick Leave Payable | \$ | 411507 |
| Long-Term Retirement Incentive Payable | | <u>65500</u> |

| | | |
|---|----|--------|
| Total Long-Term Employee Benefits Payable | \$ | 477007 |
|---|----|--------|

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The School District contributes to the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension administered by the Michigan Department of Management and Budget, Office of Retirement Systems.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN

MPSERS provides retirement, survivor, and disability benefits to public school employees. Eligibility and benefit provisions are governed under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPSERS issues a publicly available financial report that includes financial statements and required supplementary information. The annual report may be obtained by calling (517) 322-5103 or writing:

Department of Management and Budget
Office of Retirement Systems
P.O. Box 30673
Lansing, Michigan 48909-8103

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The School District is required by state statute to contribute 20.66% for those employees working prior to July 01, 2010 and 19.16% for those beginning work after July 01, 2010. Contributions to MPSERS are determined on an actuarial basis using the entry age normal actuarial cost method. Contribution requirements of plan members including the School District are established and may be amended only by state statute.

The School District's contributions to MPSERS for the years ending June 30, 2011, 2010, and 2009, were \$760,512, \$701,085, and \$686,584, respectively.

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rate: 3% of the first \$ 5,000; 3.6% of \$ 5,001 through \$15,000; 4.3% of all wages over \$ 15,000. Basic Plan members make no contributions. Contributions collected and remitted by the School District on behalf of MIP members for the years ending June 30, 2011, 2010, and 2009 were \$202,977, \$110,274, and \$111,139, respectively, equal to the required contributions for the year.

NOTE 11 – POST EMPLOYMENT BENEFITS

In addition to the pension benefits, MPSERS provides comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of the retiree. The portion provided by MPSERS is factored into the pension contribution rate.

NOTE 12 – RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers the potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 12 – RELATED PARTY TRANSACTIONS (CONTINUED)

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there were no related party transactions reported in the financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 13 – SUBSEQUENT EVENTS

At fiscal year ended June 30, 2011, there were no subsequent events that would have a significant effect on the District's operations.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTAL INFORMATION

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE – ALL GENERAL OPERATING FUNDS

YEAR ENDED JUNE 30, 2011

| | ORIGINAL BUDGET | FINAL AMENDED BUDGET | ACTUAL |
|--|----------------------------|-------------------------------------|---------------------|
| <u>REVENUE</u> | | | |
| Local Sources | \$ 2,507,205 | \$ 2,752,886 | \$ 2,753,701 |
| State Sources | 4,162,645 | 4,377,781 | 4,482,102 |
| Federal Sources | 955,026 | 608,476 | 608,476 |
| Interdistrict and Other Sources | 194,400 | 356,570 | 357,690 |
| TOTAL REVENUE | \$ 7,819,276 | \$ 8,095,713 | \$ 8,201,969 |
| <u>EXPENDITURES - CURRENT</u> | | | |
| Instruction : | | | |
| Basic Programs | 3,492,291 | 3,665,153 | 3,663,084 |
| Added Needs | 1,631,234 | 1,541,783 | 1,534,950 |
| Supporting Services : | | | |
| Pupil | 180,898 | 116,719 | 116,412 |
| Instructional Staff | 151,711 | 167,578 | 167,445 |
| General Administration | 255,485 | 286,096 | 268,652 |
| School Administration | 365,816 | 350,976 | 347,731 |
| Business Services | 196,885 | 182,915 | 180,992 |
| Operation and Maintenance | 922,682 | 940,925 | 914,478 |
| Transportation | 486,982 | 462,590 | 453,039 |
| Other Supporting Services | 10,000 | 8,176 | 8,139 |
| Community Services | - | 38,564 | 38,534 |
| Intergovernmental Payments | 31,115 | 28,530 | 28,530 |
| Other | - | - | - |
| TOTAL EXPENDITURES | \$ 7,725,099 | \$ 7,790,005 | \$ 7,721,986 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Operating Transfers In | | - | - |
| Operating Transfers (Out) | (123,056) | (77,149) | (73,785) |
| NET CHANGE IN FUND BALANCE | (28,879) | 228,559 | 406,198 |
| FUND BALANCE - BEGINNING OF YEAR | 876,248 | 876,248 | 876,248 |
| FUND BALANCE - END OF YEAR | \$ 847,369 | \$ 1,104,807 | \$ 1,282,446 |

The notes to the financial statements are an integral part of this report.

OTHER SUPPLEMENTAL INFORMATION

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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OTHER SUPPLEMENTAL INFORMATION

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

| | Special Revenue Funds | | |
|---|------------------------------|------------------|------------------|
| | Food Service | Athletics | Total |
| <u>ASSETS</u> | | | |
| Cash and Investments (Note 3) | \$ 7,574 | \$ 63,418 | \$ 70,992 |
| Accounts Receivable | 14,162 | - | 14,162 |
| Due from Other Funds | 2,380 | 1,838 | 4,218 |
| Inventories | 4,201 | - | 4,201 |
| | \$ 28,317 | \$ 65,256 | \$ 93,573 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 888 | - | 888 |
| Accrued Salaries and Benefits | 1,176 | - | 1,176 |
| Accrued Sales Tax | - | - | - |
| Deferred Revenue | 3,892 | - | 3,892 |
| Due to Other Funds | - | 65,256 | 65,256 |
| | \$ 5,956 | \$ 65,256 | \$ 71,212 |
| <u>FUND BALANCES</u> | | | |
| Food Service, Nonspendable | 4,201 | - | 4,201 |
| Food Service, Restricted | 18,160 | - | 18,160 |
| Athletics, Committed | - | - | - |
| | 22,361 | - | 22,361 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 28,317 | \$ 65,256 | \$ 93,573 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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OTHER SUPPLEMENTAL INFORMATION

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2011

| | Special Revenue Funds | | |
|--|------------------------------|-------------------|-------------------|
| | Food Service | Athletics | Total |
| <u>REVENUE</u> | | | |
| Local Revenue | \$ 77,939 | \$ 91,352 | \$ 169,291 |
| State Revenue | 20,154 | - | 20,154 |
| Federal Revenue | 269,311 | - | 269,311 |
| TOTAL REVENUE | \$ 367,404 | \$ 91,352 | \$ 458,756 |
| <u>EXPENDITURES</u> | | | |
| Current: | | | |
| Salaries | 112,743 | 69,397 | 182,140 |
| FICA/Retirement | 30,825 | 17,074 | 47,899 |
| Insurance | 66,324 | 1,316 | 67,640 |
| Other Benefits | 6,603 | 165 | 6,768 |
| Purchased Services | 18,836 | 50,267 | 69,103 |
| Supplies and Materials | 123,167 | 21,106 | 144,273 |
| Capital Outlay | - | - | - |
| Other | 2,199 | 5,812 | 8,011 |
| TOTAL EXPENDITURES | \$ 360,697 | \$ 165,137 | \$ 525,834 |
| Excess (Deficiency) of Revenues Over Expenditures | 6,707 | (73,785) | (67,078) |
| <u>Other Financing Sources (Uses)</u> | | | |
| Operating transfers in | - | 73,785 | 73,785 |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | - | 73,785 | 73,785 |
| Net Change in Fund Balances | 6,707 | - | 6,707 |
| FUND BALANCES - BEGINNING OF YEAR | 15,654 | - | 15,654 |
| FUND BALANCES - END OF YEAR | \$ 22,361 | \$ - | \$ 22,361 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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ALL GENERAL OPERATING FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2011

| <u>ASSETS</u> | GENERAL FUND | COMMUNITY SCHOOL FUND | TOTAL |
|---|----------------------------|--------------------------------------|----------------------------|
| Cash and Deposits | \$ 1,230,282 | \$ 50,782 | \$ 1,281,064 |
| Taxes Receivable | 236,751 | - | 236,751 |
| Accounts Receivable : | | | |
| Federal | 27,501 | - | 27,501 |
| State | 878,186 | 347 | 878,533 |
| Other | 5,282 | 320 | 5,602 |
| Due From Other Funds | 65,866 | - | 65,866 |
| Inventory | 4,525 | 640 | 5,165 |
| Overpayments/Refunds | - | - | - |
| Prepaid Expenses | 43,412 | - | 43,412 |
| TOTAL ASSETS | <u>\$ 2,491,805</u> | <u>\$ 52,089</u> | <u>\$ 2,543,894</u> |
| | | | |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accrued Taxes and Benefits | 492,540 | - | 492,540 |
| Accounts Payable | 35,817 | - | 35,817 |
| Salaries Payable | 506,221 | - | 506,221 |
| Deferred Revenue | - | - | - |
| Due To Other Funds | 226,400 | 470 | 226,870 |
| TOTAL LIABILITIES | 1,260,978 | 470 | 1,261,448 |
| | | | |
| <u>FUND EQUITY</u> | | | |
| Fund Balance, Nonspendable | 47,937 | 640 | 48,577 |
| Fund Balance, Committed | | 50,979 | 50,979 |
| Fund Balance, Unassigned | 1,182,890 | | 1,182,890 |
| TOTAL FUND EQUITY | 1,230,827 | 51,619 | 1,282,446 |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 2,491,805</u> | <u>\$ 52,089</u> | <u>\$ 2,543,894</u> |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**ALL GENERAL OPERATING FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

JUNE 30, 2011

| <u>REVENUES</u> | <u>GENERAL FUND</u> | <u>COMMUNITY SCHOOL FUND</u> | <u>TOTAL</u> |
|--|-------------------------|--------------------------------------|-------------------------|
| Local Sources | | | |
| Current Tax Levy | \$ 2,589,761 | \$ - | \$ 2,589,761 |
| Other Local Revenue | 141,576 | 22,364 | 163,940 |
| State Sources | | | |
| State Aid, Unrestricted | 4,048,456 | - | 4,048,456 |
| Restricted Grants | 423,180 | - | 423,180 |
| Other State Revenue | - | 10,466 | 10,466 |
| Federal Sources | | | |
| Restricted - Received through State | 500,620 | - | 500,620 |
| Other Federal Revenue | 107,856 | - | 107,856 |
| Intergovernmental | 357,690 | - | 357,690 |
| TOTAL REVENUE | 8,169,139 | 32,830 | 8,201,969 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Operating Transfer In | - | - | - |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 8,169,139 | 32,830 | 8,201,969 |
| <u>EXPENDITURES</u> | | | |
| Educational | | | |
| Instructional | 5,188,275 | 9,759 | 5,198,034 |
| Supporting Services | 2,447,907 | 8,981 | 2,456,888 |
| Community Services | 18,360 | 20,174 | 38,534 |
| TOTAL EXPENDITURES | 7,654,542 | 38,914 | 7,693,456 |
| <u>OTHER FINANCING USES</u> | | | |
| Fund Modifications | 73,785 | - | 73,785 |
| Payments to Other Governmental Units | 28,530 | - | 28,530 |
| TOTAL OTHER FINANCING USES | 102,315 | - | 102,315 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | 7,756,857 | 38,914 | 7,795,771 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 412,282 | (6,084) | 406,198 |
| FUND BALANCE, JULY 1 | 818,545 | 57,703 | 876,248 |
| FUND BALANCE, JUNE 30 | \$ 1,230,827 | \$ 51,619 | \$ 1,282,446 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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ALL SPECIAL REVENUE FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2011

| <u>ASSETS</u> | <u>FOOD SERVICE FUND</u> | <u>ATHLETIC FUND</u> | <u>TOTAL</u> |
|---|---|---------------------------------|--------------------------------|
| Cash | \$ 7,574 | \$ 63,418 | \$ 70,992 |
| Accounts Receivable : | | | |
| Federal | 4,396 | - | 4,396 |
| State | 4,318 | - | 4,318 |
| Other | 5,448 | - | 5,448 |
| Inventory | 4,201 | - | 4,201 |
| Due from Other Funds | <u>2,380</u> | <u>1,838</u> | <u>4,218</u> |
| TOTAL ASSETS | <u><u>\$ 28,317</u></u> | <u><u>\$ 65,256</u></u> | <u><u>\$ 93,573</u></u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 888 | - | 888 |
| Accrued Salaries and Benefits | 1,176 | - | 1176 |
| Accrued Sales Tax | - | - | 0 |
| Due to Other Funds | - | 65,256 | 65256 |
| Deferred Revenue | <u>3,892</u> | <u>-</u> | <u>3892</u> |
| TOTAL LIABILITIES | 5,956 | 65,256 | 71,212 |
| <u>FUND EQUITY</u> | | | |
| Fund Balance, Nonspendable | 4,201 | | 4201 |
| Fund Balance, Restricted | <u>18,160</u> | <u>-</u> | <u>18,160</u> |
| TOTAL FUND EQUITY | <u><u>22,361</u></u> | <u><u>-</u></u> | <u><u>22,361</u></u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$ 28,317</u></u> | <u><u>\$ 65,256</u></u> | <u><u>\$ 93,573</u></u> |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**ALL SPECIAL REVENUE FUNDS – COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE**

FISCAL YEAR ENDED JUNE 30, 2011

| | FOOD SERVICE FUND | ATHLETIC FUND | TOTAL |
|-------------------------------------|----------------------------------|--------------------------|----------------|
| <u>REVENUES</u> | | | |
| Local Sources | | | |
| Student Lunches / Breakfast | \$ 58,725 | \$ - | \$ 58,725 |
| Adult Lunches | 3,925 | - | 3,925 |
| Milk and Ala Carte Sales | 5,580 | - | 5,580 |
| General Admissions and Other | 9,709 | 91,352 | 101,061 |
| Total Local Sources | 77,939 | 91,352 | 169,291 |
| State Sources | | | |
| School Breakfast Program | - | - | - |
| School Lunch Program | 20,154 | - | 20,154 |
| Total State Sources | 20,154 | - | 20,154 |
| Federal Sources | | | |
| Restricted - Received through State | 242,392 | - | 242,392 |
| USDA Entitlement Commodities | 26,751 | - | 26,751 |
| USDA Bonus Commodities | 168 | - | 168 |
| Total Federal Sources | 269,311 | - | 269,311 |
| TOTAL REVENUES | 367,404 | 91,352 | 458,756 |
| <u>EXPENDITURES</u> | | | |
| Professional Salaries | - | 51,516 | 51,516 |
| Nonprofessional Salaries | 112,743 | 17,881 | 130,624 |
| FICA/Retirement | 30,825 | 17,074 | 47,899 |
| Insurance | 66,324 | 1,316 | 67,640 |
| Other Benefits | 6,603 | 165 | 6,768 |
| Purchased Services | 18,836 | 50,267 | 69,103 |
| Supplies and Materials | 123,167 | 21,106 | 144,273 |
| Capital Outlay | - | - | - |
| Other | 2,199 | 5,812 | 8,011 |
| TOTAL EXPENDITURES | \$ 360,697 | \$ 165,137 | 525,834 |
| Excess of Revenues Over (Under) | | | |
| Expenditures | 6,707 | (73,785) | (67,078) |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**ALL SPECIAL REVENUE FUNDS – COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

| | FOOD SERVICE FUND | ATHLETIC FUND | TOTAL |
|---|----------------------------------|--------------------------|------------------|
| Other Financing Sources (Uses) | | | |
| Operating Transfers In | \$ - | \$ 73,785 | \$ 73,785 |
| Operating Transfers (Out) | - | - | - |
| Total Other Financing Sources (Uses) | - | 73,785 | 73,785 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 6,707 | - | 6,707 |
| FUND BALANCE, JULY 1 | 15,654 | - | 15,654 |
| FUND BALANCE, JUNE 30 | \$ 22,361 | \$ - | \$ 22,361 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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GENERAL FUND - COMPARATIVE BALANCE SHEET

JUNE 30, 2011 and 2010

| | 2011 | 2010 |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash and Deposits | \$ 1,230,282 | \$ 892,931 |
| Accounts Receivable : | | |
| Federal | 27,501 | 190,244 |
| State | 878,186 | 860,607 |
| Other | 5,282 | 5,114 |
| Taxes Receivable | 236,751 | 190,066 |
| Due From Other Funds | 65,866 | 85,409 |
| Inventory | 4,525 | 5,550 |
| Overpayments / Refunds | - | - |
| Prepaid Expenses | 43,412 | 35,774 |
| TOTAL ASSETS | \$ 2,491,805 | \$ 2,265,695 |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| <u>LIABILITIES</u> | | |
| Accrued Taxes and Benefits | 492,540 | 504,621 |
| Accounts Payable | 35,817 | 49,584 |
| Salaries Payable | 506,221 | 510,428 |
| Due To Other Funds | 226,400 | 382,517 |
| Deferred Revenue | - | - |
| TOTAL LIABILITIES | \$ 1,260,978 | \$ 1,447,150 |
| <u>FUND EQUITY</u> | | |
| Fund Balance, Nonspendable | 47,937 | |
| Fund Balance, Unassigned | 1,182,890 | 818,545 |
| TOTAL FUND EQUITY | 1,230,827 | 818,545 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 2,491,805 | \$ 2,265,695 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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GENERAL FUND - SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/10 |
|-------------------------------------|---------------------------------|---------------------|--|------------------------------------|
| | ACTUAL | BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | |
| <u>REVENUES</u> | | | | |
| <u>LOCAL SOURCES</u> | | | | |
| Current Tax Levy | \$ 2,589,761 | \$ 2,589,760 | \$ 1 | \$ 2,479,206 |
| Other Taxes | 29,984 | 30,090 | (106) | 71,412 |
| Penalties and Interest on Dlg Taxes | 10,618 | 10,618 | - | 9,596 |
| Interest Income | 21,001 | 20,224 | 777 | 16,706 |
| Universal Service Funds | 14,784 | 14,784 | - | 13,582 |
| Other Local Revenue | 65,189 | 65,290 | (101) | 93,538 |
| Miscellaneous Sales | - | - | - | - |
| | 2,731,337 | 2,730,766 | 571 | 2,684,040 |
| <u>STATE SOURCES</u> | | | | |
| Foundation Allowance | 4,048,456 | 3,857,177 | 191,279 | 4,236,491 |
| At Risk | 214,328 | 215,000 | (672) | 227,927 |
| Special Education | 33,429 | 125,112 | (91,683) | 159,692 |
| Headlee Obligation Data Collection | 15,217 | 15,223 | (6) | |
| CEPI Teacher / Student Data | 5,054 | | | |
| Isolated Districts | 32,752 | 32,751 | 1 | 33,522 |
| Michigan School Readiness | 122,400 | 122,400 | - | 122,400 |
| | 4,471,636 | 4,367,663 | 103,973 | 4,780,032 |
| <u>FEDERAL SOURCES</u> | | | | |
| Title I | 245,282 | 245,282 | - | 263,933 |
| Title I ARRA | 96,489 | 96,489 | - | 38,460 |
| Title II Part A | 44,085 | 44,085 | - | 87,143 |
| Title II Part D | | - | - | 5,050 |
| Ed Stabilization Fund | 114,764 | 114,764 | - | 291,363 |
| Schools and Roads Grant | 107,856 | 107,856 | - | 117,844 |
| | 608,476 | 608,476 | - | 803,793 |
| TOTAL REVENUES | \$ 7,811,449 | \$ 7,706,905 | \$ 104,544 | \$ 8,267,865 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**GENERAL FUND -SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO
BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/2010 |
|---|---------------------------------|---------------------|--|--------------------------------------|
| | ACTUAL | BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Operating Transfer In | \$ - | \$ - | \$ - | \$ - |
| Payments From Other Governmental Units : | | | | |
| Federal Sources | | | | |
| DIISD ARRA Spec Ed Flowthrough | 116,602 | 116,602 | - | 120,921 |
| DIISD Flowthrough | 29,862 | 29,862 | - | 28,440 |
| DIISD ARRA Flowthrough | 9,237 | 7,273 | 1,964 | |
| DIISD Medicaid Outreach | - | - | - | 22,476 |
| MAISD Drug Free Schools | 747 | - | 747 | 1,764 |
| DIISD MiBLSI | - | - | - | 11,414 |
| Other-Federal | - | - | - | - |
| State Sources | | | | |
| DIISD Voc Ed | 24,053 | 24,053 | - | 26,446 |
| DIISD Voc Tech | 141,546 | 141,545 | 1 | 140,891 |
| Medicaid Outreach | 14,848 | 13,853 | 995 | - |
| Other Sources | 20,795 | 23,382 | (2,587) | 18,763 |
| Total Payments From Other Governmental Units | 357,690 | 356,570 | \$ 1,120 | 371,115 |
| TOTAL OTHER FINANCING SOURCES | 357,690 | 356,570 | 1,120 | 371,115 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 8,169,139 | \$ 8,063,475 | \$ 105,664 | \$ 8,638,980 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

GENERAL FUND -SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| INSTRUCTION | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/2010 |
|--|--|------------------|---|------------------------------------|
| | ACTUAL | BUDGET | VARIANCE Favorable (Unfavorable) | |
| <u>BASIC PROGRAMS</u> | | | | |
| <u>Pre-K / Michigan Readiness</u> | | | | |
| Professional Salaries | \$ 50,520 | \$ - | \$ - | \$ 51,050 |
| Nonprofessional Salaries | 22,279 | | | 19,827 |
| Insurance | 21,564 | | | 19,098 |
| FICA / Retirement | 19,716 | - | - | 17,088 |
| Purchased Services | 444 | - | - | 707 |
| Supplies and Materials | 7,877 | | | 1,345 |
| Capital Outlay | - | | | 13,285 |
| Other | - | - | - | - |
| Total Pre-K / Michigan Readiness | 122,400 | 122,400 | - | 122,400 |
| <u>Developmental Kindergarten</u> | | | | |
| Professional Salaries | - | - | - | - |
| Nonprofessional Salaries | - | - | - | - |
| Insurance | - | - | - | - |
| FICA / Retirement | - | - | - | - |
| Supplies and Materials | - | - | - | - |
| Total Developmental Kindergarten | - | - | - | - |
| <u>Elementary</u> | | | | |
| <u>Stambaugh Elementary</u> | | | | |
| Professional Salaries | \$ 857,332 | \$ - | \$ - | \$ 824,039 |
| Insurance | 269,154 | | | 223,806 |
| FICA / Retirement | 265,998 | - | - | 244,120 |
| Other Benefits | 41,690 | | | 55,527 |
| Purchased Services | 17,199 | - | - | 21,644 |
| Supplies and Materials | 20,658 | | | 28,549 |
| Other | 56 | - | - | 870 |
| Total Stambaugh Elementary | 1,472,087 | 1,473,176 | 1,089 | 1,398,555 |
| <u>Class Size Reduction</u> | | | | |
| Professional Salaries | - | - | - | 52,517 |
| Nonprofessional Salaries | 22,107 | - | - | 5,800 |
| Insurance | 15,380 | | | 14,558 |
| FICA / Retirement | 6,297 | - | - | 14,268 |
| Other Benefits | 301 | - | - | - |
| Total Class Size Reduction | 44,085 | 44,085 | - | 87,143 |
| Total Elementary | 1,516,172 | 1,517,261 | 1,089 | 1,485,698 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| INSTRUCTION (continued) | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL |
|--------------------------------------|--|---------------------|---|-------------------------------------|
| | ACTUAL | BUDGET | VARIANCE Favorable (Unfavorable) | YEAR ENDED 6/30/2010 |
| <u>BASIC PROGRAMS</u> | | | | |
| <u>Bates Upper Elementary</u> | | | | |
| Professional Salaries | \$ 336,387 | \$ - | \$ - | \$ 383,510 |
| Insurance | 102,664 | | | 100,418 |
| FICA / Retirement | 101,856 | - | - | 101,403 |
| Other Benefits | - | | | |
| Purchased Services | 8,839 | - | - | 7,795 |
| Supplies and Materials | 8,601 | | | 7,629 |
| Capital Outlay | - | | | - |
| Other | 335 | | | 623 |
| Total Bates Upper Elementary | 558,682 | 558,880 | 198 | 601,378 |
| | | | | |
| <u>Middle School</u> | | | | |
| Professional Salaries | \$ 326,412 | \$ - | \$ - | \$ 301,614 |
| Insurance | 100,219 | | | 80,334 |
| FICA / Retirement | 90,507 | | - | 72,980 |
| Other Benefits | 1,016 | | | 784 |
| Purchased Services | 5,175 | - | - | 5,205 |
| Supplies and Materials | 10,489 | | | 5,313 |
| Other | 227 | - | - | - |
| Total Middle School | \$ 534,045 | \$ 534,212 | \$ 167 | \$ 466,230 |
| | | | | |
| <u>High School</u> | | | | |
| Professional Salaries | \$ 505,999 | \$ - | \$ - | \$ 499,082 |
| Insurance | 152,656 | | | 131,121 |
| FICA / Retirement | 167,378 | - | - | 153,270 |
| Other Benefits | 1,318 | | | 15,367 |
| Purchased Services | 47,243 | - | - | 32,426 |
| Supplies and Materials | 53,196 | | | 19,830 |
| Capital Outlay | - | | - | 4,019 |
| Other | 3,995 | - | - | 4,077 |
| Total High School | 931,785 | 932,400 | 615 | 859,192 |
| | | | | |
| TOTAL BASIC PROGRAMS | \$ 3,663,084 | \$ 3,665,153 | \$ 2,069 | \$ 3,534,898 |
| | | | | |
| <u>ADDED NEEDS</u> | | | | |
| <u>Special Education</u> | | | | |
| Professional Salaries | \$ 216,859 | \$ - | \$ - | \$ 217,035 |
| Nonprofessional Salaries | 21,345 | | | 5,579 |
| Insurance | 102,238 | - | - | 58,040 |
| FICA / Retirement | 92,325 | | | 85,086 |
| Other Benefits | 1,464 | | | 678 |
| Purchased Services | 76,105 | - | - | 80,716 |
| Supplies and Materials | 505 | | | 758 |
| Other | 247 | - | - | 138 |
| Total Special Education | 511,088 | 511,616 | 528 | 448,030 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

(CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| INSTRUCTION (continued) | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL |
|---|--|-------------------|---|-------------------------------------|
| | ACTUAL | BUDGET | VARIANCE Favorable (Unfavorable) | YEAR ENDED 6/30/2010 |
| ADDED NEEDS | | | | |
| ARRA Special Education Flowthrough | | | | |
| Professional Salaries | \$ 66,908 | \$ - | \$ - | \$ 62,404 |
| Insurance | 23,494 | | | 18,107 |
| FICA/Retirement | 18,598 | - | - | 15,277 |
| Purchased Services | 7,602 | - | - | 25,133 |
| Total ARRA Spec. Ed. Flowthrough | 116,602 | 116,602 | - | 120,921 |
| ARRA Title I, Part A | | | | |
| Professional Salaries | 13,198 | - | - | 11,543 |
| Insurance | - | | | 4,107 |
| FICA/Retirement | 1,992 | | | 2,811 |
| Purchased Services | 81,186 | - | - | 19,940 |
| Supplies and Materials | 113 | | | - |
| Other | - | | | 59 |
| Total ARRA Title I, Part A | 96,489 | 96,489 | - | 38,460 |
| Title I | | | | |
| Professional Salaries | \$ 91,402 | \$ - | \$ - | \$ 89,934 |
| Nonprofessional Salaries | 35,892 | | | 53,133 |
| Insurance | 63,283 | - | - | 70,064 |
| FICA / Retirement | 34,705 | | | 34,550 |
| Other Benefits | 686 | - | - | 530 |
| Purchased Services | 15,179 | | | 14,018 |
| Supplies and Materials | 3,702 | | | 1,144 |
| Other | 433 | - | - | 560 |
| Total Title I | \$ 245,282 | \$ 245,291 | \$ 9 | \$ 263,933 |
| Driver Education | | | | |
| Professional Salaries | \$ - | \$ - | \$ - | \$ 129 |
| Nonprofessional Salaries | - | - | - | - |
| Insurance | - | | | - |
| FICA/Retirement | - | | | 32 |
| Supplies and Materials | - | - | - | - |
| Total Driver Education | - | - | - | 161 |
| Vocational Education | | | | |
| Professional Salaries | 180,159 | - | - | 223,375 |
| Nonprofessional Salaries | - | | | 13,826 |
| Insurance | 58,553 | - | - | 65,430 |
| FICA / Retirement | 49,885 | | | 57,463 |
| Purchased Services | 2,901 | - | - | 7,022 |
| Supplies and Materials | 38,806 | | | 47,034 |
| Capital Outlay | 9,721 | | | 1,234 |
| Other | 585 | - | - | 1,200 |
| Total Vocational Education | \$ 340,610 | \$ 346,874 | \$ 6,264 | \$ 416,584 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/2010 |
|---------------------------------------|--|---------------------|---|--|
| | ACTUAL | BUDGET | VARIANCE Favorable (Unfavorable) | |
| <u>INSTRUCTION (continued)</u> | | | | |
| <u>ADDED NEEDS</u> | | | | |
| At Risk | | | | |
| Professional Salaries | \$ 110,519 | \$ - | \$ - | \$ 664 |
| Nonprofessional Salaries | 11,269 | | | 127,277 |
| Insurance | 54,611 | - | - | 54,114 |
| Other Benefits | 519 | | | |
| FICA / Retirement | 33,828 | | | 31,040 |
| Purchased Services | 4,374 | - | - | 14,643 |
| Supplies and Materials | - | - | - | 658 |
| Other | - | - | - | - |
| Total At Risk | 215,120 | 215,120 | - | 228,396 |
| TOTAL ADDED NEEDS | 1,525,191 | 1,531,992 | 6,801 | 1,516,485 |
| TOTAL INSTRUCTION | \$ 5,188,275 | \$ 5,197,145 | \$ 8,870 | \$ 5,051,383 |
| <u>SUPPORTING SERVICES</u> | | | | |
| <u>PUPIL SERVICES</u> | | | | |
| Guidance | | | | |
| Professional Salaries | \$ 20,985 | \$ - | \$ - | \$ 12,792 |
| Insurance | 9,640 | | | 3,503 |
| FICA / Retirement | 8,267 | - | - | 3,051 |
| Purchased Services | 1,089 | - | - | 1,339 |
| Supplies and Materials | 1,555 | | | 1,423 |
| Other | - | - | - | 151 |
| Total Guidance | 41,536 | 41,702 | 166 | 22,259 |
| Health Services | | | | |
| Purchased Services | 2,731 | | | 1,529 |
| Other | 735 | | | 300 |
| Total Health Services | \$ 3,466 | \$ 3,482 | \$ 16 | \$ 1,829 |
| Other Pupil Services | | | | |
| Professional Salaries | \$ 21,919 | \$ - | \$ - | \$ 20,847 |
| Nonprofessional Salaries | 27,418 | | | 30,698 |
| Insurance | 10,208 | - | - | 26,591 |
| FICA / Retirement | 10,165 | | | 12,792 |
| Purchased Services | - | - | - | 659 |
| Supplies and Materials | - | | | 2,194 |
| Other Benefits | 1,176 | | | |
| Capital Outlay | - | | | 3,069 |
| Other | 524 | - | - | 636 |
| Total Other Pupil Services | 71,410 | 71,535 | 125 | 97,486 |
| TOTAL PUPIL SERVICES | \$ 116,412 | \$ 116,719 | \$ 307 | \$ 121,574 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

(CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| <u>SUPPORTING SERVICES (continued)</u> | <u>FISCAL YEAR ENDED JUNE 30, 2011</u> | | | <u>FISCAL YEAR ENDED 6/30/2010</u> |
|--|--|-------------------|---|------------------------------------|
| <u>INSTRUCTIONAL STAFF</u> | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE Favorable (Unfavorable)</u> | |
| Library | | | | |
| Nonprofessional Salaries | \$ 5,039 | \$ - | \$ - | \$ 17,875 |
| Insurance | 7,824 | | | 14,089 |
| FICA / Retirement | 9,864 | - | - | 12,756 |
| Purchased Services | 261 | | | 6,788 |
| Supplies and Materials | 238 | - | - | 790 |
| Other | 102 | - | - | 90 |
| | | | | |
| Total Library | \$ 23,328 | \$ 23,459 | \$ 131 | \$ 52,388 |
| Technology | | | | |
| Professional Salaries | - | - | - | 39,000 |
| Nonprofessional Salaries | | | | - |
| Insurance | - | - | - | - |
| FICA / Retirement | | | | - |
| Purchased Services | 39,000 | - | - | - |
| Supplies and Materials | 58,330 | | | 64,763 |
| Capital Outlay | 38,878 | | | 5,350 |
| Other | 5,246 | - | - | 3,960 |
| | | | | |
| Total Technology | \$ 141,454 | \$ 141,454 | \$ - | \$ 113,073 |
| Title II D Tech Lit Challenge | | | | |
| Nonprofessional Salaries | | \$ - | \$ - | \$ 1,800 |
| FICA / Retirement | | | | 441 |
| Capital Outlay | | - | - | 2,809 |
| | | | | |
| Total Title II D Program | - | - | - | 5,050 |
| Professional Development | | | | |
| Professional Salaries | 2,000 | - | - | 244 |
| FICA / Retirement | 566 | | | |
| Supplies and Materials | - | | | 970 |
| Purchased Services | - | - | - | 550 |
| Other | 97 | - | - | - |
| | | | | |
| Total Professional Development | 2,663 | 2,665 | 2 | 1,764 |
| TOTAL INSTRUCTIONAL STAFF | \$ 167,445 | \$ 167,578 | \$ 133 | \$ 172,275 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| <u>SUPPORTING SERVICES (continued)</u> | FISCAL YEAR ENED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/2010 |
|--|--------------------------------|-------------------|--|--------------------------------------|
| | ACTUAL | BUDGET | VARIANCE Favorable (Unfavorable) | |
| <u>GENERAL ADMINISTRATION</u> | | | | |
| Board of Education | | | | |
| Nonprofessional Salaries | \$ - | \$ - | \$ - | \$ 3,270 |
| Insurance | 17,952 | | | 17,611 |
| Purchased Services | 74,515 | - | - | 80,630 |
| Supplies and Materials | 1,089 | | | 579 |
| Other | 4,860 | - | - | 2,645 |
| Total Board of Education | 98,416 | 114,894 | 16,478 | 104,735 |
| Executive Administration | | | | |
| Professional Salaries | 100,000 | - | - | 100,000 |
| Nonprofessional Salaries | 21,933 | | | 29,869 |
| Insurance | 12,766 | | | 17,330 |
| FICA / Retirement | 31,614 | - | - | 31,460 |
| Other Benefits | 2,400 | | | 8,562 |
| Supplies and Materials | 67 | | | 76 |
| Capital Outlay | - | | | - |
| Other | 1,456 | - | - | 1,402 |
| Total Executive Administration | 170,236 | 171,202 | 966 | 188,699 |
| TOTAL GENERAL ADMINISTRATION | \$ 268,652 | \$ 286,096 | \$ 17,444 | \$ 293,434 |
| <u>SCHOOL ADMINISTRATION</u> | | | | |
| Office of the Principal | | | | |
| Professional Salaries | \$ 97,012 | \$ - | \$ - | \$ 134,423 |
| Nonprofessional Salaries | 83,835 | | | 88,018 |
| Insurance | 49,289 | | | 69,244 |
| FICA / Retirement | 53,375 | - | - | 64,550 |
| Other Benefits | 2,400 | | | 23,792 |
| Purchased Services | 48,135 | | | 11,803 |
| Supplies and Materials | 4,837 | - | - | 2,032 |
| Other | 2,950 | - | - | 1,367 |
| Total Office of the Principal | 341,833 | 345,070 | 3,237 | 395,229 |
| TOTAL SCHOOL ADMINISTRATION | \$ 341,833 | \$ 345,070 | \$ 3,237 | \$ 395,229 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES - ACTUAL COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/2010 |
|--|---------------------------------|---------------------|--|--------------------------------------|
| | ACTUAL | BUDGET | VARIANCE Favorable (Unfavorable) | |
| SUPPORTING SERVICES (continued) | | | | |
| <u>BUSINESS SERVICES</u> | | | | |
| Fiscal Services | | | | |
| Professional Salaries | \$ 44,000 | \$ - | \$ - | \$ 42,000 |
| Nonprofessional Salaries | 31,752 | - | - | 10,940 |
| Insurance | 31,019 | | | 20,146 |
| FICA/Retirement | 20,634 | | | 12,802 |
| Other Benefits | 1,577 | - | - | - |
| Purchased Services | 24,860 | | | 46,224 |
| Supplies and Materials | 12,467 | - | - | 9,211 |
| Capital Outlay | - | | | - |
| Tax Chargebacks | 10,724 | | | 113,894 |
| Other | 3,959 | - | - | 18,313 |
| Total Fiscal Services | 180,992 | 182,915 | 1,923 | 273,530 |
| TOTAL BUSINESS SERVICES | \$ 180,992 | \$ 182,915 | \$ 1,923 | \$ 273,530 |
| <u>OPERATIONS AND MAINTENANCE</u> | | | | |
| Nonprofessional Salaries | 275,008 | - | - | 311,559 |
| Insurance | 179,092 | | | 148,878 |
| FICA / Retirement | 79,538 | - | - | 85,909 |
| Other Benefits | 11,421 | | | 40,721 |
| Purchased Services | 301,575 | | | 310,364 |
| Supplies and Materials | 17,447 | - | - | 47,147 |
| Capital Outlay | 48,822 | | | 17,382 |
| Other | 1,575 | - | - | 580 |
| TOTAL OPERATIONS AND MAINTENANCE | \$ 914,478 | \$ 940,925 | \$ 26,447 | \$ 962,540 |
| <u>PUPIL TRANSPORTATION</u> | | | | |
| Nonprofessional Salaries | \$ 192,336 | \$ - | \$ - | \$ 226,358 |
| Insurance | 118,699 | | | 105,577 |
| FICA / Retirement | 47,734 | | | 55,129 |
| Other Benefits | 6,980 | - | - | 12,900 |
| Purchased Services | 16,880 | | | 12,238 |
| Supplies and Materials | 69,455 | - | - | 66,329 |
| Capital Outlay | - | | | - |
| Other | 955 | - | - | 460 |
| TOTAL PUPIL TRANSPORTATION | 453,039 | 462,590 | 9,551 | 478,991 |
| <u>PUPIL ACCOUNTING</u> | | | | |
| Professional Salaries | \$ 3,668 | \$ - | \$ - | \$ - |
| FICA / Retirement | 1,038 | | | |
| Capital Outlay | - | | | |
| Other | 350 | - | - | - |
| TOTAL PUPIL ACCOUNTING | 5,056 | 5,082 | 26 | |
| TOTAL SUPPORTING SERVICES | \$ 2,447,907 | \$ 2,506,975 | \$ 59,042 | \$ 2,697,573 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL |
|--|---------------------------------|---------------------|--|----------------------------|
| | ACTUAL | BUDGET | VARIANCE Favorable (Unfavorable) | YEAR ENDED 6/30/2010 |
| <u>SUPPORTING SERVICES (continued)</u> | | | | |
| <u>COMMUNITY SERVICES</u> | | | | |
| Internet Services | | | | |
| Purchased Services | \$ 18,360 | \$ - | \$ - | \$ 17,723 |
| Other | - | - | - | - |
| Total Internet Services | \$ 18,360 | \$ 18,360 | \$ - | \$ 17,723 |
| TOTAL COMMUNITY SERVICES | 18,360 | 18,360 | - | 17,723 |
| TOTAL EXPENDITURES | \$ 7,654,542 | \$ 7,722,480 | \$ 67,912 | \$ 7,766,679 |
| <u>OTHER FINANCING USES</u> | | | | |
| Fund Modifications | | | | |
| Transfer to Food Service | \$ - | \$ - | \$ - | \$ - |
| Transfer to Athletic Fund | 73,785 | 77,149 | 3,364 | 100,133 |
| Transfer to Debt Retirement Fund | - | - | - | - |
| Total Fund Modifications | 73,785 | 77,149 | 3,364 | 100,133 |
| Payments to Other Governmental Units | | | | |
| DIISD - Special Education Chargeback | 28,530 | 28,530 | - | 31,110 |
| Payments to Non-Governmental Funds | - | - | - | - |
| | 28,530 | 28,530 | - | 31,110 |
| TOTAL OTHER FINANCING USES | 102,315 | 105,679 | 3,364 | 131,243 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | \$ 7,756,857 | \$ 7,828,159 | \$ 71,276 | \$ 7,897,922 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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COMMUNITY SCHOOL FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2011 and 2010

| | 2011 | 2010 |
|---|------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash and Deposits | \$ 50,782 | \$ 103,171 |
| Accounts Receivable : | | |
| Federal | - | - |
| State | 347 | - |
| Other | 320 | 1,506 |
| Due from Other Funds | - | - |
| Inventory | 640 | 640 |
| TOTAL ASSETS | \$ 52,089 | \$ 105,317 |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | - | - |
| Accrued Taxes | - | 1,900 |
| Due to Other Funds | 470 | 45,714 |
| Deferred Revenue | - | - |
| TOTAL LIABILITIES | 470 | 47,614 |
| <u>FUND EQUITY</u> | | |
| Fund Balance - Nonspendable | 640 | |
| Fund Balance - Committed | 50,979 | 57,703 |
| TOTAL FUND EQUITY | 51,619 | 57,703 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 52,089 | \$ 105,317 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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COMMUNITY SCHOOL FUND - STATEMENT OF REVENUES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL |
|---|---------------------------------|------------------|--|--------------------------|
| | ACTUAL | BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | YEAR ENDED 6/30/10 |
| REVENUES | | | | |
| Local Sources | | | | |
| Tuition | \$ 2,569 | \$ 2,569 | \$ - | \$ 2,815 |
| Interest | 782 | 748 | 34 | 1,117 |
| Other Income / Grants | 15,945 | 15,945 | - | 31,211 |
| Day Care Program | 3,068 | 2,858 | 210 | 4,233 |
| Total Local Sources | 22,364 | 22,120 | 244 | 39,376 |
| State Sources | | | | |
| Restricted Grants - | | | | |
| GED Testing | 10,466 | 10,118 | 348 | 7,982 |
| Child Care | - | - | - | - |
| Total State Sources | 10,466 | 10,118 | 348 | 7,982 |
| Federal Sources | | | | |
| JTPA Nurses' Aid Grant | - | - | - | - |
| Total Federal Sources | - | - | - | - |
| TOTAL REVENUES | 32,830 | 32,238 | 592 | 47,358 |
| OTHER FINANCING SOURCES | | | | |
| Transfers In from Other Funds | - | - | - | - |
| Payments from Other Governmental Units - | | | | |
| Local Sources | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 32,830 | \$ 32,238 | \$ 592 | \$ 47,358 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/10 |
|--|---------------------------------|-----------------|--|------------------------------------|
| | ACTUAL | BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | |
| <u>INSTRUCTION</u> | | | | |
| <u>Added Needs</u> | | | | |
| High School Completion/Enrichment | | | | |
| Nonprofessional Salaries | \$ 5,436 | \$ - | \$ - | \$ 225 |
| Purchased Services | 3,653 | | | 4,051 |
| FICA/Retirement | 466 | - | - | 56 |
| Supplies and Materials | 112 | | | 581 |
| Other | 92 | - | - | 90 |
| Total Alternative Education | <u>9,759</u> | <u>9,791</u> | <u>32</u> | <u>5,003</u> |
| Total Added Needs | \$ 9,759 | \$ 9,791 | \$ 32 | \$ 5,003 |
| TOTAL INSTRUCTION | 9,759 | 9,791 | 32 | 5,003 |
| <u>SUPPORTING SERVICES</u> | | | | |
| <u>School Administration</u> | | | | |
| Professional Salaries | \$ 2,617 | \$ - | \$ - | \$ - |
| Nonprofessional Salaries | - | | | 13,608 |
| Insurance | 2,436 | | | 11,312 |
| FICA/Retirement | 633 | - | - | 3,275 |
| Other Benefits | 96 | | | 297 |
| Purchased Services | - | | | 552 |
| Supplies and Materials | 116 | - | - | 225 |
| Other | - | - | - | 36 |
| Total School Administration | <u>\$ 5,898</u> | <u>\$ 5,906</u> | <u>\$ 8</u> | <u>\$ 29,305</u> |
| <u>Daycare Program</u> | | | | |
| Nonprofessional Salaries | \$ 153 | \$ - | \$ - | \$ 37 |
| FICA/Retirement | 43 | | | 9 |
| Insurance | - | | | - |
| Other Benefits | - | - | - | 1,900 |
| Purchased Services | 2,592 | | | 5,448 |
| Supplies and Materials | - | | | - |
| Other | 295 | - | - | 270 |
| Total Daycare Program | <u>3,083</u> | <u>3,094</u> | <u>11</u> | <u>7,664</u> |
| TOTAL SUPPORTING SERVICES | \$ 8,981 | \$ 9,000 | \$ 19 | \$ 36,969 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED
TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | <u>FISCAL YEAR ENDED JUNE 30, 2011</u> | | | <u>FISCAL YEAR ENDED 6/30/10</u> |
|--|--|-------------------------|---|--|
| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | |
| <u>COMMUNITY SERVICES</u> | | | | |
| Recreation | | | | |
| Professional Salaries | \$ - | \$ - | \$ - | \$ - |
| Nonprofessional Salaries | 2,374 | | | 1,446 |
| FICA/Retirement | 582 | - | - | 324 |
| Insurance | - | | | - |
| Purchased Services | 5,073 | - | - | 10,290 |
| Supplies and Materials | 11,804 | | | 13,729 |
| Other | 341 | - | - | 1,126 |
| TOTAL COMMUNITY SERVICES | <u>20,174</u> | <u>20,204</u> | <u>30</u> | <u>26,915</u> |
| TOTAL EXPENDITURES | <u>\$ 38,914</u> | <u>\$ 38,995</u> | <u>\$ 81</u> | <u>\$ 68,887</u> |
| OTHER FINANCING USES | | | | |
| Transfers to Other Funds | - | - | - | - |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 38,914</u> | <u>\$ 38,995</u> | <u>\$ 81</u> | <u>\$ 68,887</u> |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
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FOOD SERVICE FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2011 and 2010

| | 2011 | 2010 |
|---|------------------|------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 7,574 | \$ 1,950 |
| Accounts Receivable | | |
| Federal | 4,396 | 4,339 |
| State | 4,318 | 3,733 |
| Other | 5,448 | 6,554 |
| Inventory | 4,201 | 4,081 |
| Due from Other Funds | 2,380 | 8,799 |
| TOTAL ASSETS | 28,317 | 29,456 |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | 888 | - |
| Due to Other Funds | - | - |
| Accrued Salaries and Benefits | 1,176 | 9,152 |
| Accrued Sales Tax | - | - |
| Deferred Revenue | 3,892 | 4,650 |
| TOTAL LIABILITIES | 5,956 | 13,802 |
| <u>FUND EQUITY</u> | | |
| Fund Balance, Nonspendable | 4,201 | |
| Fund Balance, Restricted | 18,160 | 15,654 |
| TOTAL FUND EQUITY | 22,361 | 15,654 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 28,317 | \$ 29,456 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**FOOD SERVICE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/10 |
|---|---------------------------------|-------------------|--|------------------------------------|
| | ACTUAL | BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | |
| REVENUES | | | | |
| Local Sources | | | | |
| Student Lunches / Breakfast | \$ 58,725 | \$ 58,752 | \$ (27) | \$ 88,195 |
| Adult Lunches | 3,925 | 4,269 | (344) | 3,673 |
| Milk and Ala Carte Sales | 5,580 | 5,578 | 2 | 8,093 |
| Other | 9,709 | 9,359 | 350 | 8,664 |
| Total Local Sources | 77,939 | 77,958 | (19) | 108,625 |
| State Sources | | | | |
| School Breakfast Program | - | - | - | 18,653 |
| School Lunch Program | 20,154 | 20,151 | 3 | 23,739 |
| Total State Sources | 20,154 | 20,151 | 3 | 42,392 |
| Federal Sources | | | | |
| Restricted - Received through State | 242,392 | 242,444 | (52) | 239,251 |
| USDA Entitlement Commodities | 26,751 | 33,000 | (6,249) | 23,103 |
| USDA Bonus Commodities | 168 | - | 168 | 1,498 |
| Total Federal Sources | 269,311 | 275,444 | (6,133) | 263,852 |
| TOTAL REVENUES | 367,404 | 373,553 | (6,149) | 414,869 |
| Other Financing Sources | | | | |
| Transfer from General Fund | - | 12,979 | (12,979) | - |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 367,404 | \$ 386,532 | \$ (19,128) | \$ 414,869 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**FOOD SERVICE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ACTUAL COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| (Continued) | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/10 |
|---|---------------------------------|-------------------|--|------------------------------------|
| | ACTUAL | BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | |
| EXPENDITURES | | | | |
| Nonprofessional Salaries | \$ 112,743 | \$ 112,868 | \$ 125 | \$118,055 |
| FICA/Retirement | 30,825 | 30,860 | 35 | 36,951 |
| Insurance | 66,324 | 66,425 | 101 | 64,807 |
| Other Benefits | 6,603 | 6,608 | 5 | 3,767 |
| Purchased Services | 18,836 | 19,326 | 490 | 26,424 |
| Supplies and Materials | 123,167 | 133,786 | 10,619 | 147,100 |
| Capital Outlay | - | - | - | - |
| Other | 2,199 | 2,450 | 251 | 2,111 |
| TOTAL EXPENDITURES | \$ 360,697 | \$ 372,323 | \$ 11,626 | \$399,215 |
| Excess of Revenues Over (Under) Expenditures | \$ 6,707 | \$ 14,209 | \$ (7,502) | \$ 15,654 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to Other Funds | \$ - | \$ - | - | \$ - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | 6,707 | 14,209 | (7,502) | 15,654 |
| FUND BALANCE, JULY 1 | 15,654 | | | - |
| FUND BALANCE, JUNE 30 | \$ 22,361 | | | \$ 15,654 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

ATHLETIC FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2011 and 2010

| | 2011 | 2010 |
|---|------------------|------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 63,418 | \$ 42,728 |
| Due From Other Funds | 1,838 | 2,271 |
| TOTAL ASSETS | \$ 65,256 | \$ 44,999 |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | - | 3,385 |
| Due to General Fund | 65,256 | 41,614 |
| TOTAL LIABILITIES | 65,256 | 44,999 |
| <u>FUND EQUITY</u> | | |
| Fund Balance, Committed | - | - |
| TOTAL FUND EQUITY | - | - |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 65,256 | \$ 44,999 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**SPECIAL REVENUE FUND - ATHLETIC FUND - STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | FISCAL YEAR ENDED JUNE 30, 2011 | | | FISCAL YEAR ENDED 6/30/10 |
|---|---------------------------------|----------------|--|------------------------------------|
| | ACTUAL | BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | |
| REVENUES | | | | |
| Admissions | \$ 46,697 | \$ 46,615 | \$ 82 | \$ 45,730 |
| Player Fees | 12,225 | 12,225 | - | 6,215 |
| Reimbursement-Cross Country | 1,839 | 1,839 | - | 3,991 |
| Reimbursement - Ski Team | 453 | 453 | - | 2,934 |
| Concessions | 9,384 | 9,383 | 1 | 9,980 |
| Interest Income | 521 | 488 | 33 | 529 |
| Other | 20,233 | 20,232 | 1 | 1,801 |
| Total Revenues | 91,352 | 91,235 | 117 | 71,180 |
| EXPENDITURES | | | | |
| Professional Salaries | 51,516 | 51,583 | 67 | 52,050 |
| Nonprofessional Salaries | 17,881 | 18,011 | 130 | 16,442 |
| Insurance | 1,316 | 1,316 | - | 2,027 |
| FICA/Retirement | 17,074 | 17,440 | 366 | 16,357 |
| Other Benefits | 165 | 165 | - | 127 |
| Purchased Services | 50,267 | 50,576 | 309 | 56,408 |
| Supplies and Materials | 21,106 | 22,778 | 1,672 | 15,378 |
| Capital Outlay | - | - | - | 6,842 |
| Other | 5,812 | 6,515 | 703 | 5,682 |
| TOTAL EXPENDITURES | 165,137 | 168,384 | 3,247 | 171,313 |
| Excess of Revenues over (Under) Expenditures | (73,785) | (77,149) | 3,364 | (100,133) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 73,785 | 77,149 | (3,364) | 100,133 |
| Operating Transfers (Out) | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 73,785 | 77,149 | (3,364) | 100,133 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | - | - | - | - |
| FUND BALANCE, JULY 1 | - | - | - | - |
| FUND BALANCE, JUNE 30 | \$ - | \$ - | \$ - | \$ - |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

CAPITAL PROJECTS FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2011 and 2010

| | 2011 | 2010 |
|---|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash and Deposits | \$ 103,150 | \$ 3,111 |
| Taxes Receivable | 10,443 | 8,836 |
| Due from Other Funds | 102,565 | 160,544 |
| TOTAL ASSETS | \$ 216,158 | \$ 172,491 |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | - | - |
| Due to Other Funds | - | - |
| TOTAL LIABILITIES | - | - |
| <u>FUND EQUITY</u> | | |
| Fund Balance, Restricted | 216,158 | 172,491 |
| TOTAL FUND EQUITY | 216,158 | 172,491 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 216,158 | \$ 172,491 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**CAPITAL PROJECTS FUND - STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | 2011 | 2010 |
|--|--------------------------|--------------------------|
| <u>REVENUES</u> | | |
| Property Taxes | \$ 110,880 | \$ 107,946 |
| Other Taxes | 975 | 654 |
| Penalties / Interest on Taxes | 429 | 424 |
| Interest | 39 | 83 |
| TOTAL REVENUES | \$ 112,323 | \$ 109,107 |
| <u>EXPENDITURES</u> | | |
| Building and Renovation | 68,607 | 42,858 |
| Equipment | - | 37,609 |
| Tax Refunds / Chargebacks | 49 | 2,694 |
| Other | - | - |
| TOTAL EXPENDITURES | 68,656 | 83,161 |
| Excess of Revenues Over (Under) Expenditures | 43,667 | 25,946 |
| OTHER FINANCING SOURCE (USES) | | |
| Operating Transfers In | - | - |
| Operating Transfers (Out) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 43,667 | 25,946 |
| FUND BALANCE, JULY 1 | 172,491 | 146,545 |
| FUND BALANCE, JUNE 30 | <u>\$ 216,158</u> | <u>\$ 172,491</u> |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

DEBT RETIREMENT FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2011 and 2010

| | 2011 | 2010 |
|---|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash and Deposits | \$ 232,739 | \$ 32,377 |
| Taxes Receivable | 46,988 | 39,653 |
| Due From General Fund | 125,555 | 208,712 |
| TOTAL ASSETS | \$ 405,282 | \$ 280,742 |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| <u>LIABILITIES</u> | | |
| Due to Other Funds | 4,100 | 4,100 |
| TOTAL LIABILITIES | 4,100 | 4,100 |
| <u>FUND EQUITY</u> | | |
| Fund Balance, Restricted | 401,182 | 276,642 |
| TOTAL FUND EQUITY | 401,182 | 276,642 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 405,282 | \$ 280,742 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | 2011 | 2010 |
|-----------------------------------|-------------------|-------------------|
| <u>REVENUES</u> | | |
| Local Sources | | |
| Property Taxes | \$ 498,649 | \$ 485,454 |
| Other Taxes | 2,643 | 2,713 |
| Penalties and Interest on Taxes | 1,927 | 1,704 |
| Interest | 362 | 295 |
| Other | - | 500 |
| Total Local Sources | \$ 503,581 | \$ 490,666 |
| State Sources | | |
| Durant | 10,225 | 68,702 |
| Total State Sources | 10,225 | 68,702 |
| TOTAL REVENUES | \$ 513,806 | \$ 559,368 |
| <u>EXPENDITURES</u> | | |
| 2007 Refunding Bonds | | |
| Principal | 290,000 | 280,000 |
| Interest | 87,797 | 99,000 |
| Fees | 1,010 | 530 |
| Total 2007 Refunding Bonds | 378,807 | 379,530 |
| Durant | | |
| Principal | 8,894 | 49,905 |
| Interest | 1,332 | 18,798 |
| Total Durant | \$ 10,226 | \$ 68,703 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | 2011 | 2010 |
|---|-------------------|-------------------|
| <u>EXPENDITURES (Continued)</u> | | |
| Other Expenditures | | |
| Tax Adjustments / Writeoffs | \$ 233 | \$ 12,078 |
| Total Other Expenditures | 233 | 12,078 |
| TOTAL EXPENDITURES | \$ 389,266 | \$ 460,311 |
| Excess of Revenues Over (Under) Expenditures | 124,540 | 99,057 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Operating Transfers In (Out) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 124,540 | 99,057 |
| FUND BALANCE, JULY 1 | 276,642 | 177,585 |
| FUND BALANCE, JUNE 30 | \$ 401,182 | \$ 276,642 |

The notes to the financial statements are an integral part of this report.

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| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

**TRUST AND AGENCY FUND - STATEMENT OF CHANGES IN ASSETS, LIABILITIES, AND
FUND BALANCE**

FISCAL YEAR ENDED JUNE 30, 2011

| | BALANCE JUNE 30, 2010 | INCREASES | DECREASES | BALANCE JUNE 30, 2011 |
|---|--------------------------------------|-------------------|-------------------|--------------------------------------|
| <u>ASSETS</u> | | | | |
| Cash, Deposits, and Investments | \$ 1,566,577 | \$ 397,088 | \$ 246,620 | 1,717,045 |
| Accounts Receivable | - | - | - | - |
| Due from Other Funds | 11,007 | - | 11,007 | - |
| TOTAL ASSETS | \$ 1,577,584 | \$ 397,088 | \$ 257,627 | \$ 1,717,045 |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Due To Students - Activities Accounts | 167,670 | 172,563 | 193,574 | 146,659 |
| Due To Other Funds | 2,797 | - | 819 | 1,978 |
| TOTAL LIABILITIES | \$ 170,467 | \$ 172,563 | \$ 194,393 | \$ 148,637 |
| <u>FUND EQUITY</u> | | | | |
| Scholarship Accounts | 1,407,117 | 224,525 | 63,234 | 1,568,408 |
| TOTAL FUND EQUITY | 1,407,117 | 224,525 | 63,234 | 1,568,408 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 1,577,584 | \$ 397,088 | \$ 257,627 | \$ 1,717,045 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

| | <u>BALANCE JUNE 30, 2010</u> | <u>RECEIPTS</u> | <u>DISBURSEMENTS</u> | <u>BALANCE JUNE 30, 2011</u> |
|-----------------------------|--------------------------------------|--------------------------|--------------------------|--------------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and Deposits | \$ 158,934 | \$ 172,563 | \$ 183,000 | \$ 148,497 |
| Due from Other Funds | 11,007 | | 11,007 | - |
| TOTAL ASSETS | <u>\$ 169,941</u> | <u>\$ 172,563</u> | <u>\$ 194,007</u> | <u>\$ 148,497</u> |
| <u>LIABILITIES</u> | | | | |
| General Funds: | | | | |
| Contingency Fund | 1,470 | - | - | 1,470 |
| Ace Tobacco Coalition | 5 | - | - | 5 |
| Ace Art Grant | 9 | - | - | 9 |
| All Building School Supply | 1,228 | - | - | 1,228 |
| Athletics Booster Club | 1,826 | - | - | 1,826 |
| Athletes in Action | 820 | 80 | - | 900 |
| Art Club | 18 | - | - | 18 |
| Archery Club | - | 1,350 | 1,350 | - |
| Band Fund | 797 | 2,332 | 3,104 | 25 |
| Bates General 5th / 6th | 1,486 | 525 | 1,226 | 785 |
| Border Wars | 2,090 | 1,480 | 2,334 | 1,236 |
| Boys Basketball | 426 | 751 | 923 | 254 |
| Business Club | 1,077 | 6,664 | 6,005 | 1,736 |
| Bus garage | - | 86 | - | 86 |
| Career Tech | 356 | - | - | 356 |
| Cheerleader Fund | 543 | - | - | 543 |
| Chess Club | 16 | - | - | 16 |
| Class of 1984 | 185 | - | - | 185 |
| Class of 1992 | 17 | - | - | 17 |
| Class of 1994 | 181 | - | - | 181 |
| Class of 1997 | 80 | - | - | 80 |
| Class of 1998 | 200 | - | - | 200 |
| Class of 1999 | 1,102 | - | - | 1,102 |
| Class of 2003 | 2,451 | - | - | 2,451 |
| Class of 2009 | 831 | - | - | 831 |
| Class of 2010 | 1,494 | - | - | 1,494 |
| Class of 2011 | 6,453 | 11,693 | 17,637 | 509 |
| Class of 2012 | 1,737 | 12,045 | 9,233 | 4,549 |
| Class of 2013 | 772 | 1,516 | 1,100 | 1,188 |
| Class of 2014 | 469 | 615 | 235 | 849 |
| Combination Lock | 849 | - | - | 849 |
| Community School Recreation | 2,298 | - | 2,298 | - |
| Cross Country | - | 1,845 | 1,839 | 6 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

| | BALANCE JUNE 30, 2010 | RECEIPTS | DISBURSEMENTS | BALANCE JUNE 30, 2011 |
|--|--------------------------------------|-----------------|----------------------|--------------------------------------|
| Desk Top Publishing | \$ 913 | \$ 484 | \$ 1,128 | \$ 269 |
| DIISD - SS / Language Arts Grant | 665 | | | 665 |
| Disk Fund | 53 | - | - | 53 |
| Drama Club | 155 | | | 155 |
| Elementary Girls Basketball | 2,418 | - | 2,418 | - |
| Football | 3,302 | 9,068 | 8,521 | 3,849 |
| Football Camp | (72) | 9,950 | 8,912 | 966 |
| Forensics Club | 163 | | | 163 |
| Forest Club | 370 | 466 | 445 | 391 |
| Forest Club - Trout Unlimited | 568 | - | 60 | 508 |
| Girls Basketball | 332 | | 237 | 95 |
| Girls Tennis | 5,702 | 5,952 | 7,650 | 4,004 |
| Girls Track | 1,226 | 1,694 | 2,146 | 774 |
| Golf Club | 10 | - | - | 10 |
| Health Careers Club | 381 | | | 381 |
| High School Bowl | 212 | 115 | 97 | 230 |
| Homework Club | 284 | | 196 | 88 |
| Junior High | - | 179 | | 179 |
| Laurel Lake Bog Project | 80 | | 80 | - |
| Library Fund | 645 | 1,142 | 367 | 1,420 |
| Majorettes | 215 | - | - | 215 |
| Maser Grant | (78) | - | - | (78) |
| MIBLSI | - | 290 | 108 | 182 |
| Middle School - Interest | 418 | - | - | 418 |
| Middle School Accelerated Learning Program | (22) | 22 | - | - |
| Middle School Art | 290 | - | - | 290 |
| Middle School Band | 325 | - | 320 | 5 |
| Middle School Economics | 2,567 | - | - | 2,567 |
| Middle School Cheerleaders | 234 | - | - | 234 |
| Middle School Crush Grams | 1,943 | - | 111 | 1,832 |
| Middle School Drama | 821 | - | - | 821 |
| DIISD - 8th Grade Grant | 855 | - | - | 855 |
| Middle School Family Living | 83 | - | - | 83 |
| Middle School General Fund | 433 | - | 414 | 19 |
| Middle School Library | 678 | - | 678 | - |
| Middle School Library Book Fair | (348) | 348 | - | - |
| Middle School Lighting Equipment Fund | 315 | - | 315 | - |
| Middle School Mrs. Steinberg's Account | 3 | | | 3 |
| Middle School Playground | 3,821 | - | 98 | 3,723 |
| Middle School Red Ribbon Grant | 150 | | | 150 |
| Middle School Special Ed Account | 4,535 | 1,155 | 785 | 4,905 |

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2011

| | BALANCE JUNE 30, 2010 | RECEIPTS | DISBURSEMENTS | BALANCE JUNE 30, 2011 |
|-----------------------------------|--------------------------------------|-------------------|----------------------|--------------------------------------|
| Middle School Student Council | \$ 5,882 | \$ 100 | \$ - | \$ 5,982 |
| Middle School Wykon Warehouse | 521 | - | 50 | 471 |
| Middle School Yearbook | 732 | - | - | 732 |
| Middle School Calculators | 151 | - | - | 151 |
| Middle School Newspaper | 206 | - | 206 | - |
| Middle School BB Tourney | 1,396 | - | 885 | 511 |
| Middle School Track | 101 | - | - | 101 |
| Stambaugh Elementary | 12,809 | 5,779 | 9,837 | 8,751 |
| National Honors Society | 306 | 567 | 529 | 344 |
| NOW Interest | 8,839 | 749 | 880 | 8,708 |
| Nutrition Grant | 300 | - | - | 300 |
| Pep Grant - Chad | 58 | - | - | 58 |
| Pom Danz | 2,308 | 2,668 | 3,349 | 1,627 |
| Project Graduation | 2,773 | 4,015 | 3,715 | 3,073 |
| Project Tell - DIISD | - | - | 293 | (293) |
| Preschool | 302 | 250 | 48 | 504 |
| SADD | 386 | - | - | 386 |
| Skiing | 1,231 | 3,578 | 2,966 | 1,843 |
| Spanish Club | 4,589 | 469 | 411 | 4,647 |
| Special Education - Carne | - | - | - | - |
| Special Projects | 76 | 2,950 | 3,026 | - |
| Special Projects (2) | 385 | 6,209 | 5,989 | 605 |
| Stambaugh - 5th Grade | 3,250 | - | 154 | 3,096 |
| Stambaugh Accelerated Reader | 7 | - | 7 | - |
| Stambaugh Band Account | 1,366 | - | 1,043 | 323 |
| Stambaugh Destination | - | - | - | - |
| Stambaugh Destination - Ima (New) | 365 | - | - | 365 |
| Stambaugh Library | 533 | 163 | 696 | - |
| String Boosters | 7,359 | 21,813 | 29,099 | 73 |
| Student Council | 11,637 | 2,210 | 1,334 | 12,513 |
| Track | (747) | 526 | - | (221) |
| Tri-Paw Lodge | 18,330 | 24,224 | 24,179 | 18,375 |
| UP BB Coaches Clinic | 631 | - | - | 631 |
| Volleyball | 3,521 | 5,247 | 5,723 | 3,045 |
| Weight Room | 200 | - | - | 200 |
| Wrestling | 216 | - | - | 216 |
| Wykon Industries | 468 | 624 | 45 | 1,047 |
| Yearbook Fund | 10,657 | 18,575 | 16,551 | 12,681 |
| Young Authors | 406 | - | - | 406 |
| Youth BB Camp | 189 | - | 189 | - |
| Due to Athletic Fund | 2,271 | - | 433 | 1,838 |
| Due to Community Schools Fund | - | - | - | - |
| TOTAL LIABILITIES | \$ 169,941 | \$ 172,563 | \$ 194,007 | \$ 148,497 |

The notes to the financial statements are an integral part of this report.

| |
|--|
| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

PROPERTY TAX DATA

FOR THE YEAR ENDED JUNE 30, 2011

| <u>YEAR LEVIED</u> | <u>LEVY</u> | <u>COLLECTIONS AND ADJUSTMENTS</u> | <u>BALANCE JUNE 30, 2011</u> |
|------------------------------|----------------------|--|--------------------------------------|
| GENERAL FUND | | | |
| 2010-11 | \$ 2,589,761 | \$ 2,369,860 | \$ 219,901 |
| 2009-10 | 2,479,206 | 2,465,371 | 13,835 |
| 2008-09 | 2,331,267 | 2,329,317 | 1,950 |
| 2007-08 | 2,260,978 | 2,260,149 | 829 |
| 2006-07 | 2,187,002 | 2,186,767 | 235 |
| TOTAL GENERAL FUND | \$ 11,848,214 | \$ 11,611,464 | \$ 236,750 |
| DEBT RETIREMENT FUND | | | |
| 2010-11 | \$ 498,649 | \$ 457,539 | \$ 41,110 |
| 2009-10 | 485,454 | 480,059 | 5,395 |
| 2008-09 | 368,298 | 368,179 | 119 |
| 2007-08 | 471,801 | 471,531 | 270 |
| 2006-07 | 446,078 | 445,985 | 93 |
| TOTAL DEBT RETIREMENT | \$ 2,270,280 | \$ 2,223,293 | \$ 46,987 |
| SINKING FUND | | | |
| 2010-11 | 110,880 | 101,769 | 9,111 |
| 2009-10 | 107,946 | 106,713 | 1,233 |
| 2008-09 | 101,310 | 101,269 | 41 |
| 2007-08 | 97,454 | 97,395 | 59 |
| 2006-07 | 92,766 | 92,766 | - |
| TOTAL SINKING FUND | \$ 510,356 | \$ 499,912 | \$ 10,444 |
| TOTAL ALL FUNDS | \$ 14,628,850 | \$ 14,334,669 | \$ 294,181 |

The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

DS Rostagno, CPA, P.C.

*101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

BOARD OF EDUCATION
West Iron County Public School District
601 Garfield Avenue
Iron River, Michigan 49903

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **The West Iron County Public School District**, Iron River, Michigan, as of and for the year ended June 30, 2011, which collectively comprise **The West Iron County Public School District**, Iron River, Michigan's basic financial statements, and have issued our report thereon dated November 09, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and with the standards prescribed by the State Treasurer.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **The West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing opinions on the effectiveness of **The West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting. Accordingly, we do not express opinions of the effectiveness of **The West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **The West Iron County Public School District**, Iron River, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of **The West Iron County Public School District**, Iron River, Michigan's financial statements that is more than inconsequential will not be prevented or detected by **The West Iron County Public School District**, Iron River, Michigan's internal control.

We consider the deficiencies described as (2011-1) and (2011-2) in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

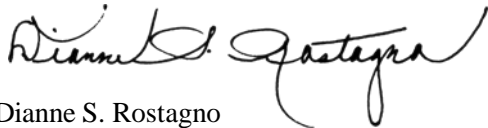
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **The West Iron County Public School District**, Iron River, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to the Board of Education of the **West Iron County Public School District** in a separate letter dated November 09, 2011.

The District's response to our findings is described in the accompanying Schedule of Findings and Responses. We did not audit the **West Iron County Public School District's** response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 09, 2011

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL AWARD FINDINGS

There were no matters to report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

(2010-1) (2009-1) (2008-1)

Ability to Prepare Financial Statements and Related Note Disclosures

Local units of government are required to possess the ability to prepare their financial statements and related disclosures in accordance with generally accepted accounting principles. Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available to Board members. The School District relies on its auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District.

The School District does not have staff with the time and the familiarity with all aspects of the reporting entity to be able to draft the financial statements and related note disclosures. Therefore, this condition is considered to be a significant deficiency.

Recommendation

The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions. The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

A similar deficiency was reported in the prior year.

(2010-2) (2009-2) (2008-2)

Audit Adjustments

The School District relies on its auditors to prepare year-end non-recurring adjusting journal entries to adjust its financial statements. Board members review and accept the adjusting entries on behalf of the District.

Recommendation and Response

Members of the Board should continue to review and approve the non-recurring entries. School District officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL STATEMENT FINDINGS
(Continued)

OTHER MATTERS

(2010-3) (2009-3)

BUDGETS

Public Act 621 of 1978, Section 17 (1), as amended, provides that a local unit shall not incur expenditures in excess of amounts appropriated.

During the prior fiscal year, the **West Iron County Public School District** had several expenditures in excess of the amounts appropriated.

Resolution

This has not been satisfactorily resolved.

Recommendation and Response

It is recommended that budgeted amounts be compared to actual expenditures and the budget amended accordingly. School officials agree and will monitor budgeted to actual expenses more closely.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

DS Rostagno, CPA, P.C.

*101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
West Iron County Public School
Iron River, Michigan 49935

Compliance

We have audited the **West Iron County Public School District's** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplemental* that could have a direct and material effect on each of the **West Iron County Public School District**, Iron River, Michigan's major federal programs for the year ended June 30, 2011. The **West Iron County Public School District**, Iron River, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the **West Iron County Public School District**, Iron River, Michigan's management. Our responsibility is to express opinions on the **West Iron County Public School District**, Iron River, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **West Iron County Public School District**, Iron River, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination on the **West Iron County Public School District**, Iron River, Michigan's compliance with those requirements.

In our opinions, the **West Iron County Public School District**, Iron River, Michigan complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the **West Iron County Public School District**, Iron River, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs.

Internal Control Over Compliance (Continued)

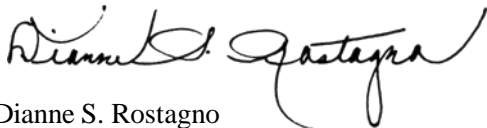
In planning and performing our audit, we considered the **West Iron County Public School District**, Iron River, Michigan's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinions on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing opinions on the effectiveness of internal control over compliance. Accordingly, we do not express opinions on the effectiveness of the **West Iron County Public School District**, Iron River, Michigan's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The **West Iron County Public School District**, Iron River, Michigan's responses to the findings in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the **West Iron County Public School District**, Iron River, Michigan's responses, and, accordingly, we express no opinions on the responses.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities, and it is not intended to be and should not be used by anyone other than these specified parties.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 09, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | ACCRUED (DEFERRED) REVENUE 7/1/2010 | (MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | ACCRUED (DEFERRED) REVENUE 6/30/2011 | ADJUST- MENTS |
|--|---------------------------|--------------------------------------|--|--|------------------------------|---|---|------------------|
| US DEPT OF EDUCATION | | | | | | | | |
| Passed Through MDE | | | | | | | | |
| Title I * | | | | | | | | |
| #101530-0910 | 84.010 | \$ 263,933 | \$ 65,087 | \$ 263,933 | \$ - | \$ 65,087 | \$ - | \$ - |
| #111530-1011 | 84.010 | 280,813 | - | - | 245,282 | 217,781 | 27,501 | 35,531 (b) |
| Total Title I | | 544,746 | 65,087 | 263,933 | 245,282 | 282,868 | 27,501 | 35,531 |
| ARRA Title I* | | | | | | | | |
| #101535-0910 | 84.389 | 38,460 | 5,277 | 38,460 | - | 5,277 | - | - |
| #111535-1011 | 84.389 | 96,489 | - | - | 96,489 | 96,489 | - | - |
| Total ARRA Title I | | 134,949 | 5,277 | 38,460 | 96,489 | 101,766 | - | - |
| Title II-A | | | | | | | | |
| Improving Teacher Quality | | | | | | | | |
| #100520-0910 | 84.367A | 87,143 | 22,124 | 87,143 | - | 22,124 | - | - |
| #110520-1011 | 84.367A | 44,085 | - | - | 44,085 | 44,085 | - | - |
| Total Title II-A | | 131,228 | 22,124 | 87,143 | 44,085 | 66,209 | - | - |
| ARRA Education | | | | | | | | |
| Stabilization Fund* | | | | | | | | |
| #112525-1011 | 84.394 | 114,764 | - | - | 114,764 | 114,764 | - | - |
| Total Ed Stabilization Fund | | 114,764 | - | - | 114,764 | 114,764 | - | - |
| Total Passed Through MDE | | \$ 925,687 | \$ 92,488 | \$ 389,536 | \$ 500,620 | \$ 565,607 | \$ 27,501 | \$ 35,531 |

| |
|---|
| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS |
| <i>FISCAL YEAR ENDED JUNE 30, 2011</i> |

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | ACCRUED (DEFERRED) REVENUE 7/1/2010 | (MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | ACCRUED (DEFERRED) REVENUE 6/30/2011 | ADJUST- MENTS |
|--|---------------------------|--------------------------------------|---|--|------------------------------|---|---|------------------|
| Passed Through ISD | | | | | | | | |
| <i>Dickinson-Iron ISD</i> | | | | | | | | |
| IDEA Flowthrough | 84.173A | \$ 29,862 | \$ - | \$ - | \$ 29,862 | \$ 29,862 | \$ - | \$ - |
| Total IDEA Flowthrough | | 29,862 | - | - | 29,862 | 29,862 | - | - |
| ARRA Special Ed Flowthrough | 81.391A | 116,602 | | | 116,602 | 116,602 | | |
| ARRA Special Ed Flowthrough | 81.391A | 9,237 | - | - | 9,237 | 9,237 | - | |
| Total ARRA Spec Ed Flowthrough | | 125,839 | - | - | 125,839 | 125,839 | - | |
| <i>Marquette-Alger ISD</i> | | | | | | | | |
| Safe and Drug Free Schools | 84.186 | 2,511 | 1,764 | 1,764 | 747 | 2,511 | - | - |
| Total Safe and Drug Free | | 2,511 | 1,764 | 1,764 | 747 | 2,511 | - | - |
| Total Passed Through ISD | | 158,212 | 1,764 | 1,764 | 156,448 | 158,212 | - | - |
| TOTAL US DEPT OF EDUCATION | | \$ 1,083,899 | \$ 94,252 | \$ 391,300 | \$ 657,068 | \$ 723,819 | \$ 27,501 | \$ 35,531 |
| US DEPT OF AGRICULTURE | | | | | | | | |
| Passed Through MDE | | | | | | | | |
| <i>Natl School Lunch-Breakfast</i> | | | | | | | | |
| #101970 | 10.553 | \$ 5,530 | \$ - | \$ - | \$ 5,530 | \$ 5,530 | \$ - | \$ - |
| #111970 | 10.553 | 46,668 | - | - | 46,668 | 46,668 | - | - |
| Total Natl School Lunch- Breakfast | | 52,198 | - | - | 52,198 | 52,198 | - | - |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | ACCRUED (DEFERRED) REVENUE 7/1/2010 | (MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | ACCRUED (DEFERRED) REVENUE 6/30/2011 | ADJUST- MENTS |
|--|---------------------------|--------------------------------------|---|--|------------------------------|---|---|------------------|
| US DEPT OF AGRICULTURE Passed Through MDE | | | | | | | | |
| <u>Section 4 Lunches</u> | | | | | | | | |
| #101950 | 10.555 | \$ 2,569 | \$ - | \$ - | \$ 2,569 | \$ 2,569 | \$ - | \$ - |
| #111950 | 10.555 | 22,186 | | | 22,186 | 22,186 | - | |
| Total Section 4 Lunches | | 24,755 | - | - | 24,755 | 24,755 | - | |
| <u>Section 11 Free & Reduced</u> | | | | | | | | |
| #101960 | 10.555 | \$ 16,957 | \$ - | \$ - | \$ 16,957 | \$ 16,957 | \$ - | \$ - |
| #111960 | 10.555 | 140,565 | | | 140,565 | 140,565 | - | |
| Total Section 11 Free & Reduced | | 157,522 | - | - | 157,522 | 157,522 | - | |
| Total National School Lunch | | 182,277 | - | - | 182,277 | 182,277 | - | |
| <u>Summer Food Service Program</u> | | | | | | | | |
| #100900 | 10.559 | 4,359 | 4,339 | 4,339 | 20 | 4,359 | - | - |
| #100900 | 10.559 | 3,090 | | | 3,090 | 3,090 | - | - |
| #101900 | 10.559 | 323 | - | - | 323 | 323 | - | - |
| #110900 | 10.559 | 80 | | | 80 | 80 | - | - |
| #111900 | 10.559 | 8 | | | 8 | 8 | - | - |
| #111900 | 10.559 | 4,396 | - | - | 4,396 | - | 4,396 | - |
| Total Summer Program | | \$ 12,256 | \$ 4,339 | \$ 4,339 | \$ 7,917 | \$ 7,860 | \$ 4,396 | \$ - |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | ACCRUED (DEFERRED) REVENUE 7/1/2010 | (MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | ACCRUED (DEFERRED) REVENUE 6/30/2011 | ADJUST- MENTS |
|--|---------------------------|--------------------------------------|---|--|------------------------------|---|---|------------------|
| US DEPT OF AGRICULTURE | | | | | | | | |
| Entitlement Commodities | 10.550 | \$ 26,751 | \$ - | \$ - | \$ 26,751 | \$ 26,751 | \$ - | \$ - |
| Bonus Commodities | 10.550 | 168 | - | - | 168 | 168 | - | - |
| Total Commodities | | 26,919 | - | - | 26,919 | 26,919 | - | - |
| TOTAL US DEPT OF AGRICULTURE | | 273,650 | 4,339 | 4,339 | 269,311 | 269,254 | 4,396 | - |
| US DEPT OF INTERIOR | | | | | | | | |
| Other Federal Assistance Passed Through County of Iron | | | | | | | | |
| Schools and Roads Grant* | 15.226 | 107,856 | - | - | 107,856 | 107,856 | - | - |
| TOTAL US DEPT OF INTERIOR | | 107,856 | - | - | 107,856 | 107,856 | - | - |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | \$ 1,465,405 | \$ 98,591 | \$ 395,639 | \$ 1,034,235 | \$ 1,100,929 | \$ 31,897 | \$ 35,531 |

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS TO FINANCIAL STATEMENTS**

FOR FISCAL YEAR ENDED JUNE 30, 2011

- (a) Summer Food Service Program for Children (CFDA #10.559) on the Grant Auditor Report does not include the award for June, 2011 in the amount of \$4,396. This is reported as revenue and as accounts receivable in the financial statements. The 2009-2010 Accounts Receivable of \$4,339 is shown incorrectly on the Grant Auditor Report as \$3,466.04 plus an adjustment of \$5.52, totaling \$3,471.56, a difference of \$867.10. Representatives from the Michigan Department of Education stated that the **West Iron County Public School District** was one of the schools that had errors on the Grant Auditor Report. They confirmed the fact that their records show the amount received by the District was \$4,339.
- (b) Unexpended balance.

| |
|--|
| WEST IRON COUNTY PUBLIC SCHOOL DISTRICT |
|--|

RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

Reconciliation

| | | |
|--|---|---|
| Financial Revenue per <u>Financial Statements:</u> General Operating Funds - Federal Sources \$ 608476 General Fund – Passed Through ISD 156448 Food Service Fund 269311 Total Federal Revenue Reported by District \$ <u>1034235</u> | Federal Revenues on Schedule of Expenditures of Federal Awards | \$ 1034235 \$ <u>1034235</u> |
|--|---|---|

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

1. *Designates Major Program
2. In accordance with OMB Circular A-133, since federal awards expended were greater than \$500,000 but less than \$10 million, Type A programs are those programs with expended funds of \$300,000 or more. Based on this threshold, there was no Type A program. The District qualified as a low risk auditee. Therefore, Title I was audited as a major program, as was the ARRA Education Stabilization Fund, and the Schools and Roads Grant, to satisfy the 25% coverage requirement.
3. Expenditures in this schedule are in agreement with amounts reported in the financial statements and the financial reports.
4. The amounts reported on the Grant Auditor Report reconcile with this schedule.
5. The amounts reported on the Recipient Entitlement Balance Report (PAL Report) agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.
6. Expenditures include spoilage or pilferage.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the **West Iron County Public School District** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

C. MAJOR PROGRAMS

Major programs were determined by a risk based approach, which includes consideration of current and prior audit expenses, oversight by federal agencies and pass-through entities, and inherent risk of the program in addition to the \$300,000 expenditure threshold. The District qualifies as a low risk auditee, under the criteria specified in OMB Circular A-133, Section 530.

D. FOOTNOTES

Please see the federal statement footnotes for the significant accounting policies applied when preparing this schedule.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not
 considered to be material weakness(es)? yes X none reported

Type of auditor's report issued on compliance for major
programs: *Unqualified*

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133? yes X no

Identification of major programs:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program of Cluster</i> |
|-----------------------|---|
| 84.010 | Title I |
| 84.389 | ARRA Title I |
| 84.394 | AARA Education Stabilization Fund |
| 15.226 | Schools and Roads Grant |

Dollar threshold used to distinguish between A and B
programs:

 \$ 300000

Auditee qualified as low-risk auditee? X yes no

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section II - Financial Statement Findings

MATERIAL WEAKNESSES

There are no matters to report.

Significant Deficiencies

(2011-1) (2010-1) (2009-1)

Ability to Prepare Financial Statements and Related Note Disclosures

Local units of government are required to possess the ability to prepare their financial statements and related disclosures in accordance with generally accepted accounting principles. Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available to Board members. The School District relies on its auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District.

The School District does not have staff with the time and the familiarity with all aspects of the reporting entity to be able to draft the financial statements and related note disclosures. Therefore, this condition is considered to be a significant deficiency.

Recommendation

The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions. The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

A similar deficiency was reported in the prior year.

(2011-2) (2010-02) (2009-2)

Audit Adjustments

Problem:

The School District relies on its auditors to prepare year-end non-recurring adjusting journal entries to adjust its financial statements. Board members review and accept the adjusting entries on behalf of the District.

Recommendation:

Members of the Board should continue to review and approve non-recurring entries.

Response:

School District officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

**Section II – Financial Statement Findings
(Continued)**

OTHER MATTERS

(2011-3) (2010-3) (2009-3)

BUDGETS

Public Act 621 of 1978, Section 17(1), as amended, provides that a local unit shall not incur expenditures in excess of amounts appropriated. In the past several fiscal years, the District has had several expenditures in excess of the amounts appropriated.

Recommendation/Response

It was recommended that budget amounts be compared to actual expenditures, and the budget be amended accordingly. This has been satisfactorily resolved.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
(Continued)**

For the Year Ended June 30, 2011

Section III – Federal Award Findings and Questioned Costs

There are no matters to report

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

Members of the Board of Education
West Iron County Public School District
Iron River, Michigan 49935

In planning and performing the audit of the financial statements of **The West Iron County Public School District**, Iron River, Michigan as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, and with the standards prescribed by the State Treasurer, we considered the District's internal control structure to plan the auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express an opinion on the effectiveness of **The West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **The West Iron County Public School District**, Iron River, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of **The West Iron County Public School District**, Iron River, Michigan's financial statements that is more than inconsequential will not be prevented or detected by **The West Iron County Public School District**, Iron River, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. They are divided into three categories: significant deficiencies, material weaknesses, and other matters.

MATERIAL WEAKNESSES

There are no matters to report.

SIGNIFICANT DEFICIENCIES

New Comments

There are no matters to report.

Significant Deficiencies Communicated in Prior Years

Ability to Prepare Financial Statements and Related Note Disclosures

Local units of government are required to possess the ability to prepare their financial statements and related disclosures in accordance with generally accepted accounting principles. Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available to Board members. The School District relies on its auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District.

The School District does not have staff with the time and the familiarity with all aspects of the reporting entity to be able to draft the financial statements and related note disclosures. Therefore, this condition is considered to be a significant deficiency.

Recommendation

The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions. The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

A similar deficiency was reported in the prior year.

Audit Adjustments

The District relies on its auditors to prepare year-end non-recurring adjusting journal entries to adjust its financial statements. Board members review and accept the adjusting journal entries on behalf of the District.

Recommendation and Response

Members of the Board should continue to review and approve non-recurring entries. District officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.

OTHER MATTERS

New Comments

There are no matters to report.

The West Iron County Public School District
Page Three

Matters Communicated in Prior Years

BUDGETS

Public Act 621 of 1978, Section 17 (1), as amended, provides that a local unit shall not incur expenditures in excess of amounts appropriated.

During the prior fiscal year, the District had several expenditures in excess of the amounts appropriated.

Recommendation

It was recommended that closer monitoring be done in regard to budgetary appropriations and expenditures.

Resolution

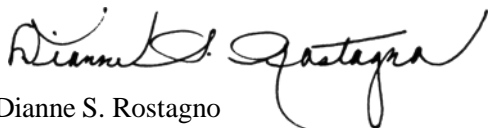
This has been satisfactorily resolved.

This letter does not affect our report dated November 09, 2011 on the financial statements of **The West Iron County Public School District**, Iron River, Michigan. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate District officials, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, or to assist you in implementing the recommendations.

It has been a pleasure working with District officials, and we wish to express our appreciation for their cooperation and assistance during the audit engagement.

This communication is intended solely for the information and use of management, those charged with governance, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 09, 2011