

**Chippewa Valley Schools
Clinton Township, Michigan**

**Financial Report
with Supplemental Information
June 30, 2011**

Chippewa Valley Schools

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Independent Auditor's Report

To the Board of Education
Chippewa Valley Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Valley Schools (the "School District") as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chippewa Valley Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Valley Schools as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

During the year, the School District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note 1. As a result of this implementation, the Athletics Fund and the Resale Fund, previously classified as special revenue funds, are now reported as a part of the General Fund. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the new classifications under GASB Statement No. 54.

The management's discussion and analysis on pages 3 through 12 and the budgetary comparison schedule are not required parts of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Education
Chippewa Valley Schools

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2011 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

October 3, 2011

Chippewa Valley Schools

Management's Discussion and Analysis

This section of Chippewa Valley Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2011. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Chippewa Valley Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund, 2005 Capital Projects Fund, 2010A Capital Projects Fund, and 2010B Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The format of the annual report is as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Supplemental Information

Reporting the School District as a Whole - District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets (deficit) and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets (deficit) - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety and maintenance of the schools, to assess the overall health of the School District.

The statement of net assets (deficit) and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, building activities, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Building Activity Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

- **Governmental Funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets (deficit) and the statement of activities) and governmental funds in a reconciliation.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

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

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. 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.

The School District as a Whole

Recall that the statement of net assets (deficit) provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets (deficit) as of June 30, 2011 and, for comparative purposes, net assets (deficit) as of June 30, 2010:

Table I	Governmental Activities	
	2011	2010
	(in millions)	
Assets		
Current and other assets	\$ 118.5	\$ 129.8
Capital assets	<u>372.2</u>	<u>369.0</u>
Total assets	490.7	498.8
Liabilities		
Current liabilities	46.9	48.6
Long-term liabilities	<u>506.0</u>	<u>510.1</u>
Total liabilities	<u>552.9</u>	<u>558.7</u>
Net Assets (Deficit)		
Invested in property and equipment - Net of related debt	(54.8)	(50.2)
Restricted	4.0	3.5
Unrestricted	<u>(11.4)</u>	<u>(13.2)</u>
Total net assets (deficit)	<u>\$ (62.2)</u>	<u>\$ (59.9)</u>

The above analysis focuses on the net assets (deficit) (see Table I). The change in net assets (deficit) of the School District's governmental activities is discussed below (see Table 2). The School District's net assets (deficit) were (\$62.2) million at June 30, 2011.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Capital assets, net of related debt totaling (\$54.8) million, compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Key reasons for the capital assets, net of related debt totaling (\$54.8) million, include the School District's participation with the School Bond Loan Fund program and the retirement of debt not equal to the current level of depreciation. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

Restricted net assets are reported separately to show legal constraints from debt covenants, the fund balance of the International Academy, and enabling legislation that limits the School District's ability to use those net assets for day-to-day operations.

The remaining amount of net assets (deficit) of (\$11.4) million was unrestricted. The (\$11.4) million in unrestricted net assets (deficit) of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets (deficit) from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2011 and, for comparative purposes, the change in net assets for fiscal year 2010.

Table 2

	Governmental Activities	
	2011	2010
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 7.1	\$ 7.4
Federal grants and entitlements	9.3	7.3
State categoricals	6.4	6.7
Operating grants	3.3	2.9
General revenue:		
Property taxes	39.8	43.0
State foundation allowance	96.0	91.4
Federal source - Unrestricted	5.4	4.4
Investment earnings and other	5.7	4.3
Total revenue	173.0	167.4

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Table 2 (Continued)

	Governmental Activities	
	2011	2010
	(in millions)	
Functions/Program Expenses		
Instruction	\$ 85.6	\$ 87.5
Support services	43.0	46.4
Community services	0.9	0.9
Building activities	2.3	1.9
Food services	3.4	3.4
Athletics	1.8	1.9
International Academy	2.2	1.5
Interest on long-term debt	23.2	21.1
Depreciation (unallocated)	12.9	11.8
Total functions/program expenses	175.3	176.4
Decrease in Net Assets	\$ (2.3)	\$ (9.0)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$175.3 million. Certain activities were partially funded from those who benefited from the programs (\$7.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$19 million). We paid for the remaining public benefit portion of our governmental activities with \$39.8 million in taxes, \$96 million in state foundation allowance, and with our other revenue, i.e., interest and general entitlements.

The School District experienced a decrease in net assets of \$2.3 million. The key reasons for the decrease in net assets are the accrued interest on the School Bond Loan Fund and School Bond Revolving Fund offset by an overall increase in the General Fund fund balance.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of School District operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it to control and manage money for particular purposes. Looking at the funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$100.8 million, which is a decrease of \$11.5 million from last year. Reasons for the decrease were the increases in fund balances in the General Fund, the Macomb International Academy, the 2010A Bond Fund, and the Building Activities Fund with offsets by the continued use of the 2005 and 2010B Bond Funds. In the 2010/2011 school year, \$15.1 million of 2010B bond money was expended, and \$1.2 million of 2005 bond money was expended. Individual Debt fund balances experienced increases and decreases while the net effect contributed to the overall decrease in fund balance for the School District. There remains \$52.8 million in the 2010B bond, \$19.7 million in the 2010A bond, and \$7.4 million in the 2005 bond to complete remaining projects. The projects for the 2010 bond issue are estimated to be 20 percent complete and the projects for the 2005 bond issue are over 95 percent complete as of June 30, 2011.

In the General Fund, our principal operating fund, the fund balance increased by \$3.8 million from \$13.2 million to \$16.9 million. The fund balance had been projected to increase by \$2.6 million but continued conservative operations and significant favorable variances in self-insured healthcare costs resulted in the larger increase in fund balance.

Special Revenue Funds include Food Service, Building Activities/Childcare, and Macomb International Academy Funds. The combined Special Revenue Funds fund balance increased by \$40,165. Food Services fund balance decreased by \$54,927, Building Activities/Childcare fund balance increased by \$18,987, and Macomb International Academy fund balance increased by \$76,105.

Combined, the Debt Service Funds showed a fund balance decrease of \$375,314. Chippewa Valley Schools continues to assess the maximum allowable millage rate to fund operations (18 mills on non-homestead property) and the required millage rate for debt retirement to participate in the School Bond Loan Fund. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt service obligations are funded by annual state appropriation. Debt Service Funds fund balance is restricted since it can only be used to pay debt service obligations.

General Fund Budgetary Highlights

Over the course of the school year, the School District revises its budget to reflect changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. Amendments to the General Fund budget were approved on December 13, 2010 and June 20, 2011. A schedule showing the School District's original and final budget compared with amounts actually received and expended is provided in the supplemental information section of these financial statements.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

The original adopted budget had Athletics and Resale excluded from the General Fund while the final amended budget had Athletics and Resale included in the General Fund due to the School District adopting GASB No. 54 as of July 1, 2010. Total projected revenue including other financing sources was increased by 4.47 percent or about \$5,860,283, while total projected expenditures including other financing uses was increased by 0.28 percent or about \$371,250, bringing projected revenue to \$136,928,924 and projected expenditures to \$134,358,504 in the final amended budget.

Revenue from original budget to final amended budget in total was increased by \$5,860,283 (4.47 percent) which included approximately:

- \$909,000 total increase in local revenue reflecting a \$143,000 decrease in property taxes, a \$182,000 decrease in interest, fees, and miscellaneous revenue, a \$326,000 increase in Medicaid from the Intermediate School District, a \$140,000 increase attributable to the sale of used school buses, and an increase of \$768,000 attributable to athletics and resale being included in the General Fund
- \$1,032,000 total increase in state revenue resulting from a \$369,000 increase in unrestricted state aid (foundation allowance), a \$327,000 increase in special education categorical funding, a \$347,000 increase resulting from first-time funding for Adair (Headlee) and CEPI, and an \$11,000 decrease in all other categorical funding
- \$3,810,000 total increase in federal revenue reflecting a \$3,542,000 increase resulting from a new federal funding source called EduJobs, a \$227,000 increase in ARRA funding for Title I and IDEA (prior year allocation not received), and a \$41,000 increase attributable to grant carryover and grant allocation adjustments
- \$109,000 total increase in transfers consisting of a \$109,000 increase from Macomb International Academy

Expenditure changes included provisions for carryover grant amounts for federal and state programs and adjustment to expenditure categories in the areas of wages, benefits, purchased services, supplies and materials, and transfers. In total, decreases amounted to \$371,250 (-0.28 percent).

Overall, when looking at major function code adjustments, the expenditure budget was increased due to the following:

- Instruction decreased \$793,000 (-0.59 percent of total increase)
- Support services increased \$2,442,000 primarily attributable to athletics and resale being included in General Fund (+1.82 of total increase)
- Community services increased \$81,000 (+0.06 percent of total increase)
- Outgoing transfers and other decreased \$1,358,000 primarily attributable to athletics being included in General Fund (-1.01 percent of total increase)

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

When comparing budget to actual figures for both revenue and expenditures, revenue was \$563,000 under projected (-0.41 percent) and expenditures were \$1,779,000 under projected (-1.32 percent). Actual expenditures were under budget in all major categories: wages (\$401,000 or -0.3 percent of the -1.32 percent total decrease), benefits (\$593,000 or -0.44 percent of the -1.32 percent total decrease), purchased services (\$476,000 or -0.35 percent of the -1.32 percent total decrease), and supplies, materials, and other (\$309,000 or -0.23 percent of the -1.32 percent total decrease). For both revenue and expenditures, approximately \$827,000 (0.60 percent of budgeted expenditures) was attributable to grant activity expected to occur during the year which did not.

Actual fund balance increased by \$3,786,849 to \$16,944,273 (projected increase was \$2,570,581 to \$15,728,005). The higher than projected increase in fund balance of \$1,216,268 is about +0.92 percent of actual expenditures. As a percentage of expenditures, fund balance increased from 9.8 to 12.8 percent.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2011, the School District had \$482 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase from last year of \$14.1 million.

	2011	2010
Land	\$ 13,092,570	\$ 13,092,570
Construction in progress	11,156,076	2,388,828
Buildings and building improvements	414,076,480	413,846,716
Buses and other vehicles	6,500,337	8,304,010
Furniture and equipment	36,916,552	30,005,653
Total capital assets	<u>\$ 481,742,015</u>	<u>\$ 467,637,777</u>

This year's net additions of approximately \$14.1 million included building additions and renovations and technology. The additions were financed primarily from the 2010B Capital Projects Fund and to a lesser degree by the 2005 Capital Projects Fund.

We anticipate capital additions in 2011-2012 will be greater than the 2010-2011 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Debt

At the end of the year, the School District had \$395.7 million in general obligation bonds outstanding versus \$419 million in the previous year - a change of approximately 5.6 percent. The decrease in outstanding debt was a result of the principal payments made on the outstanding bond issues with no new issues during the year.

Those bonds consisted of the following:

	2011	2010
General obligation bonds	<u>\$ 395,709,000</u>	<u>\$ 419,479,000</u>

The School District's general obligation bond rating was AAA per S&P and/or Fitch at its issuance. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to the debt limit. The School District's outstanding qualified general obligation debt of \$395.7 million does not apply to the \$477 million statutory limit. The School District has no unqualified general obligation debt.

In addition, the School District has accumulated debt and accrued interest of approximately \$44.2 million and \$76.7 million to be paid to Michigan's School Bond Loan Fund and Michigan's School Bond Loan Revolving Fund, respectively.

Other obligations include accrued vacation pay and sick leave, voluntary retirement supplement, and self-insurance liability. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Economic conditions and the ability of the State of Michigan to adequately fund K-12 education continue to be a concern for Chippewa Valley Schools and all school districts in Michigan for the 2011-2012 school year and beyond. The State Aid Bill for 2011-2012 was approved prior to the start of the fiscal year with unprecedented reductions in funding.

In the just completed 2010-2011 school year, the Per Pupil Foundation Allowance was reduced by \$170 but the reduction was offset by federal stimulus money to keep the State funding whole. In addition to the previous year \$170 per pupil state aid reduction, the 2011-2012 State Aid Bill reduces the foundation allowance by an additional \$300 per pupil for a total of \$470 per pupil reduction (with no offsetting federal stimulus money). However, the 2011-2012 State Aid Bill does provide for two different one-time categorical supplements of \$100 per pupil, each reducing the actual net per pupil reduction to \$270 per pupil.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

The impact of the 2011-2012 State Aid Bill shows revenue reduced by about \$7.4 million, going from \$136.9 million in 2010-11 to \$129.5 million in 2011-2012 with the elimination of ARRA federal stimulus and EduJobs funding and with the additional revenue from an expected 200 student enrollment increase. The 2011-2012 expenditures were estimated to be \$143.3 million before any reductions or employee contract adjustments. After the reductions and employee contract adjustments, 2011-2012 expenditures are now estimated to be \$133.7 million. The reduction of \$9.6 million in expenditures includes the elimination of salary schedule steps (\$2.1 million), all employees paying at least 10 percent of medical premium (\$1.4 million), some employees receiving reduced medical benefits, the reduction or elimination of cash in lieu of health payments (\$0.5 million), elimination or reduction of board paid annuity (\$1.4 million), other compensation/benefits reductions (\$2.9 million), and various program cuts (\$1.3 million).

During the past seven years, Chippewa Valley Schools has made adjustments and implemented cost-savings measures that have reduced costs by over \$18 million from what they would have otherwise been. Adjustments for the 2011-2012 school year (listed above) will have an additional positive impact on the budget of over \$9.6 million. In addition to cost reductions and savings, the School District has successfully opened several new facilities to accommodate the continued student growth in the School District. In February 2010, the community approved a bond proposal for over \$89 million which will to allow the School District to continue to invest in its facilities, technology, and equipment.

The preliminary budget revenue for the General Fund for the 2011-2012 school year adopted on June 20, 2011 includes the reduced foundation allowance, the elimination of ARRA federal stimulus and EduJobs funding as detailed above, and an enrollment increase of 200. The preliminary budget expenditures also incorporate employee contract settlement savings as detailed above, a retirement contribution rate that increases from 20.66 to 24.46 percent, and other cost adjustments. Using the factors indicated and best estimates for other factors, the adopted budget projects that expenditures will exceed revenue by \$4.2 million or 3.1 percent. Compared to the prior year final amended budget, revenue goes from \$136.9 million to \$129.5 million (a decrease of \$7.4 million or 5.4 percent) and expenditures go from \$134.4 million to \$133.7 million (a decrease of \$.6 million or .4 percent). The \$4.2 million will be covered by the fund balance.

Opportunities to enhance revenue and control costs will be monitored on an ongoing basis. Chippewa Valley Schools has managed its finances in this difficult period and has had great support from employee groups to restructure employee costs to address the changes in the funding commitment from the State of Michigan for K-12 education.

Chippewa Valley Schools

Statement of Net Assets (Deficit) June 30, 2011

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 11,508,860
Receivables:	
Accounts	243,901
Interest	591,222
Due from other governmental units	19,858,231
Inventories	71,874
Prepaid costs	2,793,605
Restricted assets (Note 3)	83,422,169
Capital assets - Net (Note 5)	372,166,680
	<hr/>
Total assets	490,656,542
Liabilities	
Accounts payable	3,064,025
Accrued payroll and other liabilities	12,116,192
Employee fringe benefits payable	1,152,120
Retirement benefits payable	2,644,955
Retainage payable	864,404
Deferred revenue (Note 4)	448,016
Long-term liabilities (Note 7):	
Due within one year	26,568,454
Due in more than one year	506,006,792
	<hr/>
Total liabilities	552,864,958
Net Assets (Deficit)	
Investment in capital assets - Net of related debt	(54,847,336)
Restricted:	
Special revenue	1,748,307
Debt service	937,088
Capital projects	1,343,758
Unrestricted	(11,390,233)
	<hr/>
Total net (deficit)	<u><u>\$ (62,208,416)</u></u>

Chippewa Valley Schools

Statement of Activities Year Ended June 30, 2011

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants/Contributions	Activities
				Net (Expense) Revenue and Changes in Net Assets (Deficit)
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 85,615,586	\$ -	\$ 12,931,473	\$ (72,684,113)
Support services	43,046,738	-	4,504,228	(38,542,510)
Community services	926,370	-	-	(926,370)
Food services	3,429,867	2,048,221	1,586,079	204,433
Building activities	2,303,505	2,322,137	-	18,632
Athletics	1,792,907	555,593	-	(1,237,314)
International academy	2,204,754	2,147,900	-	(56,854)
Interest on long-term debt	23,208,281	-	-	(23,208,281)
Depreciation (unallocated)	12,906,540	-	-	(12,906,540)
Total governmental activities	\$ 175,434,548	\$ 7,073,851	\$ 19,021,780	(149,338,917)
General revenue:				
Taxes:				
Property taxes - Levied for general purposes				14,057,115
Property taxes - Levied for debt services				25,732,770
State aid not restricted to specific purposes				96,023,587
Federal sources - Unrestricted				5,381,036
Interest and investment earnings				1,577,674
Other				4,473,581
Special item - Loss on disposal of capital assets (Note 5)				(215,070)
Total general revenue and special item				147,030,693
Change in Net Assets				(2,308,224)
Net Deficit - Beginning of year				(59,900,192)
Net Deficit - End of year				\$ (62,208,416)

Chippewa Valley Schools

Governmental Funds Balance Sheet June 30, 2011

	General Fund	2005 Capital Projects Fund	2010A Capital Projects Fund	2010B Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments (Note 3)	\$ 9,872,070	\$ -	\$ -	\$ -	\$ 1,636,790	\$ 11,508,860
Receivables:						
Accounts	236,712	-	-	-	7,189	243,901
Interest	-	-	138,219	453,003	-	591,222
Due from other governments	19,858,231	-	-	-	-	19,858,231
Due from other funds (Note 6)	140,062	-	20,000	-	1,748,677	1,908,739
Inventories	32,211	-	-	-	39,663	71,874
Prepaid costs	2,793,605	-	-	-	-	2,793,605
Restricted assets (Note 3)	-	7,359,086	19,555,079	55,578,105	929,899	83,422,169
Total assets	\$ 32,932,891	\$ 7,359,086	\$ 19,713,298	\$ 56,031,108	\$ 4,362,218	\$ 120,398,601
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 651,998	\$ -	\$ -	\$ 2,344,661	\$ -	\$ 2,996,659
Accrued payroll and other liabilities	9,519,025	-	-	-	-	9,519,025
Employee fringe benefits payable	1,152,120	-	-	-	-	1,152,120
Retirement benefits payable	2,644,955	-	-	-	-	2,644,955
Retainage payable	-	-	-	864,404	-	864,404
Due to other funds (Note 6)	1,619,625	-	-	20,000	336,480	1,976,105
Deferred revenue (Note 4)	400,895	-	-	-	47,121	448,016
Total liabilities	15,988,618	-	-	3,229,065	383,601	19,601,284
Fund Balances						
Nonspendable - Inventory and prepaid items	2,825,816	-	-	-	39,663	2,865,479
Restricted:						
Capital projects	-	7,359,086	19,713,298	52,802,043	-	79,874,427
Debt service	-	-	-	-	937,088	937,088
Cafeteria	-	-	-	-	491,287	491,287
International Academy	-	-	-	-	1,748,307	1,748,307
Committed:						
Resale activities	107,377	-	-	-	-	107,377
Accumulated employment related obligations	3,452,766	-	-	-	-	3,452,766
Building activities	-	-	-	-	762,272	762,272
Assigned - Budgeted operating deficit 2011/2012 school year	4,222,484	-	-	-	-	4,222,484
Unassigned	6,335,830	-	-	-	-	6,335,830
Total fund balances	16,944,273	7,359,086	19,713,298	52,802,043	3,978,617	100,797,317
Total liabilities and fund balances	\$ 32,932,891	\$ 7,359,086	\$ 19,713,298	\$ 56,031,108	\$ 4,362,218	\$ 120,398,601

Chippewa Valley Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets (Deficit) June 30, 2011

Fund Balance - Total Governmental Funds \$ 100,797,317

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

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

Cost of capital assets	\$ 481,742,015	
Accumulated depreciation	<u>(109,575,335)</u>	372,166,680

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

Bonds payable - Net of bond premium, bond discount, and deferred charges	(528,157,995)
Employee compensated absences	(1,496,484)
Self-insurance liability	(1,006,402)
Voluntary retirement supplement	(1,914,365)

Accrued interest payable is not included as a liability in governmental funds (2,597,167)

Net Deficit - Governmental Activities **\$ (62,208,416)**

Chippewa Valley Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2011

	General Fund	2005 Capital Projects Fund	2010A Capital Projects Fund	2010B Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Local sources	\$ 21,545,302	\$ 19,790	\$ 589,667	\$ 734,301	\$ 30,341,089	\$ 53,230,149
State sources	102,315,155	-	-	-	140,338	102,455,493
Federal sources	11,761,925	-	-	-	2,963,088	14,725,013
Interdistrict sources	-	-	-	-	2,147,900	2,147,900
Total revenue	135,622,382	19,790	589,667	734,301	35,592,415	172,558,555
Expenditures						
Current:						
Instruction	85,434,403	-	-	-	-	85,434,403
Support services	43,525,494	-	-	-	-	43,525,494
Community services	926,370	-	-	-	-	926,370
Food service	-	-	-	-	3,429,867	3,429,867
International Academy	-	-	-	-	2,204,754	2,204,754
Athletics	1,792,907	-	-	-	-	1,792,907
Building activities	-	-	-	-	2,303,505	2,303,505
Debt service:						
Principal	-	-	-	-	23,853,785	23,853,785
Interest	-	-	-	-	24,832,978	24,832,978
Other	-	-	-	-	164,918	164,918
Capital outlay	117,034	1,190,933	-	15,132,551	166,366	16,606,884
Total expenditures	131,796,208	1,190,933	-	15,132,551	56,956,173	205,075,865
Excess of Revenue Over (Under) Expenditures	3,826,174	(1,171,143)	589,667	(14,398,250)	(21,363,758)	(32,517,310)
Other Financing (Uses) Sources						
Transfers (out) in - Net	(39,325)	-	-	-	39,325	-
Long-term debt issued	-	-	-	-	20,989,284	20,989,284
Total other financing (uses) sources	(39,325)	-	-	-	21,028,609	20,989,284
Net Change in Fund Balances	3,786,849	(1,171,143)	589,667	(14,398,250)	(335,149)	(11,528,026)
Fund Balances - Beginning of year	13,157,424	8,530,229	19,123,631	67,200,293	4,313,766	112,325,343
Fund Balances - End of year	\$ 16,944,273	\$ 7,359,086	\$ 19,713,298	\$ 52,802,043	\$ 3,978,617	\$ 100,797,317

The Notes to Financial Statements are an
Integral Part of this Statement.

Chippewa Valley Schools

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

Net Change in Fund Balances - Total Governmental Funds	\$ (11,528,026)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	\$ (12,906,540)
Capitalized capital outlay	<u>16,256,362</u> 3,349,822
Loss on disposal of assets; in the statement of activities, these are recorded as a special item expense	(215,070)
Bond and debt issuances are not reported as financing sources in the statement of activities	(20,989,284)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	920,795
Amortization of deferred charges reported is not recorded as an expense in the statement of activities	(142,938)
Amortization of bond premiums and discounts are not recorded as revenue in the governmental funds	846,840
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	23,853,785
Compensated absences, as well as estimated self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was earned than paid out	<u>1,595,852</u>
Change in Net Assets of Governmental Activities	<u>\$ (2,308,224)</u>

Chippewa Valley Schools

Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2011

	Student Activities <u>Agency Fund</u>
Assets	
Cash and investments (Note 3)	\$ 755,953
Due from other funds (Note 6)	<u>70,146</u>
Total assets	<u>\$ 826,099</u>
Liabilities	
Due to student groups (Note 3)	\$ 823,319
Due to other funds (Note 6)	<u>2,780</u>
Total liabilities	<u>\$ 826,099</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School 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 are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. 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 revenue 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 as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Financial 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 interfund activity has been eliminated from the district-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

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

Special Item - Transactions within the control of management that are either unusual in nature or infrequent in occurrence are reported as special items in the statement of activities.

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

Note I - Summary of Significant Accounting Policies (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 School District.

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

The School District reports the following major governmental funds:

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

2005 Bond Capital Projects Fund - The 2005 Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

2010A Bond Capital Projects Fund - The 2010A Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

2010B Bond Capital Projects Fund - The 2010B Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following fund types:

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds include the Cafeteria Fund, International Academy, and Building Activities Fund. Revenue sources for the Cafeteria Fund include sales to customers and dedicated grants from state and federal sources. Revenue of the Building Activities Fund and International Academy consists primarily of tuition and fees charged to users. Any operating deficit generated by these activities, excluding the International Academy, is the responsibility of the General Fund.

Debt Service Funds - The School District's Debt Service Funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the related bond issues.

Fiduciary Fund - Agency Fund - The Fiduciary Fund is used to account for assets held by the School District in a trustee capacity or as an agent. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of operations. The only Fiduciary Fund is a Student Activities Fund (Agency) that is used to record the transactions of student groups for schools and school-related purposes. The funds are segregated and held in trust for students.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income is recorded in the fund for which the investment account was established.

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

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property is assessed as of December 31 and the related property taxes are levied and become a lien on July 1 of the following year. These taxes are due on September 14 with the final collection date of February 28. Taxes are considered delinquent on March 1 the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased, including United States Department of Agriculture commodities inventory received by the Cafeteria Fund. 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.

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

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for computer purchases which are deemed capital assets at a minimum purchase price of \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

Buildings and building improvements	20-50 years
Buses and other vehicles	7 years
Furniture and equipment	5-20 years

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

Fund Balance - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions* (GASB No. 54). The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. The School District implemented GASB No. 54 during the year.

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.

Note 1 - Summary of Significant Accounting Policies (Continued)

- Assigned: Intent to spend resources on specific purposes expressed by the Board of Education or Assistant Superintendent of Business Services and Operations, who is authorized by policy approved by the Board of Education to make assignments
- Unassigned: Includes the residual classification for the School District's General Fund and includes all spendable amounts not contained in the other classifications

Accounting Change - Effective July 1, 2010, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 54. In addition to the changes to fund balance discussed above, the School District changed its presentation of the athletics and resale activity in the governmental funds. Previously, the athletics and resale functions were reported as special revenue funds. With the adoption of GASB No. 54, these activities no longer met the criteria to be classified as special revenue funds and the activities are now reported in the General Fund. Neither fund had a fund balance as of June 30, 2010.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General Fund and all 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. Various administrators are authorized to transfer budgeted amounts within functions with any fund; however, any revisions that alter the total expenditures of any function must be approved by the Board of Education. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. The School District did not have any expenditure overruns. State law permits districts to amend their budgets during the year. The School District amended its budget twice during the fiscal year. These budget amendments were adopted by the school board on December 13, 2010 and June 20, 2011.

The General Fund budget is presented consistently with the original and amended budgets actually adopted by the School District. The original budget for the Athletics Fund and the Resale Fund were adopted separately; however, the final budget and the actual results are reported, as required by GASB No. 54, as part of the General Fund.

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

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance - The 2005 Capital Projects Fund, 2010A Capital Projects Fund, and 2010B Capital Projects Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Note 3 - Deposits and Investments

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

The School District has designated 20 financial institutions for the deposit of its funds.

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

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits. At year end, the School District's deposit balance of \$32,755,562 had \$12,804,073 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of federal insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law. At June 30, 2011, the School District did not hold any investment securities that were uninsured and unregistered.

Interest Rate Risk

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

Credit Risk

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

Chippewa Valley Schools

Notes to Financial Statements June 30, 2011

Note 3 - Deposits and Investments (Continued)

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

Investment	Fair Value	Weighted Average Maturities	Rating	Rating Organization
U.S. agency bonds - Series A	\$ 17,155,330	2.75 years	AAA	Standard & Poor's or Fitch
U.S. agency bonds - Series B	<u>46,322,323</u>	1.16 years	AAA	Standard & Poor's or Fitch
Total investments	<u>\$ 63,477,653</u>			

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are in U.S. agency bonds. The investment issuers and the percent of total investments of these bonds are as follows:

Issuer	Percent of Investments
Federal Home Loan Bank	28.35%
Freddie Mac	14.03%
Federal National Mortgage Association	42.18%
Federal Home Loan Mortgage Corporation	14.09%

Foreign Currency Risk

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

Chippewa Valley Schools

Notes to Financial Statements June 30, 2011

Note 4 - Receivables

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the School District has \$400,895 of deferred revenue related to grants received and tuition payments received but not yet earned and \$47,121 of deposits received for the subsequent year's food service program.

Note 5 - Capital Assets

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

	Balance July 1, 2010	Additions	Disposals and Reclassifications	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 13,092,570	\$ -	\$ -	\$ 13,092,570
Construction in progress	2,388,828	8,767,248	-	11,156,076
Subtotal	15,481,398	8,767,248	-	24,248,646
Capital assets being depreciated:				
Buildings and building improvements	413,846,716	229,764	-	414,076,480
Buses and other vehicles	8,304,010	226,215	(2,029,888)	6,500,337
Furniture and equipment	30,005,653	7,033,135	(122,236)	36,916,552
Subtotal	452,156,379	7,489,114	(2,152,124)	457,493,369
Accumulated depreciation:				
Buildings and building improvements	79,325,991	8,059,918	-	87,385,909
Buses and other vehicles	4,872,241	587,171	(1,826,899)	3,632,513
Furniture and equipment	14,407,617	4,259,451	(110,155)	18,556,913
Subtotal	98,605,849	12,906,540	(1,937,054)	109,575,335
Net capital assets being depreciated	353,550,530	(5,417,426)	(215,070)	347,918,034
Net governmental capital assets	\$ 369,031,928	\$ 3,349,822	\$ (215,070)	\$ 372,166,680

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

Construction Commitments - The School District has active construction projects at year end. The projects are reported in the 2005, 2010A, and 2010B Capital Projects Funds. At year end, the School District's commitments with contractors are as follows:

Chippewa Valley Schools

Notes to Financial Statements June 30, 2011

Note 5 - Capital Assets (Continued)

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2005 Capital Projects Fund	\$ 174,856,900	\$ 685,600
2010B Capital Projects Fund	<u>18,559,493</u>	<u>9,735,104</u>
Total	<u>\$ 193,416,393</u>	<u>\$ 10,420,704</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	<u>Fund Due From</u>				Total
	General Fund	2010B Capital Projects Fund	Other Nonmajor Governmental Funds	Fiduciary Fund	
General Fund	\$ -	\$ -	\$ 137,282	\$ 2,780	\$ 140,062
2010A Capital Projects Fund	-	20,000	-	-	20,000
Other nonmajor governmental funds	1,549,479	-	199,198	-	1,748,677
Fiduciary Fund	<u>70,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,146</u>
Total	<u>\$ 1,619,625</u>	<u>\$ 20,000</u>	<u>\$ 336,480</u>	<u>\$ 2,780</u>	<u>\$ 1,978,885</u>

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

Interfund Transfers

Transfers of \$782,839 from the General Fund to the International Academy covered the School District's tuition owed to the International Academy. The International Academy transferred \$483,514 to the General Fund to reimburse the School District for staff working at the Academy and other expenditures. A transfer of \$54,756 from the 2001 Debt Fund to the 2002 Debt Fund closed out the 2001 Debt Fund, and a transfer of \$260,000 was made from the Cafeteria Fund to the General Fund to pay for indirect costs charged.

Chippewa Valley Schools

Notes to Financial Statements June 30, 2011

Note 7 - Long-term Debt

The School District issues bonds 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, termination benefits, and certain risk liabilities.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 419,479,000	\$ -	\$ 23,770,000	\$ 395,709,000	\$ 24,012,000
Durant Non-Plaintiff Bond	653,668	-	83,785	569,883	477,936
School bond loan	42,024,601	2,173,247	-	44,197,848	-
School Loan Revolving Fund	57,931,865	18,816,037	-	76,747,902	-
Bond premium and issuance costs	14,390,295	-	875,744	13,514,551	875,744
Less bond discount	(466,026)	-	(28,904)	(437,122)	(28,904)
Less deferred refunding charges	(2,287,005)	-	(142,938)	(2,144,067)	(142,938)
Other obligations	6,013,103	11,460,230	13,056,082	4,417,251	1,374,616
Total governmental activities	<u>\$ 537,739,501</u>	<u>\$ 32,449,514</u>	<u>\$ 37,613,769</u>	<u>\$ 532,575,246</u>	<u>\$ 26,568,454</u>

Annual debt service requirements to maturity for the above general and Durant bond obligations are as follows:

	Governmental Activities				
	Principal	Interest	Interest Subsidy	Net Interest	Total - Net
2012	\$ 24,489,936	\$ 19,567,926	\$ (1,538,718)	\$ 18,029,208	\$ 42,519,144
2013	25,102,947	18,342,359	(1,538,718)	16,803,641	41,906,588
2014	24,876,000	17,271,440	(1,538,718)	15,732,722	40,608,722
2015	20,730,000	16,116,195	(1,538,718)	14,577,477	35,307,477
2016	19,800,000	15,126,982	(1,538,718)	13,588,264	33,388,264
2017-2021	100,940,000	61,695,410	(6,953,017)	54,742,393	155,682,393
2022-2026	89,715,000	38,463,283	(5,138,917)	33,324,366	123,039,366
2027-2031	55,725,000	18,667,408	(3,072,392)	15,595,016	71,320,016
2032-2035	34,900,000	4,554,500	(887,075)	3,667,425	38,567,425
Total	<u>\$ 396,278,883</u>	<u>\$ 209,805,503</u>	<u>\$ (23,744,991)</u>	<u>\$ 186,060,512</u>	<u>\$ 582,339,395</u>

Chippewa Valley Schools

Notes to Financial Statements June 30, 2011

Note 7 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following:

2002 issue - \$50,050,000 serial bonds due in final installment of \$1,775,000 on May 1, 2012; interest from 4.5 to 5.0 percent	\$ 1,775,000
2003 Refunding issue - \$58,895,000 serial bonds due in annual installments of \$2,845,000 to \$3,255,000 through May 1, 2021; interest at 5.0 percent	30,560,000
2003 School Bond Loan Refunding issue - \$34,761,580 serial bonds due in annual installments of \$4,002,000 to \$4,266,000 through May 1, 2014; fixed interest at 3.318 percent	12,399,000
2004 Refunding issue - \$19,570,000 serial bonds due in annual installments of \$1,100,000 to \$1,225,000 through May 1, 2015; interest from 3.5 to 5.0 percent	4,635,000
2005 issue - \$158,335,000 serial bonds due in annual installments of \$5,275,000 to \$6,800,000 through May 1, 2034; interest from 3.8 to 5.0 percent	136,050,000
2005 Refunding issue - \$64,285,000 serial bonds due in annual installments of \$2,425,000 to \$7,730,000 through May 1, 2027; interest at 5.0 percent	64,285,000
2006 Refunding issue - \$63,575,000 serial bonds due in annual installments of \$1,110,000 to \$8,435,000 through May 1, 2027; interest from 4.0 to 5.0 percent	57,865,000
2009 Refunding issue - \$1,410,000 serial bonds due in annual installments of \$470,000 through May 1, 2013; interest at 5.0 percent	940,000
2010 issue - Series A general obligation - unlimited tax; federally taxable - \$19,065,000 due in annual installments of \$2,675,000 to \$3,625,000 through May 1, 2016; interest from 1.15 to 4.25 percent	16,500,000
2010 issue - Series B general obligation - unlimited tax; federally taxable-Build America Bonds - direct payment - \$70,700,000 due in annual installments of \$550,000 to \$3,700,000 through May 1, 2035; interest from 5.35 to 6.85 percent with 35 percent Build America Bonds interest subsidy	<u>70,700,000</u>
Total bonded debt	<u>\$ 395,709,000</u>

Chippewa Valley Schools

Notes to Financial Statements June 30, 2011

Note 7 - Long-term Debt (Continued)

Other governmental activities long-term obligations include the following:

Employee-compensated absences	\$ 1,496,484
Voluntary retirement supplement	1,914,365
Self-insurance liability	<u>1,006,402</u>
Total	<u>\$ 4,417,251</u>

Durant Non-Plaintiff Bond - Included in Governmental Activities General Obligation Bonds is the Durant Non-Plaintiff Bond. Annual total payments (principal and interest) of \$96,333 to \$647,230 associated with this bond are funded by the State of Michigan via specifically appropriated state aid and will not require any School District debt levy or utilization of any other School District financial resources. The Durant Non-Plaintiff Bond is comprised of the following issue:

- \$1,371,786 School Improvement Bond, Series 1998 - due in annual installments of \$477,936 and \$91,947, respectively, through May 15, 2013; interest at 4.76 percent

School Bond Loan - The school bond loan payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest, at an annual rate ranging from 5.0 to 5.375 percent from July 1, 2010 to June 30, 2011, has been assessed for the year ended June 30, 2011. Repayment is required when the millage rate necessary to cover the annual bonded debt service falls below 7 mills. The School District is required to levy 7 mills and repay to the State any excess of the amount levied over the bonded debt service requirements. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Note 7 - Long-term Debt (Continued)

School Loan Revolving Fund - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005, as amended. Interest rates went into effect beginning October 1, 2005 pursuant to Public Act 92. Interest, at an annual rate ranging from 3.0 to 4.8 percent from July 1, 2010 to June 30, 2011, has been assessed for the year ended June 30, 2011. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2040. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Voluntary Retirement Supplement - The School District has a long-term voluntary retirement incentive program in place. The first yearly lump-sum payment of \$1,640,000 was made on October 1, 2010. Future yearly lump-sum payments include \$820,000 on October 1, 2011 and \$820,000 on October 1, 2012. The School District also has a long-term voluntary retirement incentive program in place that calls for a total payout of \$274,365 through June 2016 to be paid in monthly installments ranging from \$335 to \$7,370.

Debt Defeasances - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2011, \$198,880,000 of prior years' bonds outstanding are considered defeased.

Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for all claims except workers' compensation, dental, and medical. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. For dental, claims are limited to various maximum amounts which depend on employee contractual groups.

Note 8 - Risk Management (Continued)

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the district-wide statements. The School District's maximum exposure is limited to the specific stop-loss for workers' compensation claims of \$300,000. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2011</u>	<u>2010</u>
Estimated liability - Beginning of year	\$ 144,251	\$ 203,817
Estimated claims incurred - Including changes in estimates	154,887	20,325
Claim payments	<u>144,736</u>	<u>79,891</u>
Estimated liability - End of year	<u>\$ 154,402</u>	<u>\$ 144,251</u>

The School District is partially self-insured for medical benefits provided to employees. The School District's maximum loss exposure for the fiscal year ended June 30, 2011 was limited to a specific stop-loss of \$75,000 and an aggregate stop-loss at 120 percent of estimated medical claims, excluding prescription coverage, not to exceed \$11,616,752. The School District has purchased commercial excess insurance coverage to pay employee claims in excess of deductible amounts. Changes in the estimated liability for the year were as follows:

	<u>2011</u>	<u>2010</u>
Estimated liability - Beginning of year	\$ 852,121	\$ 715,833
Estimated claims incurred - Including changes in estimates	11,231,597	11,132,177
Claim payments	<u>10,514,762</u>	<u>10,995,889</u>
Estimated liability - End of year	<u>\$ 1,568,956</u>	<u>\$ 852,121</u>

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

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

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

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate for basic plan members was 10.13 percent of covered payroll for the period from July 1, 2010 through September 30, 2010 and 12.16 percent for the period from October 1, 2010 through June 30, 2011. The employer contribution rate for pension plus plan members was 10.66 for the period from October 1, 2010 through June 30, 2011. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 to 4.3 percent of gross wages, or up to 6.4 percent of gross wages for members entering the MIP Plus plan on or after July 1, 2008. The School District's required and actual contributions to the plan for the years ended June 30, 2011, 2010, and 2009 were \$9,603,056, \$8,761,033, and \$8,110,157, respectively.

**Note 9 - Defined Benefit Pension Plan and Postemployment Benefits
(Continued)**

Postemployment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.81 percent of covered payroll for the period from July 1, 2010 through September 30, 2010, 7.25 percent for the period from October 1, 2010 through October 31, 2010, and 8.50 percent for the period from November 1, 2010 through June 30, 2011. The School District's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2011, 2010, and 2009 were \$6,588,765, \$5,938,056, and \$5,577,471, respectively.

Note 10 - Upcoming Accounting Pronouncements

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. This pronouncement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The statement also amends the net asset reporting in Statement No. 34, incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure, and by renaming that measure as net position, rather than net assets. The School District is currently evaluating the impact this standard will have on the financial statements when adopted, which is expected to occur during the School District's 2012-2013 fiscal year.

Required Supplemental Information

Chippewa Valley Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 20,523,340	\$ 21,431,809	\$ 21,545,302	\$ 113,493
State sources	101,345,863	102,378,325	102,315,155	(63,170)
Federal sources	<u>8,564,438</u>	<u>12,374,549</u>	<u>11,761,925</u>	<u>(612,624)</u>
Total revenue	130,433,641	136,184,683	135,622,382	(562,301)
Expenditures - Current				
Instruction:				
Basic programs	72,465,695	71,911,465	71,650,487	(260,978)
Added needs	14,126,533	13,971,714	13,588,793	(382,921)
Adult and continuing education	300,526	216,112	195,122	(20,990)
Support services:				
Pupil	11,443,149	12,074,620	12,031,805	(42,815)
Instructional staff	4,269,176	4,218,848	4,039,212	(179,636)
General administration	766,004	791,185	691,785	(99,400)
School administration	8,269,421	8,194,470	8,179,737	(14,733)
Business services	1,979,178	1,945,470	1,934,373	(11,097)
Operations and maintenance	10,286,579	10,180,451	9,890,450	(290,001)
Transportation and maintenance	4,373,255	4,377,459	4,231,715	(145,744)
Central	2,589,309	2,564,847	2,453,571	(111,276)
Other support *	-	2,070,830	1,969,402	(101,428)
Community services	<u>977,268</u>	<u>1,058,033</u>	<u>939,756</u>	<u>(118,277)</u>
Total expenditures	131,846,093	133,575,504	131,796,208	(1,779,296)
Other Financing Sources (Uses)				
Transfers in	635,000	744,241	743,514	(727)
Transfers out	<u>(2,141,000)</u>	<u>(783,000)</u>	<u>(782,839)</u>	<u>161</u>
Total other financing uses	<u>(1,506,000)</u>	<u>(38,759)</u>	<u>(39,325)</u>	<u>(566)</u>
Net Change in Fund Balance	(2,918,452)	2,570,420	3,786,849	1,216,429
Fund Balance - July 1, 2010	<u>13,157,424</u>	<u>13,157,424</u>	<u>13,157,424</u>	<u>-</u>
Fund Balance - June 30, 2011	<u>\$ 10,238,972</u>	<u>\$ 15,727,844</u>	<u>\$ 16,944,273</u>	<u>\$ 1,216,429</u>

* Upon adoption of GASB No. 54 on July 1, 2010, the Athletics and Resale Funds became a part of the General Fund. For original budget purposes, these funds were budgeted separately from the General Fund and are therefore not included. All subsequent budget and actual results reflect the inclusion of these funds as a part of the General Fund.

Other Supplemental Information

Chippewa Valley Schools

	Special Revenue Funds			Debt Service Funds		
	Cafeteria	International Academy	Building Activities	2002 Issue	2003 Refunding Issue	2004 Refunding Issue
Assets						
Cash and investments	\$ 675,690	\$ -	\$ 961,100	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	576	1,063	412
Due from other funds	-	1,748,307	370	-	-	-
Inventories	39,663	-	-	-	-	-
Restricted assets	-	-	-	98,216	107,005	35,827
Total assets	\$ 715,353	\$ 1,748,307	\$ 961,470	\$ 98,792	\$ 108,068	\$ 36,239
Liabilities and Fund Balances						
Liabilities						
Due to other funds	\$ 137,282	\$ -	\$ 199,198	\$ -	\$ -	\$ -
Deferred revenue	47,121	-	-	-	-	-
Total liabilities	184,403	-	199,198	-	-	-
Fund Balances						
Nonspendable - Inventory and prepaid items	39,663	-	-	-	-	-
Restricted:						
Debt service				98,792	108,068	36,239
Cafeteria	491,287					
International Academy	-	1,748,307	-			
Committed - Building activities	-	-	762,272	-	-	-
Total fund balances	530,950	1,748,307	762,272	98,792	108,068	36,239
Total liabilities and fund balances	\$ 715,353	\$ 1,748,307	\$ 961,470	\$ 98,792	\$ 108,068	\$ 36,239

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

Debt Service Funds

		School Bond						
2005 Issue	2005 Refunding	Loan Refunding	2006 Refunding	2009 Refunding	2010 Series A	2010 Series B	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,636,790	
2,394	651	894	817	33	181	168	7,189	
-	-	-	-	-	-	-	1,748,677	
-	-	-	-	-	-	-	39,663	
<u>253,334</u>	<u>71,687</u>	<u>95,834</u>	<u>117,007</u>	<u>16,270</u>	<u>69,884</u>	<u>64,835</u>	<u>929,899</u>	
<u>\$ 255,728</u>	<u>\$ 72,338</u>	<u>\$ 96,728</u>	<u>\$ 117,824</u>	<u>\$ 16,303</u>	<u>\$ 70,065</u>	<u>\$ 65,003</u>	<u>\$ 4,362,218</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,480	
-	-	-	-	-	-	-	47,121	
-	-	-	-	-	-	-	383,601	
-	-	-	-	-	-	-	39,663	
255,728	72,338	96,728	117,824	16,303	70,065	65,003	937,088	
-	-	-	-	-	-	-	491,287	
-	-	-	-	-	-	-	1,748,307	
-	-	-	-	-	-	-	762,272	
<u>255,728</u>	<u>72,338</u>	<u>96,728</u>	<u>117,824</u>	<u>16,303</u>	<u>70,065</u>	<u>65,003</u>	<u>3,978,617</u>	
<u>\$ 255,728</u>	<u>\$ 72,338</u>	<u>\$ 96,728</u>	<u>\$ 117,824</u>	<u>\$ 16,303</u>	<u>\$ 70,065</u>	<u>\$ 65,003</u>	<u>\$ 4,362,218</u>	

Chippewa Valley Schools

	Special Revenue Funds			Debt Service Funds				
	Cafeteria	International Academy	Building Activities	1998 Durant	2001 Issue	2002 Issue	2003 Refunding Issue	2004 Refunding
Revenue								
Local	\$ 2,048,861	\$ -	\$ 2,322,492	\$ 96,331	\$ 1,618,477	\$ 1,185,689	\$ 3,007,879	\$ 913,255
State	140,338	-	-	-	-	-	-	-
Federal	1,445,741	-	-	-	-	-	-	-
Interdistrict	-	2,147,900	-	-	-	-	-	-
Total revenue	3,634,940	2,147,900	2,322,492	96,331	1,618,477	1,185,689	3,007,879	913,255
Expenditures								
Current:								
Food services	3,429,867	-	-	-	-	-	-	-
International Academy	-	2,204,754	-	-	-	-	-	-
Building activities	-	-	2,303,505	-	-	-	-	-
Debt service:								
Principal	-	-	-	83,785	2,550,000	1,775,000	3,255,000	1,265,000
Interest	-	-	-	12,546	576,814	638,970	2,287,351	629,270
Other	-	-	-	-	11,397	10,228	20,959	7,315
Capital outlay	-	166,366	-	-	-	-	-	-
Total expenditures	3,429,867	2,371,120	2,303,505	96,331	3,138,211	2,424,198	5,563,310	1,901,585
Excess of Revenue Over (Under) Expenditures	205,073	(223,220)	18,987	-	(1,519,734)	(1,238,509)	(2,555,431)	(988,330)
Other Financing Sources (Uses)								
Transfers in	-	782,839	-	-	-	54,756	-	-
Transfers out	(260,000)	(483,514)	-	-	(54,756)	-	-	-
Long-term debt issued	-	-	-	-	1,476,874	1,187,095	2,484,233	965,777
Total other financing (uses) sources	(260,000)	299,325	-	-	1,422,118	1,241,851	2,484,233	965,777
Net Change in Fund Balances	(54,927)	76,105	18,987	-	(97,616)	3,342	(71,198)	(22,553)
Fund Balances - Beginning of year	585,877	1,672,202	743,285	-	97,616	95,450	179,266	58,792
Fund Balances - End of year	\$ 530,950	\$ 1,748,307	\$ 762,272	\$ -	\$ -	\$ 98,792	\$ 108,068	\$ 36,239

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011**

Debt Service Funds

	2005 Issue	2005 Refunding	School Bond		2009 Refunding	2010 Series A	2010 Series B	Total
			Loan Refunding	2006 Refunding				
\$	7,302,706	\$ 1,960,110	\$ 2,671,281	\$ 3,278,103	\$ 360,278	\$ 1,854,889	\$ 1,720,738	\$ 30,341,089
	-	-	-	-	-	-	-	140,338
	-	-	-	-	-	-	1,517,347	2,963,088
	-	-	-	-	-	-	-	2,147,900
	7,302,706	1,960,110	2,671,281	3,278,103	360,278	1,854,889	3,238,085	35,592,415
	-	-	-	-	-	-	-	3,429,867
	-	-	-	-	-	-	-	2,204,754
	-	-	-	-	-	-	-	2,303,505
	5,250,000	-	3,875,000	2,765,000	470,000	2,565,000	-	23,853,785
	7,688,754	3,475,070	927,791	2,933,988	685,448	588,673	4,388,303	24,832,978
	49,089	13,301	17,849	20,042	3,156	5,823	5,759	164,918
	-	-	-	-	-	-	-	166,366
	12,987,843	3,488,371	4,820,640	5,719,030	1,158,604	3,159,496	4,394,062	56,956,173
	(5,685,137)	(1,528,261)	(2,149,359)	(2,440,927)	(798,326)	(1,304,607)	(1,155,977)	(21,363,758)
	-	-	-	-	-	-	-	837,595
	-	-	-	-	-	-	-	(798,270)
	5,521,906	1,486,268	2,091,932	2,370,330	809,217	1,374,672	1,220,980	20,989,284
	5,521,906	1,486,268	2,091,932	2,370,330	809,217	1,374,672	1,220,980	21,028,609
	(163,231)	(41,993)	(57,427)	(70,597)	10,891	70,065	65,003	(335,149)
	418,959	114,331	154,155	188,421	5,412	-	-	4,313,766
\$	255,728	\$ 72,338	\$ 96,728	\$ 117,824	\$ 16,303	\$ 70,065	\$ 65,003	\$ 3,978,617

Chippewa Valley Schools

June 30	Durant	Series A	Series B	2009	2006	2005
	Principal	2010 Issue	2010 Issue	Refunding Issue	Refunding Issue	Refunding Issue
2012	\$ 477,936	\$ 2,675,000	\$ -	\$ 470,000	\$ 2,680,000	\$ 2,685,000
2013	91,947	3,475,000	-	470,000	1,905,000	5,365,000
2014	-	3,600,000	-	-	1,890,000	5,490,000
2015	-	3,625,000	-	-	110,000	7,410,000
2016	-	3,125,000	550,000	-	115,000	7,520,000
2017	-	-	3,675,000	-	120,000	7,625,000
2018	-	-	3,675,000	-	125,000	7,730,000
2019	-	-	3,700,000	-	5,530,000	2,435,000
2020	-	-	3,675,000	-	5,615,000	2,425,000
2021	-	-	3,675,000	-	8,285,000	-
2022	-	-	3,675,000	-	8,435,000	-
2023	-	-	3,675,000	-	8,425,000	-
2024	-	-	3,700,000	-	4,345,000	3,900,000
2025	-	-	3,700,000	-	4,320,000	3,900,000
2026	-	-	3,700,000	-	4,290,000	3,900,000
2027	-	-	3,700,000	-	1,675,000	3,900,000
2028	-	-	3,700,000	-	-	-
2029	-	-	3,700,000	-	-	-
2030	-	-	3,700,000	-	-	-
2031	-	-	3,700,000	-	-	-
2032	-	-	3,700,000	-	-	-
2033	-	-	3,700,000	-	-	-
2034	-	-	3,700,000	-	-	-
2035	-	-	3,700,000	-	-	-
Total	\$ 569,883	\$ 16,500,000	\$ 70,700,000	\$ 940,000	\$ 57,865,000	\$ 64,285,000
Principal payments due	May 15	May 1	May 1	May 1	May 1	May 1
Interest payments due	May 15	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	4.76%	1.15% to 4.25%	5.35% to 6.85%	5.00%	4.0% to 5.0%	5.0%
Original issue	\$ 1,371,786	\$ 19,065,000	\$ 70,700,000	\$ 1,410,000	\$ 63,575,000	\$ 64,285,000

**Other Supplemental Information
Schedule of Bonded Indebtedness
Year Ended June 30, 2011**

2005 Issue	2004 Issue	2003 SBL Refunding Issue	2003 Refunding Issue	2002 Issue	Total
Principal	Principal	Principal	Principal	Principal	
\$ 5,275,000	\$ 1,225,000	\$ 4,002,000	\$ 3,225,000	\$ 1,775,000	\$ 24,489,936
5,300,000	1,180,000	4,131,000	3,185,000	-	25,102,947
5,325,000	1,130,000	4,266,000	3,175,000	-	24,876,000
5,350,000	1,100,000	-	3,135,000	-	20,730,000
5,400,000	-	-	3,090,000	-	19,800,000
5,450,000	-	-	3,050,000	-	19,920,000
5,500,000	-	-	3,000,000	-	20,030,000
5,575,000	-	-	2,955,000	-	20,195,000
5,650,000	-	-	2,900,000	-	20,265,000
5,725,000	-	-	2,845,000	-	20,530,000
5,800,000	-	-	-	-	17,910,000
5,875,000	-	-	-	-	17,975,000
5,950,000	-	-	-	-	17,895,000
6,025,000	-	-	-	-	17,945,000
6,100,000	-	-	-	-	17,990,000
6,175,000	-	-	-	-	15,450,000
6,250,000	-	-	-	-	9,950,000
6,325,000	-	-	-	-	10,025,000
6,400,000	-	-	-	-	10,100,000
6,500,000	-	-	-	-	10,200,000
6,600,000	-	-	-	-	10,300,000
6,700,000	-	-	-	-	10,400,000
6,800,000	-	-	-	-	10,500,000
-	-	-	-	-	3,700,000
<u>\$ 136,050,000</u>	<u>\$ 4,635,000</u>	<u>\$ 12,399,000</u>	<u>\$ 30,560,000</u>	<u>\$ 1,775,000</u>	<u>\$ 396,278,883</u>
May 1	May 1	May 1	May 1	May 1	
May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
3.8% to 5.0%	2.0% to 5.0%	3.318%	2.25% to 5.0%	4.0% to 5.5%	
<u>\$ 158,335,000</u>	<u>\$ 19,570,000</u>	<u>\$ 34,761,580</u>	<u>\$ 58,895,000</u>	<u>\$ 50,050,000</u>	