



PINCKNEY COMMUNITY SCHOOLS

celebrating lifelong learning

FINANCIAL STATEMENTS

For The Year Ended June 30, 2011

PINCKNEY COMMUNITY SCHOOLS

TABLE OF CONTENTS

For the Year Ended June 30, 2011

	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12-13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14-15
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17-18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	20
Statement of Fiduciary Net Assets	21
Notes to the Financial Statements.....	22-37
Combining Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	39
Combining Balance Sheet – Nonmajor Special Revenue Funds	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds	41
Combining Balance Sheet – Nonmajor Debt Service Funds.....	42-43
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds	44-45
Annual Disclosure Document Information.....	46-48

PINCKNEY COMMUNITY SCHOOLS

TABLE OF CONTENTS (Concluded)

For the Year Ended June 30, 2011

	<u>PAGE</u>
Appendix	
Single Audit	
Schedule of Expenditures of Federal Awards	49-51
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53
Independent Auditors' Report on Compliance With Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	54-55
Schedule of Findings and Questioned Costs	56-57

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INDEPENDENT AUDITORS' REPORT

September 21, 2011

To the Board of Education of
Pinckney Community Schools
Pinckney, Michigan

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of *Pinckney Community Schools* as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2011, on our consideration of the Pinckney Community School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the *Pinckney Community Schools* basic financial statements. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of *Pinckney Community Schools*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of *Pinckney Community Schools*. Such 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.

The Annual Disclosure Document Information on pages 46 through 48 was not audited by us, and we express no opinion on it.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$10,556,914 (*net assets*). Of this amount, \$1,186,376 is unrestricted net assets \$692,298 is reserved for debt service, and \$36,588 is reserved for other purposes.
- The government's total net assets decreased by \$1,928,106.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$43,493,847, a decrease of \$16,195,502 in comparison with the prior year. Approximately 4.4%, or \$1,934,072, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,934,072, or 5.6% percent of total general fund expenditures.

The major capital asset purchases during the current fiscal year were from the 2010 bond issue as follows:

- Computers & Technology Equipment replacement - \$3,715,994
- New High School Stadium and Equipment – \$5,534,968
- Parking Lots, Site and Playground Improvements – Pinckney Elementary - \$600,199
- Building Improvements, Parking Lots, Site and Playground Improvements – Farley Hill Elementary - \$272,225
- Building Improvements, Parking Lots, Site and Playground Improvements – Lakeland Elementary - \$198,519
- Building Improvements, Parking Lots, Site and Playground Improvements – Country Elementary - \$1,234,306
- Remodeled Board of Education Offices – \$1,174,617
- Buildings & Grounds Equipment replacement - \$57,089
- Delivery Vehicles - \$49,469
- Kitchen Equipment - \$70,872

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and three 2010 capital projects funds which are major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided for the general fund, which is a major fund, in order to demonstrate compliance with those budgets.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statements of this report.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, liabilities exceeded assets by \$10,556,914 at the close of the most recent fiscal year.

By far the largest portion of the District’s total assets reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment). Net assets invested in capital assets, net of related debt used to acquire those assets that are still outstanding resulted in a deficit of \$12,472,176 at June 30, 2011. The District uses these capital assets to provide services to the students it serves; consequently, these assets are *not* available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District’s Net Assets

	Governmental Activities	
	<u>2009 -10</u>	<u>2010-11</u>
Current and other assets	\$67,426,848	\$55,298,576
Capital assets, net	67,720,154	78,182,706
Total assets	<u>135,147,002</u>	<u>133,481,282</u>
Long-term liabilities outstanding	128,495,270	14,163,730
Other liabilities	15,280,540	19,874,466
Total liabilities	<u>143,775,810</u>	<u>144,038,196</u>
Net assets:		
Invested in capital assets, net of related debt	(11,024,189)	(12,472,176)
Restricted –debt funds	1,480,475	692,298
Other purposes	0	36,588
Unrestricted	914,906	1,186,376
Total net assets	<u>\$(8,628,808)</u>	<u>\$(10,556,914)</u>

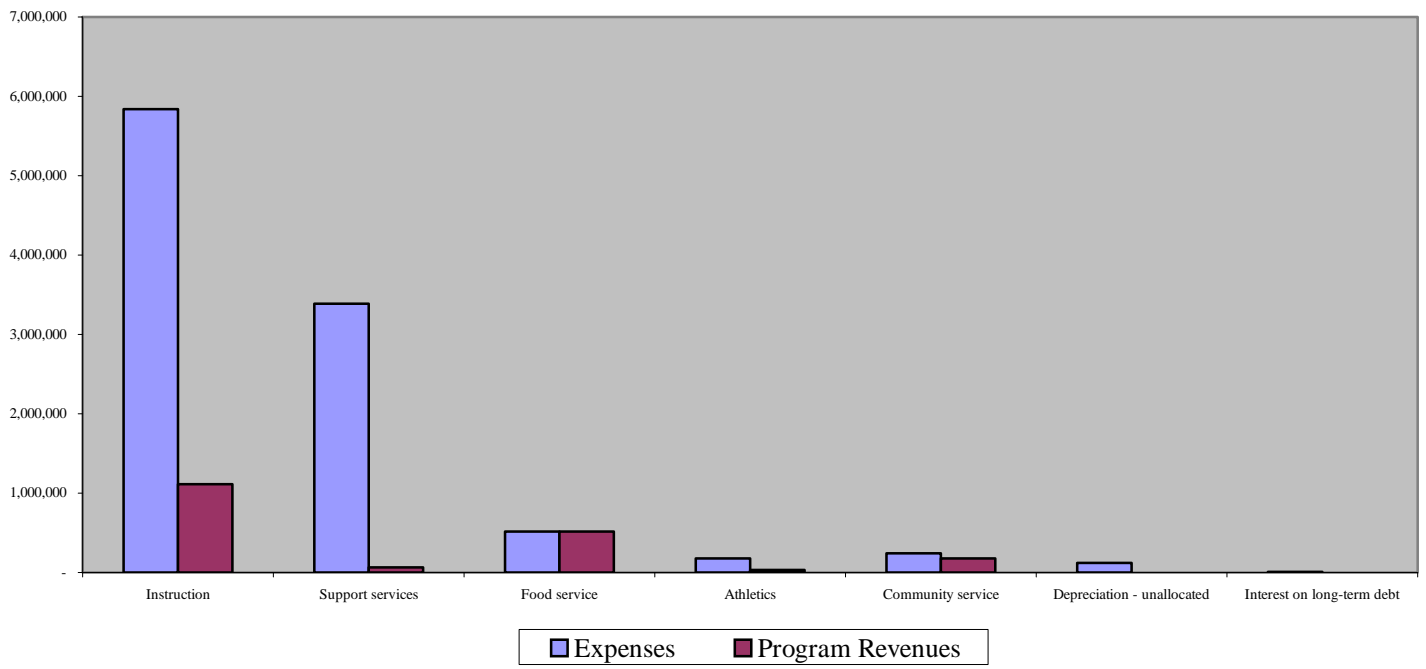
An amount of \$692,298 included in net assets of the District represents resources that are subject to external restrictions on how they may be used. The remaining balance is *unrestricted net assets* or \$1,186,376.

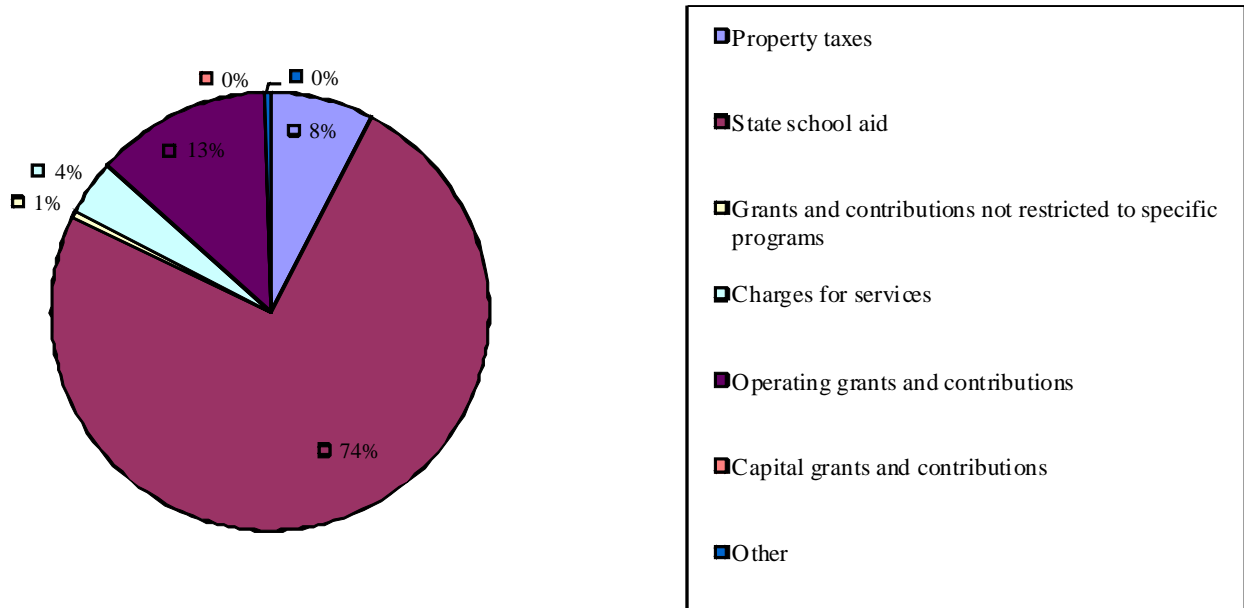
The government's net assets decreased by \$1,928,106 during the current fiscal year. Principal payments on debt are expenditures in the debt funds and not an expense in the government-wide financial statements, whereas depreciation is an expense in the government-wide financial statements and not an expenditure in the funds. The dynamics of these two elements, coupled with other ongoing expenses exceeding ongoing revenues represent the primary reasons for the net asset decrease for the fiscal year. Since the "Schools of Choice" legislation was enacted, the District's enrollment has decreased and now hovers around the 4,400 student level.

District's Changes in Net Assets

	Governmental Activities	
	<u>2009-10</u>	<u>2010-11</u>
<i>Revenues</i>		
Program revenue		
Charges for services	\$1,739,680	\$1,639,377
Operating grants and contributions	3,487,359	3,568,991
Capital Grants	165,941	0
General revenue		
Property taxes	12,682,978	11,934,318
State school aid	26,997,529	27,356,834
Other Grants and Contributions	1,293,969	1,534,106
Other	<u>169,371</u>	<u>451,112</u>
Total revenue	<u>46,536,827</u>	<u>46,484,783</u>
<i>Expenses</i>		
Instruction	23,384,546	25,723,840
Support services	14,035,873	11,504,418
Food service	1,252,568	1,254,434
Athletics	453,765	464,981
Community service	665,544	627,996
School store	9,269	9,701
Loss on disposal of assets	0	123,522
Depreciation - unallocated	2,923,796	3,493,380
Interest on long-term debt	<u>4,040,374</u>	<u>5,210,572</u>
Total expenses	<u>46,774,697</u>	<u>48,412,844</u>
Increase (decrease) in net assets	<u>(237,870)</u>	<u>(1,928,106)</u>
Net assets (deficit) beginning of year	<u>(8,390,938)</u>	<u>(8,628,808)</u>
Net assets (deficit) end of year	<u><u>\$(8,628,808)</u></u>	<u><u>\$(10,556,914)</u></u>

Expenses and Program Revenues - Governmental Activities





Revenues by Source - Governmental Activities

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$43,493,847, a decrease of \$16,195,502 in comparison with the prior year. Approximately 4.4%, or \$1,934,072 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for new spending.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,934,072, while total fund balance was \$2,767,665. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance each represent approximately 5.6 percent and 8.1 percent of total general fund expenditures, respectively.

General Fund Budgetary Highlights

Differences between the original and final amended budgets were relatively minor. Once additional information was known, subsequent budget amendments recognized additional revenue and additional planned expenditures were added to various District programs. These amendments were primarily related to state and federal funding sources and the related expense cost centers. Budget to actual comparisons were generally favorable.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2011, amounted to \$75,312,510 net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

Depreciation Expense was \$3,608,488 for the year ended June 30, 2011.

The major capital asset purchases during the current fiscal year were the following:

- Computers & Technology Equipment replacement - \$3,715,994
- New High School Stadium and Equipment – \$5,534,968
- Parking Lots, Site and Playground Improvements – Pinckney Elementary - \$600,199
- Building Improvements, Parking Lots, Site and Playground Improvements – Farley Hill Elementary - \$272,225
- Building Improvements, Parking Lots, Site and Playground Improvements – Lakeland Elementary - \$198,519
- Building Improvements, Parking Lots, Site and Playground Improvements – Country Elementary - \$1,234,306
- Remodeled Board of Education Offices – \$1,174,617
- Buildings & Grounds Equipment replacement - \$57,089
- Delivery Vehicles - \$49,469
- Kitchen Equipment - \$70,872

District's Capital Assets
(net of depreciation)
June 30, 2011

Land	\$ 1,391,855
Buildings & Bldg Improvements	62,917,645
Site Improvements	6,699,806
Vehicles	80,695
Equipment	4,222,509
Total	<u>\$75,312,510</u>

Additional information on the District's capital assets can be found in note III.B in the notes to the financial statement section of this report.

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$126,178,000.

The District's total debt principal payments were \$6,310,000 during the current fiscal year.

Additional information on the District's long-term debt can be found in note III.D in the notes to the financial statement section of this report.

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2011-12 fiscal year:

- The economical downswing has affected all Michigan School Districts over the past seven years primarily due to declining enrollment and stagnant funding. The foundation grant allowance has decreased from \$7,316 in 2010-11 to \$6,846 in 2011-12. The decrease in the foundation allowance is not enough money to keep up with our increased expenses including salaries, insurance and retirement benefits, utility costs and diesel fuel increases. We have made additional program and staff reductions in order to balance our 2011-12 budget. We understand that the State of Michigan may not be able to fully fund the \$6,846 foundation grant in 2011-12. Any reduction in the foundation grant will adversely affect programs and operations.

Inflationary trends in the region compare favorably to national indices.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent for Finance & Operations, 2130 East M-36, and Pinckney, Michigan 48169.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PINCKNEY COMMUNITY SCHOOLS

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 495,672
Investments	48,493,598
Accounts receivable	10,235
Due from other governmental units	5,650,066
Inventory and prepaids	649,005
Total current assets	<u>55,298,576</u>
Noncurrent assets:	
Deferred expenses	2,870,196
Capital assets, net	75,312,510
Total noncurrent assets	<u>78,182,706</u>
Total assets	<u>133,481,282</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	3,920,235
Due to other governmental units	91,937
Salaries payable	2,501,335
Payroll taxes and benefits payable	526,063
State aid note payable	5,152,985
Accrued expense	335,144
Deferred revenue	134,293
Accrued sick leave payable	391,474
Current portion of long-term obligations	6,821,000
Total current liabilities	<u>19,874,466</u>
Noncurrent liabilities:	
Accrued sick leave payable	587,210
Noncurrent portion of long-term obligations	123,576,520
Total noncurrent liabilities	<u>124,163,730</u>
Total liabilities	<u>144,038,196</u>
Net assets (deficit)	
Invested in capital assets, net of related debt (deficit)	(12,472,176)
Restricted for:	
Debt service	692,298
Other purposes	36,588
Unrestricted	1,186,376
Total net assets (deficit)	<u>\$ (10,556,914)</u>

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

PINCKNEY COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2011

<u>Functions / Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction:				
Basic programs	\$ 21,033,313	\$ -	\$ -	(21,033,313)
Added needs:				
Special education	3,786,083	-	2,380,299	(1,405,784)
Other added needs	904,444	5,737	79,349	(819,358)
Total instruction	<u>25,723,840</u>	<u>5,737</u>	<u>2,459,648</u>	<u>(23,258,455)</u>
Support services:				
Pupil	1,169,992	-	273,979	(896,013)
Instructional services	943,073	-	-	(943,073)
General administration	299,716	-	-	(299,716)
School administration	2,217,036	-	-	(2,217,036)
Business	841,664	-	365,677	(475,987)
Operation & maintenance	3,583,502	-	-	(3,583,502)
Pupil transportation services	1,536,224	-	-	(1,536,224)
Technology	615,813	-	-	(615,813)
Central	244,208	-	-	(244,208)
Services to other schools	53,190	-	-	(53,190)
Total supporting services	<u>11,504,418</u>	<u>-</u>	<u>639,656</u>	<u>(10,864,762)</u>
Food service	<u>1,254,434</u>	<u>787,630</u>	<u>463,187</u>	<u>(3,617)</u>
Athletics	<u>464,981</u>	<u>229,299</u>	<u>-</u>	<u>(235,682)</u>
Community service	<u>627,996</u>	<u>608,408</u>	<u>6,500</u>	<u>(13,088)</u>
School store	<u>9,701</u>	<u>8,303</u>	<u>-</u>	<u>(1,398)</u>
Depreciation - unallocated	<u>3,493,380</u>	<u>-</u>	<u>-</u>	<u>(3,493,380)</u>
Loss on disposal of capital assets - unallocated	<u>123,522</u>	<u>-</u>	<u>-</u>	<u>(123,522)</u>
Interest on long-term debt	<u>5,210,572</u>	<u>-</u>	<u>-</u>	<u>(5,210,572)</u>
Total governmental activities	<u>\$ 48,412,844</u>	<u>\$ 1,639,377</u>	<u>\$ 3,568,991</u>	<u>(43,204,476)</u>

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

PINCKNEY COMMUNITY SCHOOLS
Statement of Activities (Concluded)
For the Year Ended June 30, 2011

	Governmental Activities
Changes in net assets	
Net expense	\$ (43,204,476)
General revenues:	
Property taxes	11,934,318
State school aid	27,356,834
Grants and contributions not restricted to specific programs	1,534,106
Other	440,733
Unrestricted investment earnings	10,379
Total general revenues	41,276,370
Change in net assets	(1,928,106)
Net assets (deficit), beginning of year	(8,628,808)
Net assets (deficit), end of year	\$ (10,556,914)

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

FUND FINANCIAL STATEMENTS

PINCKNEY COMMUNITY SCHOOLS

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

	General Fund	2010 Series A Capital Projects	2010 Series B Capital Projects	2010 Series C Capital Projects
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 346,606	\$ 16,011	\$ 11,534	\$ 188
Investments	4,909,120	10,381,549	13,394,221	19,126,293
Accounts receivable	-	-	-	-
Due from other funds	-	-	219,859	-
Due from other governmental units	5,628,407	-	-	-
Inventory and prepaid expenditures	615,593	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 11,499,726	\$ 10,397,560	\$ 13,625,614	\$ 19,126,481
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 127,902	\$ 65,150	\$ 840,439	\$ 2,026,911
Due to other governments	91,872	-	-	-
Due to other funds	15,323	119,025	-	100,834
State aid note payable	5,152,985	-	-	-
Salaries payable	2,492,249	-	-	-
Payroll taxes and benefits payable	526,063	-	-	-
Accrued expenses	304,891	-	-	-
Deferred revenue	20,776	-	-	-
Total liabilities	<hr/> 8,732,061	<hr/> 184,175	<hr/> 840,439	<hr/> 2,127,745
 Fund Balances				
Nonspendable	615,593	-	-	-
Restricted	-	10,213,385	12,785,175	16,998,736
Committed	218,000	-	-	-
Unassigned	1,934,072	-	-	-
Total fund balances	<hr/> 2,767,665	<hr/> 10,213,385	<hr/> 12,785,175	<hr/> 16,998,736
	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 11,499,726	\$ 10,397,560	\$ 13,625,614	\$ 19,126,481

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

Other Governmental Funds	Total Governmental Funds
\$ 121,333	\$ 495,672
682,415	48,493,598
10,235	10,235
19,823	239,682
21,659	5,650,066
33,412	649,005
<hr/>	
\$ 888,877	\$ 55,538,258
<hr/> <hr/>	

\$ 2,570	\$ 3,062,972
65	91,937
4,500	239,682
-	5,152,985
9,086	2,501,335
-	526,063
30,253	335,144
113,517	134,293
<hr/>	
159,991	12,044,411
<hr/>	

33,412	649,005
695,474	40,692,770
-	218,000
-	1,934,072
<hr/>	
728,886	43,493,847
<hr/>	
\$ 888,877	\$ 55,538,258
<hr/> <hr/>	

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

Fund balances - total governmental funds	\$	43,493,847
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Amounts reported for *governmental activities* in the statement of net assets are different because:

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

Add - capital assets		129,558,899
Deduct - accumulated depreciation on capital assets		(54,246,389)
Add - unamortized portion of deferred expenses of bond issuance		2,870,196

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

Deduct - bonds payable		(128,793,538)
Deduct - accrued interest on bonds payable		(857,263)
Deduct - unamortized premium related to bond issuance		(1,603,982)
Deduct- compensated absences		(978,684)

Net assets (deficit) of governmental activities	\$	(10,556,914)
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The accompanying notes are an integral part of these financial statements.

PINCKNEY COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and

Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2011

	General Fund	2010 Series A Capital Projects	2010 Series B Capital Projects	2010 Series C Capital Projects
Revenues				
Local sources:				
Property taxes	\$ 3,852,589	\$ -	\$ -	\$ -
Other local sources	130,273	137,772	41,211	179,783
State sources	28,739,546	-	-	-
Federal sources	2,252,808	-	-	-
Interdistrict sources	612,681	-	-	-
Other sources	325,786	-	-	-
Total revenues	<u>35,913,683</u>	<u>137,772</u>	<u>41,211</u>	<u>179,783</u>
Expenditures				
Instruction:				
Basic programs	18,292,239	-	-	-
Added needs:				
Special education	3,786,083	-	-	-
Other added needs	900,590	-	-	-
Total instruction	<u>22,978,912</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:				
Pupil	1,169,992	-	-	-
Instructional services	943,073	-	-	-
General administration	299,716	-	-	-
School administration	2,193,544	-	-	-
Business	721,832	-	-	-
Operation & maintenance	3,510,477	-	-	-
Pupil transportation services	1,536,224	-	-	-
Technology	607,694	-	-	-
Central	244,208	-	-	-
Services to other schools	53,190	-	-	-
Total support services	<u>11,279,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Food service	-	-	-	-
Athletics	-	-	-	-
School store	-	-	-	-
Community service	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Capital outlay	-	1,978,349	2,122,715	13,053,646
Total expenditures	<u>34,258,862</u>	<u>1,978,349</u>	<u>2,122,715</u>	<u>13,053,646</u>
Revenues over (under) expenditures	<u>1,654,821</u>	<u>(1,840,577)</u>	<u>(2,081,504)</u>	<u>(12,873,863)</u>
Other financing sources (uses)				
Transfers out	(235,682)	-	-	-
Transfers in	-	-	-	-
School Bond Loan Fund proceeds	-	-	-	-
Total other financing sources (uses)	<u>(235,682)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,419,139	(1,840,577)	(2,081,504)	(12,873,863)
Fund balance, beginning of year	1,348,526	12,053,962	14,866,679	29,872,599
Fund balance, end of year	<u>\$ 2,767,665</u>	<u>\$ 10,213,385</u>	<u>\$ 12,785,175</u>	<u>\$ 16,998,736</u>

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

	Other Governmental Funds	Total Governmental Funds
\$	8,082,519	\$ 11,935,108
	1,596,834	2,085,873
	65,176	28,804,722
	396,656	2,649,464
	-	612,681
	71,104	396,890
	<u>10,212,289</u>	<u>46,484,738</u>
	-	18,292,239
	-	3,786,083
	-	900,590
	-	<u>22,978,912</u>
	-	1,169,992
	-	943,073
	-	299,716
	-	2,193,544
	-	721,832
	-	3,510,477
	-	1,536,224
	-	607,694
	-	244,208
	-	53,190
	-	<u>11,279,950</u>
	1,251,176	1,251,176
	464,981	464,981
	9,701	9,701
	627,996	627,996
	6,310,000	6,310,000
	5,218,352	5,218,352
	-	17,154,710
	<u>13,882,206</u>	<u>65,295,778</u>
	<u>(3,669,917)</u>	<u>(18,811,040)</u>
	-	(235,682)
	235,682	235,682
	2,615,538	2,615,538
	<u>2,851,220</u>	<u>2,615,538</u>
	(818,697)	(16,195,502)
	<u>1,547,583</u>	<u>59,689,349</u>
\$	<u>728,886</u>	\$ <u>43,493,847</u>

PINCKNEY COMMUNITY SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ (16,195,502)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	14,373,949
Deduct - depreciation expense	(3,608,488)
Deduct - loss on disposal of capital assets	(123,522)

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

Add - amortization of premium on bond refunding	100,249
Deduct - amortization of deferred bond cost	(179,387)
Add - principal payments on long-term liabilities	6,310,000
Deduct - increase in interest expense on government wide statements	(9,176)
Deduct - increase in interest expense on School Bond Loan fund	(23,738)
Deduct - proceeds from School Bond Loan Fund	(2,615,538)

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

Add - decrease in the accrual for compensated absences	43,047
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Change in net assets of governmental activities	\$ (1,928,106)
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The accompanying notes are an integral part of these financial statements.

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

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Local sources:				
Property taxes	\$ 3,737,700	\$ 3,866,300	\$ 3,852,589	\$ (13,711)
Other local sources	69,000	129,200	130,273	1,073
State sources	29,389,545	28,711,824	28,739,546	27,722
Federal sources	632,857	2,283,888	2,252,808	(31,080)
Interdistrict sources	529,000	699,000	612,681	(86,319)
Other sources	151,000	327,000	325,786	(1,214)
Total revenues	34,509,102	36,017,212	35,913,683	(103,529)
Expenditures				
Instruction:				
Basic programs	17,954,072	18,378,420	18,292,239	(86,181)
Added needs:				
Special education	3,823,394	3,790,105	3,786,083	(4,022)
Other added needs	961,368	933,147	900,590	(32,557)
Total instruction	22,738,834	23,101,672	22,978,912	(122,760)
Support services:				
Pupil	1,282,045	1,187,928	1,169,992	(17,936)
Instructional services	1,007,694	1,023,117	943,073	(80,044)
General administration	340,338	317,188	299,716	(17,472)
School administration	2,173,727	2,210,072	2,193,544	(16,528)
Business	576,214	737,587	721,832	(15,755)
Operation & maintenance	3,666,914	3,598,559	3,510,477	(88,082)
Pupil transportation services	1,525,900	1,565,900	1,536,224	(29,676)
Technology	645,691	624,118	607,694	(16,424)
Central	242,643	251,663	244,208	(7,455)
Services to other schools	69,102	62,545	53,190	(9,355)
Total support services	11,530,268	11,578,677	11,279,950	(298,727)
Total expenditures	34,269,102	34,680,349	34,258,862	(421,487)
Revenues over expenditures	240,000	1,336,863	1,654,821	317,958
Other financing uses				
Transfers out - Athletic Fund	(240,000)	(243,102)	(235,682)	(7,420)
Net change in fund balances	-	1,093,761	1,419,139	325,378
Fund balance, beginning of year	1,348,526	1,348,526	1,348,526	-
Fund balance, end of year	\$ 1,348,526	\$ 2,442,287	\$ 2,767,665	\$ 325,378

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

PINCKNEY COMMUNITY SCHOOLS
Statement of Fiduciary Net Assets
June 30, 2011

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 420,380
Accounts receivable	<u>6,274</u>
TOTAL ASSETS	<u>\$ 426,654</u>
LIABILITIES	
Due to student groups	\$ 425,275
Due to other governments	<u>1,379</u>
TOTAL LIABILITIES	<u>\$ 426,654</u>

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

NOTES to the FINANCIAL STATEMENTS

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Pinckney Community Schools (the “District”) has followed the guidelines of the Governmental Accounting Standards Board’s Statement No. 14 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended 2010.

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

The *2010 Series A, Series B and Series C capital projects funds* account for the proceeds of three separate bond issues and the related expenditures thereon.

Additionally, the District reports the following fund types:

The *food service fund* accounts for the activities of the food service operation at the various cafeteria locations. The District charges users primarily for the direct costs of this program, which is subsidized by state and federal grants.

The *athletics fund* accounts for the various athletic programs sponsored by the District.

The *school store fund* accounts for the revenues and expenditures of the high school store operation.

The *community service fund* accounts for the revenue and expenditures of child care and other community education programs and projects.

The *debt service funds* account for the principal and interest payments on these bonds used to finance various construction projects in the District.

The *agency fund* accounts for assets held for other groups and organizations and is custodial in nature.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, except those levied to repay bonded debt.

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

D. Assets, liabilities and equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair market value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). There were no interfund advance loans outstanding at June 30, 2011.

3. Inventory and Prepaid Items

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund and School Service Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Payments made to vendors for services that will benefit future periods are reported as prepaid items.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

4. *Capital assets*

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	45
Equipment	5-20
Vehicles	5-10

5. *Compensated absences*

The District records a liability at fiscal year end for vacation pay earned but not taken as of that date. Employees are also compensated for unused sick days; accordingly, a liability is recorded at fiscal year end for such unused time. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

6. *Long-term obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net assets. Where applicable, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

7. *Fund equity*

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgetary information**

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

The General and Special Revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the General and Special Revenue Funds are adopted on a functional basis.

B. **Excess of expenditures over appropriations**

Expenditures in excess of budgeted amounts at the legal level of control, if any, are disclosed in the Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General fund.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets follows:

Statement of Net Assets:

Cash and cash equivalents	\$	495,672
Investments		48,493,598
		<u>48,989,270</u>

Statement of Fiduciary Net Assets -

Cash and cash equivalents		420,380
	\$	<u><u>49,409,650</u></u>

Bank deposits (checking accounts, savings accounts and CDs)	\$	5,339,545
Investments		44,065,505
Cash on hand		4,600
	\$	<u><u>49,409,650</u></u>

Statutory Authority

State statutes authorize the District to invest in:

- (a) Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- (b) Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- (e) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

- (f) Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of these types of investments.

Investment and deposit risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$1,785,515 of the District's bank balance of \$5,608,058 was exposed to custodial credit risk because it was uninsured and uncollateralized. The book value of these deposits was \$5,339,545 at June 30, 2011.

Custodial Credit Risk – Investments. Following is a summary of the District's investments as of June 30, 2011:

U.S agencies	\$ 24,040,572
Commercial paper	12,323,364
MBIA	2,163,650
Mutual funds	<u>5,537,919</u>
	<u><u>\$ 44,065,505</u></u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. The District's policy regarding custodial credit risk states that investment institutions to be authorized must be capitalized at no less than \$10,000,000.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

As of June 30, 2011, the District's investments were rated by Standard and Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Commercial paper</u>	<u>MBIA</u>	<u>Mutual funds</u>
AAAm	\$ -	\$ -	\$ 2,163,650	\$ 5,537,919
AAA	-	24,040,572	-	-
A-1+	6,399,349	-	-	-
A-1	5,924,015	-	-	-
	<u>\$ 12,323,364</u>	<u>\$ 24,040,572</u>	<u>\$ 2,163,650</u>	<u>\$ 5,537,919</u>

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. At June 30, 2011, the District had greater than 5% of its total investments concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	17.5 %
U.S. agencies	Federal Home Loan Mortgage Corp	14.9
U.S. agencies	Federal National Mortgage Assoc	22.2

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2011, maturities of the District's investments in federal agencies and commercial paper were as follows.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
U.S. agencies	\$ 24,040,572	\$ 15,788,030	\$ 8,252,542
Commercial paper	12,323,364	12,323,364	-
	<u>\$ 36,363,936</u>	<u>\$ 28,111,394</u>	<u>\$ 8,252,542</u>

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

B. Capital assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated - land	\$ 1,391,855	\$ -	\$ -	\$ 1,391,855
Capital assets being depreciated:				
Building and improvements	103,220,836	5,036,489	628,184	107,629,141
Site improvements	5,601,456	5,371,026	134,978	10,837,504
Equipment	5,562,303	3,916,965	51,601	9,427,667
Vehicles	223,263	49,469	-	272,732
Total capital assets being depreciated	<u>114,607,858</u>	<u>14,373,949</u>	<u>814,763</u>	<u>128,167,044</u>
Less accumulated depreciation for:				
Buildings and improvements	42,573,151	2,701,086	562,741	44,711,496
Site improvements	3,862,070	354,265	78,637	4,137,698
Equipment	4,714,724	540,297	49,863	5,205,158
Vehicles	179,197	12,840	-	192,037
Total accumulated depreciation	<u>51,329,142</u>	<u>3,608,488</u>	<u>691,241</u>	<u>54,246,389</u>
Total capital assets being depreciated, net	<u>63,278,716</u>	<u>10,765,461</u>	<u>123,522</u>	<u>73,920,655</u>
Governmental activities capital assets, net	<u>\$ 64,670,571</u>	<u>\$ 10,765,461</u>	<u>\$ 123,522</u>	<u>\$ 75,312,510</u>

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Instruction:

Basic programs	\$ 3,360
Added needs - other	3,854

Support services:

School administration	23,492
Operation and maintenance	73,025
Technology	8,119
Food service	3,258
Depreciation - unallocated	<u>3,493,380</u>

Total depreciation expense - governmental activities	<u><u>\$ 3,608,488</u></u>
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C. Interfund receivables, payables and transfers

The following balances at June 30, 2011, represent individual fund interfund receivables and payables:

	Interfund Receivables	Interfund Payables
Due To/From Other Funds:		
General fund	\$ -	\$ 15,323
2010 Series A capital projects fund	-	119,025
2010 Series B capital projects fund	219,859	-
2010 Series C capital projects fund	-	100,834
Nonmajor funds	<u>19,823</u>	<u>4,500</u>
Total	<u><u>\$ 239,682</u></u>	<u><u>\$ 239,682</u></u>

The District reports interfund balances between certain funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily 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.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

For the year then ended, interfund transfers consisted of the following:

Transfer from general fund to nonmajor funds	<u>\$235,682</u>
--	-------------------------

For the year ended June 30, 2011, the District transferred funds to subsidize the athletic program.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-Term Debt

Long-term debt of the District consists of the following:

	Balance July 1, 2010	Increases	(Decreases)	Balance June 30, 2011	Due Within One Year
Bonds payable	\$ 132,488,000	\$ -	\$ (6,310,000)	\$ 126,178,000	\$ 6,821,000
Premium on bonds	1,704,231	-	(100,249)	1,603,982	-
School bond loan					
principal	-	2,615,538	-	2,615,538	-
Compensated absences	1,021,731	-	(43,047)	978,684	391,474
Totals	\$ 135,213,962	\$ 2,615,538	\$ (6,453,296)	\$ 131,376,204	\$ 7,212,474

Bonds payable at June 30, 2011 are as follows:

\$14,485,000 2003 Bond refunding of 1978 and 1993 building and site serial bonds due in annual installments of \$1,070,000 to \$1,115,000 through May 2014; interest from 3.75% to 5.00%. The defeased bonds outstanding on the original issues is \$9,115,000.	\$ 3,275,000
\$21,120,960 2003 School Bond Loan fund refunding bonds due in annual installments ranging from \$2,431,000 to \$2,592,000 through May 2014; interest at 3.318%.	7,533,000
\$58,705,000 2004 Bond refunding of a portion of the 1997 building and site serial bonds due in annual installments of \$2,740,000 to \$3,155,000 through May 2027; interest from 3.75% to 5.00%. The defeased bonds outstanding on the original issue is \$56,650,000.	48,225,000

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

\$7,980,000 2010 School Bond Loan fund refunding bonds due in annual installments ranging from \$255,000 to \$3,125,000 through May 2016; interest from 1.60% to 4.125%.	7,980,000
\$12,190,000 2010 School Building and Site Bonds, Series A due in annual installments ranging from \$325,000 to \$2,475,000 through May 2020; interest from 1.60% to 5.40%	11,890,000
\$15,000,000 2010 School Building and Site Bonds, Series B due in annual installments ranging from \$5,000,000 to \$10,000,000 through May 2027; interest from 6.50% to 6.60%	15,000,000
\$32,275,000 2010 School Building and Site Bonds, Series C due in annual installments ranging from \$3,675,000 to \$4,300,000 through May 2035; interest from 6.45% to 6.55%	32,275,000
Total bonded debt	<u>\$ 126,178,000</u>

BOND DEBT SERVICE REQUIREMENTS

The annual requirements to service the bonds outstanding to maturity, including both principal and interest, are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,821,000	\$ 6,594,337	\$ 13,415,337
2013	7,395,000	6,348,147	13,743,147
2014	8,002,000	6,083,307	14,085,307
2015	7,455,000	5,801,729	13,256,729
2016	7,670,000	5,523,089	13,193,089
2017-2021	23,650,000	23,358,043	47,008,043
2022-2026	19,975,000	18,397,688	38,372,688
2027-2031	28,310,000	9,854,625	38,164,625
2032-3035	16,900,000	2,788,250	19,688,250
Total	<u>\$ 126,178,000</u>	<u>\$ 84,749,214</u>	<u>\$ 210,927,214</u>

Loans represent \$2,615,538 in amounts borrowed from the State of Michigan School Bond loan program to supplement property tax revenue to make payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the Debt Service requirements on the general obligation bonds.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

The other long-term obligations are comprised of employee compensated absences of \$978,684 which are generally liquidated by the general fund.

The District has two short-term state aid notes totaling \$5,125,716, plus interest of \$27,269 that are included as a liability in the general fund at June 30, 2011. These notes carry interest rates of .40% and 0.80% and are due August 2011.

Short-term debt activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
State Aid Notes	<u>\$2,750,000</u>	<u>\$6,000,000</u>	<u>\$3,624,284</u>	<u>\$5,125,716</u>

V. OTHER INFORMATION

A. Risk management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health claims and participates in the MASB/SET-SEG (risk pool) for claims relating to employee injuries/workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

B. Property taxes

Property taxes are assessed as of December 31, and attach as an enforceable lien on property as of July 1 of the following year. Taxes are levied on December 1 by the municipalities within the District, and are due on February 14. Delinquent real taxes are advanced to the District by the Revolving Tax Fund of the applicable County.

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

C. Defined benefit pension plan

Plan Description

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

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

Funding Policy

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

The rates for the year ended June 30, 2011 as a percentage of payroll range from 16.94 to 20.66 percent for MIP members and 15.44 to 19.16 percent for Pension Plus members. The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature. The District’s contributions to MPERS under all retirement plans for the years ended June 30, 2011, 2010, and 2009 were \$3,930,726, \$3,485,403, and \$3,467,207, respectively, equal to the required contributions for each year.

Other Postemployment Benefits

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

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

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

1. Retirees not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums.
2. Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with the vested deferred benefits, are eligible for partially employer paid health benefit coverage (no payment if less than 21 years of service).

D. Bonded Construction Cost

The Capital Projects Funds includes capital project activities funded with bonds issued after May 1, 1994. For the capital projects, the District has complied with the applicable provisions of §1351a of the Michigan Revised School Code, and the applicable sections of the revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

E. Construction Commitments

At year end, the District was committed for the estimated cost of completing renovation of its bus garage in the amount of \$3.52 million, parking lots, football field and track in the amount of \$2.787 million and the fine arts connector in the amount of \$8.491 million.

F. Subsequent Event

The District borrowed \$6,000,000 on State aid notes due on August 20, 2012 for cash flow purposes.

G. Net Assets Invested in Capital Assets, Net of Related Debt

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

Capital assets, net	\$ 75,312,510
Bonds payable	(126,178,000)
Premium on bonds payable	(1,603,982)
Unspent bond proceeds	<u>39,997,296</u>
Invested in capital assets, net of related debt	<u><u>\$ (12,472,176)</u></u>

PINCKNEY COMMUNITY SCHOOLS

Notes to the Financial Statements

H. Fund Balances – Governmental funds

The District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is presented as follows:

	General	2010 Series A Capital Projects	2010 Series A Capital Projects	2010 Series A Capital Projects	Nonmajor Governmental	Total
Nonspendable:						
Inventory	\$ 86,215	\$ -	\$ -	\$ -	\$ 18,259	\$ 104,474
Prepays	529,378	-	-	-	15,153	544,531
Total nonspendable	<u>615,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,412</u>	<u>649,005</u>
Restricted for:						
Bonded capital projects	-	10,213,385	12,785,175	16,998,736	-	39,997,296
Food service	-	-	-	-	9,687	9,687
Athletics	-	-	-	-	1,372	1,372
Bookstore	-	-	-	-	1,594	1,594
Community service	-	-	-	-	5,676	5,676
Bonded debt service	-	-	-	-	677,145	677,145
Total restricted	<u>-</u>	<u>10,213,385</u>	<u>12,785,175</u>	<u>16,998,736</u>	<u>695,474</u>	<u>40,692,770</u>
Committed for:						
Facility repairs	218,000	-	-	-	-	218,000
Unassigned						
	<u>1,934,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,934,072</u>
Total fund balances	<u>\$ 2,767,665</u>	<u>\$ 10,213,385</u>	<u>\$ 12,785,175</u>	<u>\$ 16,998,736</u>	<u>\$ 728,886</u>	<u>\$ 43,493,847</u>

* * * * *

COMBINING FUND STATEMENTS

PINCKNEY COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2011

	Special	Debt	Total
	Revenue	Service	Nonmajor
			Governmental
			Funds
	<hr/>		
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 121,333	\$ -	\$ 121,333
Investments	-	682,415	682,415
Accounts receivable	10,235	-	10,235
Due from other funds	15,323	4,500	19,823
Due from other governments	21,659	-	21,659
Inventory and prepaid expenses	18,259	15,153	33,412
	<hr/>		
<u>TOTAL ASSETS</u>	\$ 186,809	\$ 702,068	\$ 888,877
	<hr/> <hr/>		
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 2,570	\$ -	\$ 2,570
Due to other governments	65	-	65
Accrued payroll	9,086	-	9,086
Accrued expenses	30,253	-	30,253
Due to other funds	-	4,500	4,500
Deferred revenue	108,247	5,270	113,517
	<hr/>		
Total liabilities	150,221	9,770	159,991
	<hr/>		
Fund balances			
Nonspendable	18,259	15,153	33,412
Restricted	18,329	677,145	695,474
	<hr/>		
Total fund balances	36,588	692,298	728,886
	<hr/>		
<u>TOTAL LIABILITIES</u>	\$ 186,809	\$ 702,068	\$ 888,877
<u>AND FUND BALANCES</u>	\$ 186,809	\$ 702,068	\$ 888,877
	<hr/> <hr/>		

PINCKNEY COMMUNITY SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
Revenues			
Local sources			
Property tax revenue	\$ -	\$ 8,082,519	\$ 8,082,519
Admissions	72,843	-	72,843
Sales to students and adults	806,100	-	806,100
Pay-to-participate fees	145,454	-	145,454
Program fees	565,397	-	565,397
Interest on investments	129	6,911	7,040
State sources	45,644	19,532	65,176
Federal sources	396,656	-	396,656
Other sources	71,104	-	71,104
Total revenues	<u>2,103,327</u>	<u>8,108,962</u>	<u>10,212,289</u>
Expenditures			
Food service	1,251,176	-	1,251,176
Athletics	464,981	-	464,981
School store	9,701	-	9,701
Community service	627,996	-	627,996
Bond principal payments	-	6,310,000	6,310,000
Bond interest payments	-	5,098,517	5,098,517
Other fiscal charges	-	119,835	119,835
Total expenditures	<u>2,353,854</u>	<u>11,528,352</u>	<u>13,882,206</u>
Revenue under expenditures	<u>(250,527)</u>	<u>(3,419,390)</u>	<u>(3,669,917)</u>
Other financing sources			
Transfers in - General Fund	235,682	-	235,682
School Bond Loan Fund proceeds	-	2,615,538	2,615,538
Total other financing sources	<u>235,682</u>	<u>2,615,538</u>	<u>2,851,220</u>
Net change in fund balances	(14,845)	(803,852)	(818,697)
Fund balance, beginning of year	<u>51,433</u>	<u>1,496,150</u>	<u>1,547,583</u>
Fund balance, end of year	<u>\$ 36,588</u>	<u>\$ 692,298</u>	<u>\$ 728,886</u>

PINCKNEY COMMUNITY SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
Revenues			
Local sources			
Property tax revenue	\$ -	\$ 8,082,519	\$ 8,082,519
Admissions	72,843	-	72,843
Sales to students and adults	806,100	-	806,100
Pay-to-participate fees	145,454	-	145,454
Program fees	565,397	-	565,397
Interest on investments	129	6,911	7,040
State sources	45,644	19,532	65,176
Federal sources	396,656	-	396,656
Other sources	71,104	-	71,104
Total revenues	<u>2,103,327</u>	<u>8,108,962</u>	<u>10,212,289</u>
Expenditures			
Food service	1,251,176	-	1,251,176
Athletics	464,981	-	464,981
School store	9,701	-	9,701
Community service	627,996	-	627,996
Bond principal payments	-	6,310,000	6,310,000
Bond interest payments	-	5,098,517	5,098,517
Other fiscal charges	-	119,835	119,835
Total expenditures	<u>2,353,854</u>	<u>11,528,352</u>	<u>13,882,206</u>
Revenue under expenditures	<u>(250,527)</u>	<u>(3,419,390)</u>	<u>(3,669,917)</u>
Other financing sources			
Transfers in - General Fund	235,682	-	235,682
School Bond Loan Fund proceeds	-	2,615,538	2,615,538
Total other financing sources	<u>235,682</u>	<u>2,615,538</u>	<u>2,851,220</u>
Net change in fund balances	(14,845)	(803,852)	(818,697)
Fund balance, beginning of year	<u>51,433</u>	<u>1,496,150</u>	<u>1,547,583</u>
Fund balance, end of year	<u>\$ 36,588</u>	<u>\$ 692,298</u>	<u>\$ 728,886</u>

PINCKNEY COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2011

<u>ASSETS</u>	Food Service	Athletics	School Store	Community Service	Total
Assets					
Cash and cash equivalents	\$ 9,577	\$ 6,660	\$ 1,613	\$ 103,483	\$ 121,333
Accounts receivable	2,509	-	-	7,726	10,235
Due from other funds	-	8,513	-	6,810	15,323
Due from other governments	21,659	-	-	-	21,659
Inventory and prepaid expenses	11,608	-	6,651	-	18,259
	<hr/>				
<u>TOTAL ASSETS</u>	\$ 45,353	\$ 15,173	\$ 8,264	\$ 118,019	\$ 186,809
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 75	\$ 2,249	\$ -	\$ 246	\$ 2,570
Due to other governments	46	-	19	-	65
Accrued payroll	-	1,352	-	7,734	9,086
Accrued expenses	-	-	-	30,253	30,253
Deferred revenue	23,937	10,200	-	74,110	108,247
Total liabilities	24,058	13,801	19	112,343	150,221
	<hr/>				
Fund balances					
Nonspendable	11,608	-	6,651	-	18,259
Restricted	9,687	1,372	1,594	5,676	18,329
Total fund balances	21,295	1,372	8,245	5,676	36,588
	<hr/>				
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 45,353	\$ 15,173	\$ 8,264	\$ 118,019	\$ 186,809
<hr/>					

PINCKNEY COMMUNITY SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Food Service	Athletics	School Store	Community Service	Total
Revenues					
Local sources					
Admissions and fees	\$ -	\$ 72,843	\$ -	\$ -	\$ 72,843
Sales to students and adults	787,631	10,166	8,303	-	806,100
Pay-to-participate fees	-	145,454	-	-	145,454
Program fees	-	-	-	565,397	565,397
Interest	29	10	-	90	129
State sources	45,644	-	-	-	45,644
Federal sources	396,656	-	-	-	396,656
Other sources	20,857	826	-	49,421	71,104
Total revenues	<u>1,250,817</u>	<u>229,299</u>	<u>8,303</u>	<u>614,908</u>	<u>2,103,327</u>
Expenditures					
Food service	1,251,176	-	-	-	1,251,176
Athletics	-	464,981	-	-	464,981
School store	-	-	9,701	-	9,701
Community service	-	-	-	627,996	627,996
Total expenditures	<u>1,251,176</u>	<u>464,981</u>	<u>9,701</u>	<u>627,996</u>	<u>2,353,854</u>
Revenue under expenditures	(359)	(235,682)	(1,398)	(13,088)	(250,527)
Other financing sources					
Transfers in - General Fund	-	235,682	-	-	235,682
Net change in fund balances	(359)	-	(1,398)	(13,088)	(14,845)
Fund balance, beginning of year	<u>21,654</u>	<u>1,372</u>	<u>9,643</u>	<u>18,764</u>	<u>51,433</u>
Fund balance, end of year	<u>\$ 21,295</u>	<u>\$ 1,372</u>	<u>\$ 8,245</u>	<u>\$ 5,676</u>	<u>\$ 36,588</u>

PINCKNEY COMMUNITY SCHOOLS

**Combining Balance Sheet
Nonmajor Debt Service funds
June 30, 2011**

	2003	2003 School Bond Loan	2004	2010 School Bond Loan	2010 Series A
<u>ASSETS</u>					
Assets					
Investments	\$ 222,122	\$ 238,489	\$ 876	\$ 209	\$ 87,300
Due from other funds	-	-	4,500	-	-
Prepaid expense	-	-	-	-	15,153
<u>TOTAL ASSETS</u>	\$ 222,122	\$ 238,489	\$ 5,376	\$ 209	\$ 102,453
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Due to other funds	\$ -	\$ 4,500	\$ -	\$ -	\$ -
Deferred revenue	-	-	5,270	-	-
<u>TOTAL LIABILITIES</u>	-	4,500	5,270	-	-
 Fund balances					
Restricted	222,122	233,989	106	209	102,453
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 222,122	\$ 238,489	\$ 5,376	\$ 209	\$ 102,453

2010	2010		
Series B	Series C	Total	
\$ 745	\$ 132,674	\$ 682,415	
-	-	4,500	
-	-	15,153	
<u>\$ 745</u>	<u>\$ 132,674</u>	<u>\$ 702,068</u>	

\$ -	\$ -	\$ 4,500	
-	-	5,270	
-	-	9,770	

745	132,674	692,298	
<u>\$ 745</u>	<u>\$ 132,674</u>	<u>\$ 702,068</u>	

PINCKNEY COMMUNITY SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Debt Service Funds
For the Year Ended June 30, 2011

	2003	2003 School Bond Loan	2004	2010 School Bond Loan	2010 Series A
Revenue					
Local sources					
Property tax revenue	\$ 1,042,067	\$ 2,220,394	\$ 3,456,679	\$ 145,583	\$ 475,330
Interest on investments	40	1,306	5,565	-	-
State sources	-	-	19,532	-	-
Total revenue	<u>1,042,107</u>	<u>2,221,700</u>	<u>3,481,776</u>	<u>145,583</u>	<u>475,330</u>
Expenditures					
Bond principal payments	1,070,000	2,355,000	2,585,000	-	300,000
Bond interest payments	179,100	328,082	2,400,387	285,903	520,477
Other fiscal charges	4,622	80,750	33,940	-	523
Total expenditures	<u>1,253,722</u>	<u>2,763,832</u>	<u>5,019,327</u>	<u>285,903</u>	<u>821,000</u>
Revenues over (under) expenditures	(211,615)	(542,132)	(1,537,551)	(140,320)	(345,670)
Other financing sources					
School Bond Loan Fund proceeds	331,687	501,351	424,161	134,695	448,123
Net change in fund balances	120,072	(40,781)	(1,113,390)	(5,625)	102,453
Fund balance, beginning of year	102,050	274,770	1,113,496	5,834	-
Fund balance, end of year	<u>\$ 222,122</u>	<u>\$ 233,989</u>	<u>\$ 106</u>	<u>\$ 209</u>	<u>\$ 102,453</u>

	2010		2010		Total
	Series B		Series C		
\$	118,573	\$	623,893	\$	8,082,519
	-		-		6,911
	-		-		19,532
	<u>118,573</u>		<u>623,893</u>		<u>8,108,962</u>
	-		-		6,310,000
	117,828		1,266,740		5,098,517
	-		-		119,835
	<u>117,828</u>		<u>1,266,740</u>		<u>11,528,352</u>
	745		(642,847)		(3,419,390)
	-		775,521		2,615,538
	745		132,674		(803,852)
	-		-		1,496,150
\$	<u>745</u>	\$	<u>132,674</u>	\$	<u>692,298</u>

**ANNUAL DISCLOSURE
DOCUMENT INFORMATION**

PINCKNEY COMMUNITY SCHOOLS
Counties of Livingston and Washtenaw, State of Michigan
2003 Refunding Bonds, Dated 5/1/2003 Orig. Amt: \$14,485,000
CUSIP #: 722205 JV4 TO KF7

AND

2004 Refunding Bonds, Dated 11/2/2004 Orig. Amt: \$58,705,000
CUSIP #: 722205 KJ9 TO LF6

AND

2010 SBL Refunding Bonds, Dated 5/7/2010 Orig. Amt: \$7,980,000
CUSIP #: 722205 MF5, LK5, LL3, LM1, LN9

AND

2010 SERIES A - Bonds, Dated 5/27/2010 Orig. Amt: \$12,190,000
CUSIP #: 722205 LP4, LQ2, LR0, LS8, LT6, LU3, LV1, LW9, LX7, LY5

AND

2010 SERIES B - Bonds, Dated 5/27/2010 Orig. Amt: \$15,000,000
CUSIP #: 722205 MG3, ME8

AND

2010 SERIES B - Bonds, Dated 5/27/2010 Orig. Amt: \$32,275,000
CUSIP #: 722205 MK4, MN8, MR9

ANNUAL DISCLOSURE DOCUMENT

History of S.E.V./Taxable Value

<u>School Year</u>	<u>SEV</u>	<u>Change</u>	<u>Total Taxable Value</u>	<u>Change</u>
2011/12	\$1,124,628,754	-4.58%	\$1,034,410,916	-2.93%
2010/11	\$1,178,653,326	-10.18%	\$1,065,645,035	-7.77%
2009/10	\$1,312,276,176	-8.09%	\$1,155,366,507	-2.81%
2008/09	\$1,427,837,654	-5.89%	\$1,188,721,547	-0.19%
2007/08	\$1,517,217,288	3.35%	\$1,190,956,906	5.35%
2006/07	\$1,468,081,688	7.82%	\$1,130,524,685	7.39%
2005/06	\$1,361,666,266	6.69%	\$1,052,735,895	7.51%
2004/05	\$1,276,302,170	5.99%	\$979,191,394	6.28%
2003/04	\$1,204,185,923	11.77%	\$921,361,114	6.74%
2002/03	\$1,077,369,118	11.18%	\$863,149,465	9.11%
2001/02	\$969,045,601	11.51%	\$791,061,116	10.39%
2000/01	\$868,988,216	11.50%	\$716,588,787	8.37%
1999/00	\$779,342,423	14.55%	\$661,259,170	8.74%
1998/99	\$680,370,198	11.66%	\$608,113,697	9.10%
1997/98	\$615,510,437	11.66%	\$557,416,176	8.27%
1996/97	\$551,215,853	12.33%	\$514,820,575	8.16%
1995/96	\$490,709,331	10.05%	\$475,986,197	6.75%

Major Taxpayers

<u>Taxpayer</u>	<u>Product/Service</u>	<u>2011 Taxable Value</u>
Detroit Edison	Utility	\$13,248,222
Consumers Energy	Utility	\$4,169,526
Avenida Agua Azul LLC	Tube & pipe bending	\$3,656,560
Chilson Commons, LLC	Strip Mall Development	\$3,591,173
TopValco, Inc.	Food Store (Kroger Co.)	\$2,009,790
Hamburg Hills - Coventry Woods	Mobile Home Park Development	\$1,951,850
Tri-Bro LLC	Food Store (Busch's Valu Land)	\$1,901,470
Hamburg Professional Office	Office Development - Mich Rehab	\$1,792,550
Lakelands Golf & Country Club	Golf club	\$1,744,465
Timber Trace Golf Club	Golf club	\$1,362,040
TOTAL		\$35,427,646
2011 Taxable Value		\$1,034,410,916
Top 10 taxpayers as a % of total taxable value		3.42%

**PINCKNEY COMMUNITY SCHOOLS
GENERAL FINANCIAL INFORMATION
(Continued)**

School District Tax Rates

<u>School Year</u>	<u>Allocated Operating</u>	<u>Voted Operating*</u>	<u>Debt</u>	<u>Total</u>
2010/11	0	18.0000	7.5500	25.5500
2009/10	0	18.0000	7.5500	25.5500
2008/09	0	18.0000	7.5500	25.5500
2007/08	0	18.0000	7.5500	25.5500
2006/07	0	18.0000	7.5500	25.5500
2005/06	0	18.0000	7.5500	25.5500
2004/05	0	18.0000	7.5500	25.5500
2003/04	0	18.0000	7.5500	25.5500
2002/03	0	18.0000	7.5500	25.5500
2001/02	0	18.0000	7.5500	25.5500
2000/01	0	18.0000	7.5500	25.5500
1999/00	0	17.1552	7.5500	24.7052
1998/99	0	17.6410	7.5500	25.1910
1997/98	0	17.5187	7.5500	25.0687
1996/97	0	17.9000	5.5500	23.4500
1995/96	0	18.0000	6.2500	24.2500

* Beginning in 1994/95, levied on non-homestead property only.

<u>School Year</u>	<u>Total Received</u>	<u>Foundation Allowance per Pupil</u>	
2010/11	\$28,728,784	\$7,146	includes reduction of \$525,950 of 2011 ARRA stabilization funds & \$745,086 EduJobs funds
2009/10	\$28,647,079	\$7,162	includes reduction of \$1,293,969 of 2010 ARRA stabilization funds
2008/09	\$29,257,459	\$6,944	includes reduction of \$1,715,953 of 2009 ARRA stabilization funds
2007/08	\$30,864,081	\$7,204	
2006/07	\$30,706,650	\$7,085	
2005/06	\$30,904,289	\$6,875	
2004/05	\$30,738,589	\$6,700	
2003/04	\$31,235,773	\$6,626	
2002/03	\$31,178,214	\$6,628	
2001/02	\$30,081,884	\$6,500	
2000/01	\$27,441,797	\$6,000	
1999/00	\$25,082,634	\$5,700	
1998/99	\$23,323,995	\$5,413	
1997/98	\$22,390,570	\$5,413	
1996/97	\$20,303,257	\$5,161	
1995/96	\$18,042,203	\$4,903	

Tax Levies and Collections

<u>School Year</u>	<u>Operating Tax Levy</u>	<u>Collections to March 1st</u>		<u>Collections to June 30th</u>	
		<u>Dollar Amount</u>	<u>Percentage</u>	<u>Dollar Amount</u>	<u>Percentage</u>
2010/11	\$3,765,528	\$3,245,062	86.18%	\$3,756,334	99.76%
2009/10	\$3,859,963	\$3,360,855	87.07%	\$3,858,938	99.97%
2008/09	\$3,813,749	\$3,168,993	83.09%	\$3,797,894	99.58%
2007/08	\$3,904,263	\$3,298,415	84.48%	\$3,890,746	99.65%
2006/07	\$3,716,164	\$3,273,296	88.08%	\$3,693,535	99.39%
2005/06	\$3,360,715	\$2,926,933	87.09%	\$3,331,650	99.14%
2004/05	\$3,065,268	\$2,689,328	87.74%	\$3,050,058	99.50%
2003/04	\$2,935,534	\$2,594,251	88.37%	\$2,859,494	97.41%
2002/03	\$2,785,136	\$2,435,491	87.45%	\$2,722,002	97.73%
2001/02	\$2,708,146	\$2,360,805	87.17%	\$2,661,269	98.27%
2000/01	\$2,539,889	\$2,289,295	90.13%	\$2,539,889	100.00%
1999/00	\$2,306,855	\$2,077,509	90.06%	\$2,306,855	100.00%
1998/99	\$2,263,969	\$2,004,788	88.55%	\$2,263,969	100.00%
1997/98	\$2,099,780	\$1,875,980	89.34%	\$2,099,780	100.00%
1996/97	\$2,101,618	\$1,770,651	84.25%	\$2,101,618	100.00%
1995/96	\$2,008,727	\$1,783,048	88.77%	\$2,008,727	100.00%

Labor Force

<u>Class</u>	<u># of Employees</u>	<u>Affiliation</u>	<u>Contract Exp. Date</u>
Administrators - Central	3	Non-affiliated	06/13
Administrators - Building	13	PCSA	06/13
Teachers	236	PEA/MEA	06/13
Professionals/Aides/Monitors	34	PSSA	06/13
Maintenance/Custodial	29	MEA	06/13
Office Personnel			
Building Level	21	PESPA	06/13
Central Office	8	Local contract	06/13
Technology	4	Non-affiliated	06/13
Other Teachers/Latchkey	14	Non-affiliated	N/A
Lunch/Playground	38	Non-affiliated	N/A
TOTALS	400		

**PINCKNEY COMMUNITY SCHOOLS
GENERAL FINANCIAL INFORMATION
(Concluded)**

Enrollment History

<u>School Year</u>	<u>Enrollment</u>
2010/11	4,344
2009/10	4,520
2008/09	4,590
2007/08	4,738
2006/07	4,834
2005/06	4,917
2004/05	4,985
2003/04	5,087
2002/03	5,077
2001/02	4,986
2000/01	4,892
1999/00	4,776
1998/99	4,673
1997/98	4,520
1996/97	4,434

Retirement Plan

<u>School Year</u>	<u>Contribution</u>
2010/11	\$3,930,726
2009/10	\$3,485,403
2008/09	\$3,467,207
2007/08	\$3,639,873
2006/07	\$3,864,797
2005/06	\$3,501,029
2004/05	\$2,989,989
2003/04	\$2,870,123
2002/03	\$2,654,628
2001/02	\$2,515,063
2000/01	\$2,261,697
1999/00	\$1,996,433
1998/99	\$1,753,650
1997/98	\$1,719,807
1996/97	\$2,031,838

Debt Statement - Direct Debt

<u>Bonds Dated</u>	<u>Description</u>	<u>Amount Outstanding 7/1/2011</u>
5/1/2003	Bldg & Site UTQ	\$3,275,000
9/30/2003	School Bond Loan Fund	7,533,000
11/2/2004	Bldg & Site UTQ	48,225,000
5/7/2010	School Bond Loan Fund	7,980,000
5/27/2010	QSCB	15,000,000
5/27/2010	Bldg & Site UTQ	11,890,000
5/27/2010	BAB	32,275,000
	Total	<u>\$126,178,000</u>

General Fund Budget Summary - 2011/12

Revenues	\$32,391,620
Expenditures	<u>34,213,083</u>
Excess Revenues over Expenditures	(\$1,821,463)
July 1, 2011 Fund Balance	<u>2,767,665</u>
Projected June 30, 2012 Fund Balance	<u><u>\$946,202</u></u>

APPENDIX

PINCKNEY COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Approved Award/ Grant Amount	Accrued (Deferred) Revenue - July 1, 2010	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year In-Kind Receipts	Accrued (Deferred) Revenue - June 30, 2011
U.S. DEPARTMENT OF EDUCATION								
Passed-through Michigan Department of Education (MDE):								
Title 1 - Project - Regular	84-010	111530-1011	\$ 169,119	\$ -	\$ -	\$ 156,703	\$ 133,982	\$ 22,721
Title 1 - Project - Regular	84-010	101530-0910	143,851	21,627	141,618	2,058	23,685	-
Title 1 - Project - Regular	84-010	091530-0809	210,834	-	14,796	-	-	-
			523,804	21,627	156,414	158,761	157,667	22,721
Title 2 - Part A - Regular	84-367	110520-1011	121,465	-	-	82,416	82,416	-
Title 2 - Part A - Regular	84-367	100520-0910	107,815	732	81,817	14,750	15,482	-
Title 2 - Part A - Regular	84-367	090520-0809	106,787	-	148	-	-	-
			336,067	732	81,965	97,166	97,898	-
Title 2 - Part D ARRA	84-386	104295-0910	1,859	224	1,321	-	224	-
ARRA - Education Stabilization	84-394	112525-1011	525,950	-	-	525,950	430,280	95,670
ARRA - Education Stabilization	84-394	102525-0910	1,293,969	-	1,293,969	-	-	-
			1,819,919	-	1,293,969	525,950	430,280	95,670
Education Jobs Fund	84-410A	112545-1011	1,008,156	-	-	1,008,156	851,096	157,060
Total passed through MDE			3,689,805	22,583	1,533,669	1,790,033	1,537,165	275,451
Passed-through Livingston Educational Service Agency:								
ARRA Spec Education Flow Through	84-391A	100455	814,291	127,542	374,312	419,641	394,334	152,849
Perkins - Technical	84-048A	113520	5,000	-	-	3,456	3,456	-
Perkins - Technical	84-048A	103520	7,775	-	7,232	-	-	-
Perkins - Supplemental	84-048A	113520	642	-	-	642	642	-
			13,417	-	7,232	4,098	4,098	-
Data 4 Student Success	84-318	084260	330	-	330	-	-	-
Tech Prep	84-243A	113540	19,000	-	-	16,685	10,758	5,927
Tech Prep	84-243A	103540	18,000	5,856	15,222	-	5,856	-
Tech Prep - Supplemental	84-243A	113540	2,507	-	-	2,507	2,507	-
			39,507	5,856	15,222	19,192	19,121	5,927
Drug Free - Title IV	84-186A	112860	412	-	-	412	-	412
Drug Free - Title IV	84-186A	102860	9,442	9,220	9,220	-	9,220	-
			9,854	9,220	9,220	412	9,220	412
Total passed-through Livingston Educational Service Agency			877,399	142,618	406,316	443,343	426,773	159,188

continued...

PINCKNEY COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Approved Award/ Grant Amount	Accrued (Deferred) Revenue - July 1, 2010	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year In-Kind Receipts	Accrued (Deferred) Revenue - June 30, 2011
Passed-through Washtenaw ISD:								
McKinney Vento - Homeless Education	84.196A	102520	\$ 2,801	\$ -	\$ -	2,801	\$ 2,444	\$ 357
Title 2 - Part D - Regular	84.318	104240-0910	50,000	25,066	25,066	13,507	36,455	2,118
Total passed-through Washtenaw ISD			52,801	25,066	25,066	16,308	38,899	2,475
TOTAL DEPARTMENT OF EDUCATION			4,620,005	190,267	1,965,051	2,249,684	2,002,837	437,114
U.S. DEPARTMENT OF AGRICULTURE								
Direct program -								
Non-Cash Assistance (Commodities):								
Entitlement commodities	10.555	47080	44,390	-	49,435	44,390	44,390	-
Bonus commodities	10.555	47080	-	-	1,488	-	-	-
Non-Cash Assistance Subtotal			44,390	-	50,923	44,390	44,390	-
Passed-through the Michigan Department of Education:								
National School Breakfast Program:								
Section 4 - All breakfasts	10.553	111970	46,029	-	-	46,029	43,300	2,729
Section 4 - All breakfasts	10.553	101970	20,527	-	17,126	3,401	3,401	-
Section 4 - All breakfasts	10.553	91970	1,696	-	1,696	-	-	-
			68,252	-	18,822	49,430	46,701	2,729
National School Lunch Program:								
Section 4 - All lunches	10.555	111950	56,385	-	-	56,385	54,237	2,148
Section 11 - Free and reduced	10.555	111960	215,572	-	-	215,572	207,065	8,507
Section 4 - All lunches	10.555	101950	64,679	-	58,549	6,130	6,130	-
Section 11 - Free and reduced	10.555	101960	244,833	-	221,288	23,545	23,545	-
Section 4 - All lunches	10.555	91950	5,972	-	5,972	-	-	-
Section 11 - Free and reduced	10.555	91960	21,169	-	21,169	-	-	-
			608,610	-	306,978	301,632	290,977	10,655
Special Milk Program	10.556	111940	1,125	-	-	1,125	1,110	15
Special Milk Program	10.556	101940	1,772	-	1,693	79	79	-
Special Milk Program	10.556	91940	164	-	164	-	-	-
			3,061	-	1,857	1,204	1,189	15
Cash Assistance Subtotal			679,923	-	327,657	352,266	338,867	13,399
TOTAL DEPARTMENT OF AGRICULTURE			724,313	-	378,580	396,656	383,257	13,399
MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed Through Livingston Educational Service Agency Medicaid Outreach		93.778	3,124	-	26,750	3,124	3,124	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,347,442	\$ 190,267	\$ 2,370,381	\$ 2,649,464	\$ 2,389,218	\$ 450,513

continued...

PINCKNEY COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011

- 1 The accounting policies used in preparing this schedule conform to generally accepted accounting principles applicable to governments. The District utilized the modified accrual basis of accounting in preparing this schedule.
- 2 Expenditures in this schedule are in agreement with amounts reported in the financial statements and the financial reports submitted to MDE.
- 3 The amounts reported on the Grant Auditor's Report reconcile with this schedule.
- 4 The amounts reported on the Recipient Entitlement Balance Report (PAL) agree with this schedule for USDA donated food commodities and are reported in the cash receipts column. Spoilage or pilferage, if any, is included in expenditures.

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

September 21, 2011

To the Board of Education of
Pinckney Community Schools
Pinckney, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Pinckney Community Schools* (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's financial statements, and have issued our report thereon dated September 21, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive style with a large, prominent initial 'L'.

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

September 21, 2011

To the Board of Education of
Pinckney Community Schools
Pinckney, Michigan

Compliance

We have audited the compliance of *Pinckney Community Schools* (the "District") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Pinckney Community Schools complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

A handwritten signature in cursive script that reads "Lehmann Johnson".

PINCKNEY COMMUNITY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

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

PINCKNEY COMMUNITY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)

FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.391	ARRA – Special Education
84.394	ARRA – Education Stabilization
84.410	Education Jobs Fund
10.553, 10.555 & 10.556	Child Nutrition Cluster

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

* * * * *