

**Armada Area Schools**  
**Armada, Michigan**  
**Annual Financial Statements**  
**and**  
**Auditors' Report**  
**June 30, 2011**

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**Armada Area Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2011**

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Mr. Scott Kline	Trustee

Administration

Dr. Arnold Kummerow	Superintendent
Mr. Michael Musary	Assistant Superintendent for Finance and Operations



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## Independent Auditors' Report

To the Board of Education  
Armada Area Schools  
Armada, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Armada Area Schools as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Armada Area 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 Armada Area Schools as of June 30, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Entity adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2011, on our consideration of the Armada Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, Armada Area Schools' financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In our report dated October 13, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Armada Area Schools' financial statements as a whole. The 2010 information in the comparative statements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2010 information in the comparative statements is fairly stated in all material respects in relation to the financial statements from which they have been derived.

*Yeo & Yeo, P.C.*

Flint, Michigan  
October 14, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# Armada Area Schools

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## Management's Discussion and Analysis

Armada Area Schools, a K-12 public school district located in Macomb and St. Clair Counties in Michigan, is in its eighth year of implementation of the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements.

The Management's discussion and Analysis, a requirement of GASB 34, is intended to be Armada Area Schools' discussion and analysis of the financial results for the fiscal year ended June 30, 2011. Generally Accepted Accounting Principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District-wide Financial Statements and Fund Financial Statements.

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant or major fund, the General Fund, and with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

### Financial Section

- Basic Financial Statements
  - District-wide Financial Statements
  - Fund Financial Statements
  - Fiduciary Fund
  - Notes to Financial Statements
- Required Supplemental Information
  - Budgetary Comparison Schedules
- Other Supplemental Information
  - Combining Balance Sheet Non-major Governmental Funds
  - Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Non-major Governmental Funds

### **Reporting the School District as a Whole – District-wide Financial Statements**

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

These two statements report the Armada Area School District’s net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. Many non-financial factors, such as the quality of the education provided and the safety of the schools, must be considered to assess the overall health of the School District.

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

### **Reporting the School District’s Most Significant Funds – Fund Financial Statements**

The School District’s fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes, such as the Food Services and Community Enrichment Funds. Funds are also established to show that it’s meeting legal responsibilities for using certain taxes, grants, and other money, including the School District’s four Debt Funds.

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

# Armada Area Schools

## Management's Discussion and Analysis

### The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

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

### The School District as a Whole

The statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2011.

	2009-2010 Governmental Activities	2010-2011 Governmental Activities
<b>Assets</b>		
Current and other assets	\$ 5,168,400	\$ 5,997,319
Capital assets	42,501,909	41,200,212
Total assets	<u>47,670,309</u>	<u>47,197,531</u>
<b>Liabilities</b>		
Current liabilities	5,714,762	3,773,029
Long-term liabilities	43,171,522	44,753,980
Total liabilities	<u>48,886,284</u>	<u>48,527,009</u>
<b>Net assets</b>		
Invested in property and equipment - Net of related debt	(2,780,195)	(3,567,624)
Restricted	498,739	798,559
Unrestricted	1,065,481	1,439,587
Total net assets	<u>\$ (1,215,975)</u>	<u>\$ (1,329,478)</u>

The above analysis focuses on the net assets (see Table 1). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net assets were \$ (1.3) million at June 30, 2011. Total net assets factor all district related debt. The primary reason the net assets are negative is due to capital assets being depreciated faster than bond obligations are paid off. Capital assets, net of related debt, totaled \$ (3.6) million. This

# Armada Area Schools

## Management's Discussion and Analysis

compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes. The restricted amount of net assets, \$ .80 million, was restricted for capital projects - \$ .45 million, debt service - \$ .34 million, and food service - \$ .01 million. The remaining amount of net assets, \$ 1.44 million, was unrestricted.

The \$ 1.44 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

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

	2010 Governmental Activities	2011 Governmental Activities
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 688,035	\$ 753,174
Operating grants	2,963,876	2,682,386
General revenue:		
Property taxes	4,434,638	4,192,359
State foundation allowance	12,365,464	12,839,976
Other	101,331	81,263
Total revenue	<u>20,553,345</u>	<u>20,549,158</u>
<b>Functions/Program Expenses</b>		
Instruction	10,978,591	10,804,019
Support services	6,995,099	7,188,752
Community services	247,868	330,716
Food services	386,101	415,476
Athletics	338,069	
Interest on long-term debt	2,141,384	1,923,698
Total expenses	<u>21,087,112</u>	<u>20,662,661</u>
<b>Increase (decrease) in Net Assets</b>	(533,767)	(113,503)
<b>Net Assets - Beginning</b>	<u>(682,208)</u>	<u>(1,215,975)</u>
<b>Net Assets - Ending</b>	<u><u>\$ (1,215,975)</u></u>	<u><u>\$ (1,329,478)</u></u>

# Armada Area Schools

## Management's Discussion and Analysis

As reported in the statement of activities, the cost of all *governmental* activities this year was \$ 20.7 million. Certain activities were partially funded from those who benefited from the programs - \$ .75 million or by other governments and organizations that subsidized certain programs with grants and contributions - \$ 2.7 million. The remaining "public benefit" portion of governmental activities was funded with \$ 4.2 million in taxes, \$ 12.8 million in State foundation allowance, and with \$ .08 million other revenues, such as interest and general entitlements.

The School District experienced a decrease in net assets of \$ 113,503. The assets decreased primarily as a result of ongoing operations in the School District.

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

### The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$ 2.0 million, an increase of \$ .97 million from the prior year due to increases in the general fund, sinking fund, and the debt funds. The changes by major and non-major funds are as follows:

	<u>General Funds</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
Fund balances - Beginning of year	\$ 562,205	\$ 473,425	\$ 1,035,630
Increase (decrease)	<u>641,907</u>	<u>331,241</u>	<u>\$ 973,148</u>
Fund balances - End of year	<u>\$ 1,204,112</u>	<u>\$ 804,666</u>	<u>\$ 2,008,778</u>

In the General Fund, our principal operating fund, the fund balance increased by \$ .6 million from last year. Expenditure increases are a normal part of operations as a result of salary and benefit increases, increased costs for utilities, and other operating expenses. The district had a breakeven budget, but was able to function under budget in several areas. The main reason for a second consecutive year the General Fund had an increase was due to significant savings in utilities. In previous school years, the district paid over \$954,000 in Operations. The past two school years, the district paid \$.68 million for Operations and was \$194,995 under budget in 2010-11. The district also had \$.4 million across-the-board savings due to unspent budgets. The fund balance of the General Fund is

# **Armada Area Schools**

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## ***Management's Discussion and Analysis***

available to fund costs related to allowable school operating purposes through the undesignated portion. The designated portion has specific projects and/or purposes.

The other major and non-major funds increased by \$ .33 million, which was to an \$.17 million increase in the sinking fund and an \$.16 million increase in the four debt funds. The other major and non-major funds provide for services, (i.e. Food Service, Community Education), major renovations (Sinking Fund), and for the retirement of debt and for capital improvements. The goal of these funds is to offer programs for students and capital improvements, not develop fund equity.

### **General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The financial amendment to the budget was actually adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were two revisions made to the original 2010-11 General Fund budget in January 2011 and June 2011. The original General Fund budget approved by the Board in June 2010 had an estimated fund equity net gain of \$ 0 for June 30, 2011. The actual June 30, 2011 fund equity had a net gain of \$ 641,907 with a total fund equity of \$ 1,204,112. The district operated on a minimal needs spending status most of the school year, which contributed to reduced expenditures; however, as mentioned earlier, one of the main reasons for an increase in fund equity than planned was due to \$ 194,995 savings in utilities. However, the district continues to be concerned about State funding, the increased cost of health care, the retirement rate, gasoline, and utilities. The State was not able to fully fund Michigan school districts in 2010-11 and used federal funds from the American Recovery & Reinvestment Act (ARRA) Stabilization & IDEA ARRA Funds and Education Jobs Funds to fill in the per pupil funding gap - this amounted to \$ 615,831 for Armada.

# Armada Area Schools

## Management's Discussion and Analysis

### Capital Asset and Debt Administration

#### **Capital Assets**

At June 30, 2011, the School District had \$ 41.1 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. The previous two years are listed below.

	<u>2010</u>	<u>2011</u>
Land, buildings and improvements	\$ 49,504,636	\$ 49,545,813
Furniture and equipment	9,933,018	10,003,891
Buses and other vehicles	1,367,460	1,546,831
Construction in Progress	-	-
Less: accumulated depreciation	<u>(18,303,205)</u>	<u>(19,896,323)</u>
Total capital assets	<u>\$ 42,501,909</u>	<u>\$ 41,200,212</u>

In February 2005, the community passed a \$ 25.1 million renovation bond, a .85 mill sinking fund, and a 10-year renewal on the Headlee 18 mills. The renovation bond which was primarily for the middle school and high school was 100% complete at the end of the 2009-10 school year, but the district continued to benefit from sinking fund dollars during 2010-11.

### Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2012 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2012 fiscal year is 10 percent of the February 2011 and 90 percent of the October 2011 student counts; this is a change from the last several years where it was a 25 percent/75 percent formula. The 2011-12 budget was adopted in June 2011, based on 80 additional students - 2,101 total. Preliminary numbers show the district's actual count will be 50 students lower than the projection, but significant carryover dollars will more than offset the loss of revenue. The district will also continue a minimal spending philosophy as well as seek additional grants. The district has little control over revenue. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. The district will amend the 2011-12 General Fund budget in the 2012 calendar year. With the decline of the economy, future student enrollment and funding will continue to be a major concern.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue estimating conference to estimate revenues. If actual State revenues are less than their estimates, reduction to the per pupil funding allowance may be necessary. Early State funding projections

# **Armada Area Schools**

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## ***Management's Discussion and Analysis***

indicate that there will continue to be a decrease of \$ 300 per student in the 2011-12 school year but this will be partially made up by one-time State revenue for MPERS and "Best Practices" dollars. The district budgeted for the decrease of \$ 300 per student, so the district will not have to make any reductions in the short term if the State funding projections hold. The State would not have had to make the \$300 reduction, but chose to "raid" the School Aid Fund for the second consecutive year to fund other areas of the State's general fund budget. There will not be relief with the cost of retirement – the rate will increase from 20.66% to 24.46% in most cases during the 2011-12 school year. The district continues to be concerned about the heavy reliance of federal dollars and one-time State funds to maintain the budget. The cost of health insurance and the potential increase in fuel cost are also concerns. Local school communities, including Armada, will continue to work with the legislature to provide adequate funding to schools. Because of the lack of funding, Armada has made over \$ 4 million in budget cuts over the last ten years. Armada will have to make future budget reductions to balance the budget if the State funding trend continues.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office:

Armada Area Schools  
74500 Burk Street  
Armada, Michigan 48005-3314

## **BASIC FINANCIAL STATEMENTS**

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**Armada Area Schools**  
**Statement of Net Assets**  
**June 30, 2011**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 2,710,073
Taxes receivable	3,350
Accounts receivable	125,768
Due from other governmental units	2,614,129
Prepaid items	25,168
Other assets	518,831
Capital assets not being depreciated	1,187,079
Capital assets - net of accumulated depreciation	<u>40,013,133</u>
 Total assets	 <u>47,197,531</u>

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	128,501
State aid anticipation note payable	1,706,559
Due to other governmental units	68,986
Payroll deductions and withholdings	5,084
Accrued expenditures	692,561
Accrued salaries payable	1,055,232
Deferred revenue	85,906
Noncurrent liabilities	
Due within one year	1,722,353
Due in more than one year	43,061,827
Total liabilities	48,527,009
<b>Net Assets</b>	
Invested in capital assets, net of related debt	(3,567,624)
Restricted for:	
Food service	12,950
Debt service	335,527
Capital projects	450,082
Unrestricted	1,439,587
Total net assets	\$ (1,329,478)

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 10,804,019	\$ 138,891	\$ 2,178,081	\$ -	\$ (8,487,047)
Supporting services	7,188,752	145,362	345,983	-	(6,697,407)
Food services	415,476	230,035	158,322	-	(27,119)
Community services	330,716	238,886	-	-	(91,830)
Interest on long-term debt	1,923,698	-	-	-	(1,923,698)
	<u>\$ 20,662,661</u>	<u>\$ 753,174</u>	<u>\$ 2,682,386</u>	<u>\$ -</u>	<u>(17,227,101)</u>
General revenues					
					1,353,277
					2,534,330
					304,752
					12,839,976
					3,768
					77,495
					17,113,598
					(113,503)
					(1,215,975)
					\$ (1,329,478)

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2011**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 1,878,060	\$ 832,013	\$ 2,710,073
Taxes receivable	1,030	2,320	3,350
Accounts receivable	123,665	2,103	125,768
Due from other funds	9,790	-	9,790
Due from other governmental units	2,614,129	-	2,614,129
Prepaid items	<u>22,462</u>	<u>2,706</u>	<u>25,168</u>
Total assets	<u>\$ 4,649,136</u>	<u>\$ 839,142</u>	<u>\$ 5,488,278</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 113,988	\$ 14,513	\$ 128,501
State aid anticipation note payable	1,706,559	-	1,706,559
Due to other funds	-	9,790	9,790
Due to other governmental units	68,986	-	68,986
Payroll deductions and withholdings	5,084	-	5,084
Accrued expenditures	419,442	-	419,442
Accrued salaries payable	1,055,232	-	1,055,232
Deferred revenue	<u>75,733</u>	<u>10,173</u>	<u>85,906</u>
Total liabilities	<u>3,445,024</u>	<u>34,476</u>	<u>3,479,500</u>
<b>Fund Balance</b>			
Non-spendable			
Prepaid items	22,462	2,706	25,168
Restricted for:			
Debt service	-	335,527	335,527
Capital projects	-	450,082	450,082
Food service	-	12,950	12,950
Assigned	-	3,401	3,401
Unassigned	<u>1,181,650</u>	<u>-</u>	<u>1,181,650</u>
Total fund balance	<u>1,204,112</u>	<u>804,666</u>	<u>2,008,778</u>
Total liabilities and fund balance	<u>\$ 4,649,136</u>	<u>\$ 839,142</u>	<u>\$ 5,488,278</u>

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2011**

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<b>Total fund balances for governmental funds</b>	\$ 2,008,778
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,187,079
Capital assets - net of accumulated depreciation	40,013,133
Other long-term assets are not deferred in the governmental funds.	
	518,831
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(273,119)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(16,344)
Bonds payable	(32,381,184)
School bond loan payable	(12,245,824)
Other loans payable and liabilities	<u>(140,828)</u>
<b>Net assets of governmental activities</b>	<u><u>\$ (1,329,478)</u></u>

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 1,892,249	\$ 3,143,000	\$ 5,035,249
State sources	13,469,534	31,613	13,501,147
Federal sources	1,538,074	144,658	1,682,732
Interdistrict sources	382,458	-	382,458
	<u>17,282,315</u>	<u>3,319,271</u>	<u>20,601,586</u>
<b>Expenditures</b>			
Current			
Education			
Instruction	9,688,701	-	9,688,701
Supporting services	6,566,641	-	6,566,641
Food services	-	379,756	379,756
Community services	238,666	63,618	302,284
Capital outlay	344,261	133,039	477,300
Debt service			
Principal	-	1,820,611	1,820,611
Interest and other expenditures	-	1,531,026	1,531,026
	<u>16,838,269</u>	<u>3,928,050</u>	<u>20,766,319</u>
Excess (deficiency) of revenues over expenditures	<u>444,046</u>	<u>(608,779)</u>	<u>(164,733)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from school bond loan fund	-	958,510	958,510
Transfers in	18,490	-	18,490
Transfers out	-	(18,490)	(18,490)
	<u>197,861</u>	<u>940,020</u>	<u>1,137,881</u>
Net change in fund balance	641,907	331,241	973,148
Fund balance - beginning	<u>562,205</u>	<u>473,425</u>	<u>1,035,630</u>
Fund balance - ending	<u>\$ 1,204,112</u>	<u>\$ 804,666</u>	<u>\$ 2,008,778</u>

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2011**

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<b>Net change in fund balances - Total governmental funds</b>	\$	973,148
<p>Total change in net assets reported for governmental activities in the statement of activities is different because:</p>		
<p>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.</p>		
Depreciation expense - net		(1,593,118)
Capital outlay		291,421
<p>Expenses are recorded when incurred in the statement of activities.</p>		
Interest		(512,534)
Compensated absences		(4,783)
<p>Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Debt issued		(1,099,338)
Repayments of long-term debt		1,820,611
Amortization of premiums		15,547
Amortization bond issuance costs		(4,457)
		(113,503)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(113,503)</b>

**Armada Area Schools**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2011**

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	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash	\$ 107,236	\$ 246,606
Total assets	\$ 107,236	\$ 246,606
<b>Liabilities</b>		
Due to agency fund activities	\$ -	\$ 246,606
Total liabilities	-	\$ 246,606
<b>Net Assets</b>		
Reserved for other scholarships	107,236	
Total net assets	\$ 107,236	

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Fiduciary Funds**  
**Private Purpose Trust Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2011**

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Local sources	\$ 490
Interest and investment earnings	<u>1,139</u>
Total additions	1,629
<b>Deductions</b>	
Scholarships	<u>6,357</u>
Change in net assets	(4,728)
Net assets - beginning	<u>111,964</u>
Net assets - ending	<u><u>\$ 107,236</u></u>

See Accompanying Notes to Financial Statements

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Armada Area Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Fund Financial Statements**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers 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, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

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

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

Capital Projects Funds – Capital Projects Funds are used for the purpose of erecting, furnishing and equipping additions to and remodeling, re-furnishing and re-equipping school buildings; acquiring and installing education technology improvements; acquiring school buses/acquiring land for site purposes; developing and improving sites; and to pay the cost of issuing the Bonds. Sinking Funds are used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, additions, or major replacements to school buildings.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service and Community Education Funds. Operating deficits generated by these activities are generally covered by a transfer from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt. The debt service funds include the 2005 issue, and the 2002, 2005, and 2007 refunding issue as well as the Durant Bond and School Bond Loan debt service fund.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and the principal and interest of the trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

**Assets, Liabilities and Equity**

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2011, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	7.0000
Sinking Fund	0.8394

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries. 100% of the School District’s tax roll lies within the Counties of Macomb and St. Clair.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the Counties of Macomb and St. Clair and remitted to the School District by May 15.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they are therefore capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. The School District defines building and site capital betterments as expenditures in excess of \$ 20,000 that extend the useful life of the capital asset at least five years. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. The School District does not depreciate capital assets in the year of acquisition. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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Buildings and additions	20-50 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Compensated Absences – Sick days are earned by eligible employees at the rate depending on their classification. Certain classifications of employees may accumulate unused sick days up to a maximum amount, determined by their job classification. Retiring employees of certain job classifications, who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days at a rate determined by their job category. There is no contractual provision for payment of unused vacation. They may be used for vacation only.

The liability for compensated absences reported in the district-wide financial statements consist of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The amount reported is salary related and includes no fringe benefits, since the amount of said benefits would be immaterial.

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

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the District's highest level of decision-making, its board of education. A fund balance commitment may be established, modified, or rescinded by a resolution of the board of education.

Assigned – amounts intended to be used for specific purposes, as determined by the board of education. The board of education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District's policy is to consider restricted funds spent first.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The District has not adopted a minimum fund balance policy.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standard**

The Government Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which the District adopted effective July 1, 2010. The new standard changes fund balance classifications to depict the relative strength of the spending constraints and clarifies the definitions of various governmental fund types. The standard includes a new definition of special revenue funds, and athletic funds no longer meet that definition. As a result, balances and activities previously reported under the athletic fund are combined with the general fund. There was no effect from this change on beginning fund balances.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts within functions in any fund; however, any revisions that alter the total expenditures of any function must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Capital outlay	\$ 180,406	\$ 344,261	\$ 163,855

Significant expenditure budget variances include capital outlay that reflects the purchase buses through a capital lease that was offset by revenue.

**Compliance Sinking Funds**

The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	<u>\$ 2,710,073</u>	<u>\$ 353,842</u>	<u>\$ 3,063,915</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 280,438
Investments in securities, mutual funds, and similar vehicles	2,782,682
Petty cash and cash on hand	<u>795</u>
<b>Total</b>	<b><u>\$ 3,063,915</u></b>

As of year end, the School District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund	<u>\$ 2,782,682</u>	6 mos. Avg.	AAA	S & P

*Interest rate risk* – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

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

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

*Concentration of credit risk* – The School District has no policy that would limit the amount that may be invested with any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$ 186,426 of the School District’s bank balance of \$ 517,410 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the School District’s investment policy, the School District’s investments in Michigan Liquid Investment Fund of \$ 2,782,682 are held by a counterparty and are not insured.

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,187,079	\$ -	\$ -	\$ 1,187,079
Total capital assets not being depreciated	<u>1,187,079</u>	<u>-</u>	<u>-</u>	<u>1,187,079</u>
Capital assets being depreciated				
Buildings and additions	46,935,805	33,052	-	46,968,857
Land improvements	1,381,752	8,125	-	1,389,877
Equipment and furniture	9,933,018	70,873	-	10,003,891
Buses and other vehicles	1,367,460	179,371	-	1,546,831
Total capital assets being depreciated	<u>59,618,035</u>	<u>291,421</u>	<u>-</u>	<u>59,909,456</u>
Less accumulated depreciation for				
Buildings and additions	10,182,468	854,124	-	11,036,592
Land improvements	928,933	31,675	-	960,608
Equipment and furniture	6,463,949	616,225	-	7,080,174
Buses and other vehicles	727,855	91,094	-	818,949
Total accumulated depreciation	<u>18,303,205</u>	<u>1,593,118</u>	<u>-</u>	<u>19,896,323</u>
Net capital assets being depreciated	<u>41,314,830</u>	<u>(1,301,697)</u>	<u>-</u>	<u>40,013,133</u>
Net capital assets	<u>\$ 42,501,909</u>	<u>\$ (1,301,697)</u>	<u>\$ -</u>	<u>\$ 41,200,212</u>

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

Depreciation expense was charged to activities of the School District as follows:

<b>Governmental activities</b>	
Instruction	\$ 911,312
Support services	617,654
Food services	35,720
Community services	<u>28,432</u>
 Total governmental activities	 <u><u>\$ 1,593,118</u></u>

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS**

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
Community Education	General Fund	\$ 8,367
Cafeteria	General Fund	<u>1,423</u>
		<u><u>\$ 9,790</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year, between the General Fund and the Food Service Fund totaling \$ 18,490. These transfers were made to cover the costs of the School District's programs that were in excess of revenues generated from those activities.

**NOTE 6 - DEFERRED REVENUE**

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

	<u>Unearned</u>
Grant and categorical aid payments received prior to meeting all eligibility requirements	 <u><u>\$ 85,906</u></u>

**NOTE 7 - LEASES**

**Operating Leases**

The School District leases copiers with noncancelable operating leases. Total costs for such leases were \$ 42,840 for the year. The future minimum lease payments for these leases are as follows:

<b>Year ending June 30,</b>	
2012	\$ 43,434
2013	42,715
2014	22,186
2015	2,376
2016	<u>594</u>
Total	<u><u>\$ 110,711</u></u>

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 8 - STATE AID ANTICIPATION NOTE**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 1,815,300	\$ 1,706,559	\$ 1,815,300	\$ 1,706,559

The state aid anticipation note agreement includes an irrevocable set-aside of \$ 1,915,158 at year end that is considered defeased debt and not included in the ending balance.

**NOTE 9 - LONG-TERM DEBT**

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 33,765,000	\$ -	\$ 1,805,000	\$ 31,960,000	\$ 1,600,000
Durant bonds	121,795	-	15,611	106,184	89,052
Unamortized bond premium	330,547	-	15,547	315,000	-
School Bond Loan	10,763,410	1,482,414	-	12,245,824	-
Bus capital lease	-	179,371	38,543	140,828	33,301
Compensated absences	11,561	4,783	-	16,344	-
<b>Total</b>	<b>\$ 44,992,313</b>	<b>\$ 1,666,568</b>	<b>\$ 1,874,701</b>	<b>\$ 44,784,180</b>	<b>\$ 1,722,353</b>

For governmental activities, compensated absences and retirement incentives are primarily liquidated by the general fund.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

General obligation bonds payable at year end, consists of the following:

\$ 9,990,000 refunding serial bonds, issued June 2002, due in annual installments of \$ 365,000 to \$ 1,045,000 through May 1, 2017; interest at 3.70% to 5.25%	\$ 5,000,000
\$ 5,360,000 refunding serial bonds, issued February 2005, due in annual installments of \$ 20,000 to \$ 825,000 through May 1, 2022; interest at 3.00% to 5.00%	4,200,000
\$ 24,610,000 serial bonds, issued April 2005, due in annual installments of \$ 235,000 to \$ 1,725,000 through May 1, 2030; interest at 3.00% to 5.00%	15,365,000
\$ 7,500,000 refunding serial bonds, issued June 2007, due in annual installments of \$ 35,000 to \$ 1,740,000 through May 1, 2030; interest at 4.00% to 4.25%	<u>7,395,000</u>
Total general obligation bonded debt	<u><u>\$ 31,960,000</u></u>

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2012	\$ 1,600,000	\$ 1,457,803	\$ 3,057,803
2013	1,645,000	1,393,088	3,038,088
2014	1,680,000	1,324,848	3,004,848
2015	1,700,000	1,253,970	2,953,970
2016	1,740,000	1,181,455	2,921,455
2017-2021	9,350,000	4,665,395	14,015,395
2022-2026	7,590,000	2,479,040	10,069,040
2027-2030	<u>6,655,000</u>	<u>718,100</u>	<u>7,373,100</u>
<b>Total</b>	<u><u>\$ 31,960,000</u></u>	<u><u>\$ 14,473,698</u></u>	<u><u>\$ 46,433,698</u></u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 335,527 to pay this debt. Future debt and interest will be payable from future tax levies.

Unamortized deferred refunding on debt and issuance costs of the 2007 refunding bonds are being amortized over the life of the bond.

Other bonds consist of the following:

\$ 255,598 Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually	<u><u>\$ 106,184</u></u>
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These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2012	\$ 89,052	\$ 31,543	\$ 120,595
2013	<u>17,132</u>	<u>816</u>	<u>17,948</u>
<b>Total</b>	<u><u>\$ 106,184</u></u>	<u><u>\$ 32,359</u></u>	<u><u>\$ 138,543</u></u>

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$ 0 and \$ 1,531,026, respectively.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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**School Bus Installments**

School bus installment purchase payable consists of the following:

Date	Original Amount	Due Date	Interest Rate
October 5, 2010	\$ 179,371	November 5, 2014	3.51%

Future principal and interest requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 33,301	\$ 5,242	\$ 38,543
2013	34,541	4,002	38,543
2014	35,826	2,717	38,543
2015	37,160	1,383	38,543
Total	140,828	13,344	154,172

**State School Bond Loan**

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's 1997-2007 bond issues. During 1997-2007, the School District issued \$ 55,460,000 in bonds to renovate and build School District facilities. The bond election, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 7.0 mills, but instead the election permitted the School District to extend this levy through the year 2025. Since the monies generated by the 7.0 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow a total of \$ 8,753,407 to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the 1997-2007 bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed \$ 958,510 and had an outstanding balance at year end of \$ 12,245,824 from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

**Compensated Absences**

Accrued compensated absences at year end, consists of \$ 16,344 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Defeased Debt**

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

The final payment date is May 1, 2011 for the 1995 issue, May 1, 2017 for the 1997 issue for the partial refunding that occurred in 2002, and May 1, 2022 for the 1997 issue for the partial refunding that occurred in 2005. During 2007, a portion of the 2005 bonds were refunded. Final payment for these refunded bonds is May 1, 2030.

As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

1997 Building and Site refunded in 2002	\$ 7,450,000
1997 Building and Site refunded in 2005	4,175,000
2005 Building and Site refunded in 2007	<u>6,960,000</u>
 Total	 <u><u>\$ 18,585,000</u></u>

**NOTE 10 - RISK MANAGEMENT**

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

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment described below, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$ 9,526 in unemployment compensation expense for the year ended June 30, 2011. No provision has been made for possible future claims.

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 11 - PENSION PLANS AND POST EMPLOYMENT BENEFITS**

**Plan Description**

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees' Retirement System (MPERS), which is a cost-sharing multiple-employer public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, who has the authority to establish and amend benefit provisions. The Michigan Department of Technology, Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. The report provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

In 2010 MPERS created a new Pension Plus plan. All Michigan public school employees who begin work on or after July 1, 2010, are enrolled in the Pension Plus plan. The Pension Plus plan includes two components: (a) a defined benefit pension component, and (b) a defined contribution savings component.

**Funding Policy**

The District is required by the School Finance Reform Act to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. The District's actual contributions match the required contributions. Additionally, employees participating in the Member Investment Plan contributed 3% to 6.4% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPERS pension retirement plan funding for the three-year period beginning July 1, 2008 through June 30, 2011.

	2011	2010	2009
Funding percentage range	8.63 - 12.16%	9.73-10.13%	9.73-10.17%
Total payroll	\$ 9,506,442	\$ 10,001,246	\$ 9,943,903
Total covered payroll	9,336,848	9,904,364	9,854,377
School pension contributions	970,565	983,503	980,511
Employee MIP contributions	548,801	323,535	316,374
Tax deferred payment program	42,776	48,867	60,840

**Armada Area Schools**  
**Notes to Financial Statements**  
**June 30, 2011**

**Defined Contribution Savings Plan**

For the Pension Plus savings plan, participants are automatically enrolled and 2% of their pay is withheld and deposited into the account. Participants may elect to not contribute, or may elect to increase their personal contribution up to the annual limits established by the IRS. The District matches 50 percent of the employee contributions into the Pension Plus savings plan, up to 1 percent. Participants opting to not contribute receive no employer matching contribution. Contributions by the District and participants during the year ended June 30, 2011, were:

	School District	Participants
Contributions to the Pension Plus Savings Plan	\$ 1,476	\$ 2,952

**Post Employment Benefits**

In addition to the pension benefits described above, the School Finance Reform Act requires the School District to provide post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS). Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health care, dental and vision coverage at the time of receiving the benefits. The School's actual contributions match the required contributions.

The following table discloses pertinent information relative to MPERS post employment benefits funding for the three-year period beginning July 1, 2008 through June 30, 2011.

	2011	2010	2009
Funding percentage range	6.81 - 8.50 %	6.81%	6.55 - 6.81%
School post employment benefits contributions	\$ 714,736	\$ 674,487	\$ 669,126

**NOTE 12 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2011.

The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent to June 30, 2011, the School District has paid the balance of the \$ 1,700,000 and accrued interest on the short-term state aid anticipation note borrowed in August 2010 and has subsequently borrowed \$ 1,900,000 in short-term state aid anticipation notes through the Michigan Municipal Bond Authority. Proceeds from the borrowing were distributed to the School District in August 2011.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Armada Area Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 1,852,605	\$ 1,882,319	\$ 1,892,249	\$ 9,930
State sources	13,455,140	13,510,847	13,469,534	(41,313)
Federal sources	1,488,131	1,582,576	1,538,074	(44,502)
Interdistrict sources	371,124	388,258	382,458	(5,800)
	<u>17,167,000</u>	<u>17,364,000</u>	<u>17,282,315</u>	<u>(81,685)</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
Instruction				
Basic programs	8,273,210	8,467,105	8,442,874	(24,231)
Added needs	1,494,308	1,387,624	1,245,827	(141,797)
Supporting services				
Pupil	907,536	907,558	854,664	(52,894)
Instructional staff	747,278	808,762	740,809	(67,953)
General administration	446,000	440,995	400,173	(40,822)
School administration	1,226,175	1,197,241	1,142,018	(55,223)
Business	688,135	684,643	665,289	(19,354)
Operations and maintenance	1,777,590	1,741,742	1,511,358	(230,384)
Pupil transportation services	794,091	851,451	816,133	(35,318)
Central	132,837	132,660	112,552	(20,108)
Athletic activities	310,188	325,701	323,645	(2,056)
Community services	211,678	244,659	238,666	(5,993)
Capital outlay	140,758	180,406	344,261	163,855
	<u>17,149,784</u>	<u>17,370,547</u>	<u>16,838,269</u>	<u>(532,278)</u>
<b>Total expenditures</b>				
<b>Excess (deficiency) of revenues over expenditures</b>				
	<u>17,216</u>	<u>(6,547)</u>	<u>444,046</u>	<u>450,593</u>

**Armada Area Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Other Financing Sources (Uses)</b>				
Capital leases	-	-	179,371	179,371
Transfers in	(17,216)	(22,239)	18,490	40,729
Total other financing sources (uses)	(17,216)	(22,239)	197,861	220,100
Net change in fund balance	-	(28,786)	641,907	670,693
Fund balance - beginning	562,205	562,205	562,205	-
Fund balance - ending	\$ 562,205	\$ 533,419	\$ 1,204,112	\$ 670,693

## OTHER SUPPLEMENTAL INFORMATION

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

	Special Revenue Funds		Debt Service Funds					Capital Projects Fund	Total Nonmajor Governmental Funds	
	Community Education	Food Service	Durant	School Bond Loan Fund	2002 Refunding	2005 Debt Service	2005 Refunding	2007 Refunding	Sinking Fund	
<b>Assets</b>										
Cash	\$ 24,288	\$ 24,406	\$ -	\$ 5,303	\$ 166,782	\$ 110,658	\$ 50,711	\$ 1	\$ 449,864	\$ 832,013
Taxes receivable	-	-	-	-	980	780	312	-	248	2,320
Accounts receivable	-	2,103	-	-	-	-	-	-	-	2,103
Prepaid items	2,706	-	-	-	-	-	-	-	-	2,706
<b>Total assets</b>	<b>\$ 26,994</b>	<b>\$ 26,509</b>	<b>\$ -</b>	<b>\$ 5,303</b>	<b>\$ 167,762</b>	<b>\$ 111,438</b>	<b>\$ 51,023</b>	<b>\$ 1</b>	<b>\$ 450,112</b>	<b>\$ 839,142</b>
<b>Liabilities and Fund Balance</b>										
<b>Liabilities</b>										
Accounts payable	\$ 2,347	\$ 12,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 14,513
Due to other funds	8,367	1,423	-	-	-	-	-	-	-	9,790
Deferred revenue	10,173	-	-	-	-	-	-	-	-	10,173
<b>Total liabilities</b>	<b>20,887</b>	<b>13,559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>34,476</b>
<b>Fund Balance</b>										
Non-spendable										
Prepaid items	2,706	-	-	-	-	-	-	-	-	2,706
Restricted for:										
Debt service	-	-	-	5,303	167,762	111,438	51,023	1	-	335,527
Capital projects	-	-	-	-	-	-	-	-	450,082	450,082
Food service	-	12,950	-	-	-	-	-	-	-	12,950
Assigned	3,401	-	-	-	-	-	-	-	-	3,401
<b>Total fund balance</b>	<b>6,107</b>	<b>12,950</b>	<b>-</b>	<b>5,303</b>	<b>167,762</b>	<b>111,438</b>	<b>51,023</b>	<b>1</b>	<b>450,082</b>	<b>804,666</b>
<b>Total liabilities and fund balance</b>	<b>\$ 26,994</b>	<b>\$ 26,509</b>	<b>\$ -</b>	<b>\$ 5,303</b>	<b>\$ 167,762</b>	<b>\$ 111,438</b>	<b>\$ 51,023</b>	<b>\$ 1</b>	<b>\$ 450,112</b>	<b>\$ 839,142</b>

**Armada Area Schools**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	Special Revenue Funds		Debt Service Funds					Capital Projects Fund	Total Nonmajor Governmental Funds	
	Community Education	Food Service	Durant	School Bond Loan Fund	2002 Refunding	2005 Debt Service	2005 Refunding	2007 Refunding	Sinking Fund	
<b>Revenues</b>										
Local sources	\$ 68,085	\$ 230,052	\$ -	\$ 3	\$ 1,291,294	\$ 856,141	\$ 391,833	\$ 5	\$ 305,587	\$ 3,143,000
State sources	-	13,664	17,949	-	-	-	-	-	-	31,613
Federal sources	-	144,658	-	-	-	-	-	-	-	144,658
<b>Total revenues</b>	<b>68,085</b>	<b>388,374</b>	<b>17,949</b>	<b>3</b>	<b>1,291,294</b>	<b>856,141</b>	<b>391,833</b>	<b>5</b>	<b>305,587</b>	<b>3,319,271</b>
<b>Expenditures</b>										
Current										
Education										
Food services	-	379,756	-	-	-	-	-	-	-	379,756
Community services	63,618	-	-	-	-	-	-	-	-	63,618
Capital outlay	-	-	-	-	-	-	-	-	133,039	133,039
Debt service										
Principal	-	-	15,611	-	1,045,000	575,000	185,000	-	-	1,820,611
Interest and other expenditures	-	-	2,338	-	266,202	742,624	206,406	313,456	-	1,531,026
<b>Total expenditures</b>	<b>63,618</b>	<b>379,756</b>	<b>17,949</b>	<b>-</b>	<b>1,311,202</b>	<b>1,317,624</b>	<b>391,406</b>	<b>313,456</b>	<b>133,039</b>	<b>3,928,050</b>
Excess (deficiency) of revenues over expenditures	4,467	8,618	-	3	(19,908)	(461,483)	427	(313,451)	172,548	(608,779)
<b>Other Financing Sources (Uses)</b>										
Proceeds from school bond loan fund	-	-	-	-	112,875	514,610	17,578	313,447	-	958,510
Transfers out	-	(18,490)	-	-	-	-	-	-	-	(18,490)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(18,490)</b>	<b>-</b>	<b>-</b>	<b>112,875</b>	<b>514,610</b>	<b>17,578</b>	<b>313,447</b>	<b>-</b>	<b>940,020</b>
<b>Net change in fund balance</b>	<b>4,467</b>	<b>(9,872)</b>	<b>-</b>	<b>3</b>	<b>92,967</b>	<b>53,127</b>	<b>18,005</b>	<b>(4)</b>	<b>172,548</b>	<b>331,241</b>
Fund balance - beginning	1,640	22,822	-	5,300	74,795	58,311	33,018	5	277,534	473,425
Fund balance - ending	\$ 6,107	\$ 12,950	\$ -	\$ 5,303	\$ 167,762	\$ 111,438	\$ 51,023	\$ 1	\$ 450,082	\$ 804,666

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2011**

	2011	2010
<b>Assets</b>		
Cash	\$ 1,878,060	\$ 1,673,590
Taxes receivable	1,030	168
Accounts receivable	123,665	128,489
Due from other funds	9,790	26,070
Due from other governmental units	2,614,129	2,283,237
Prepaid items	22,462	24,572
Total assets	\$ 4,649,136	\$ 4,136,126
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 113,988	\$ 92,527
State aid anticipation note payable	1,706,559	1,815,300
Due to other governmental units	68,986	-
Payroll deductions and withholdings	5,084	7,756
Accrued expenditures	419,442	504,030
Accrued salaries payable	1,055,232	1,105,204
Deferred revenue	75,733	49,104
Total liabilities	3,445,024	3,573,921
<b>Fund Balance</b>		
Non-spendable		
Prepaid items	22,462	24,572
Unassigned	1,181,650	537,633
Total fund balance	1,204,112	562,205
Total liabilities and fund balance	\$ 4,649,136	\$ 4,136,126

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue from local sources</b>				
Property tax levy	\$ 1,347,466	\$ 1,356,301	\$ 1,356,510	\$ 209
Tuition	60,160	66,906	67,182	276
Transportation fees	17,000	-	7,682	7,682
Earnings on investments	3,300	2,159	2,989	830
Student activities	123,000	144,534	145,362	828
Community service activities	224,238	235,167	240,060	4,893
Other local revenues	<u>77,441</u>	<u>77,252</u>	<u>72,464</u>	<u>(4,788)</u>
Total revenues from local sources	<u>1,852,605</u>	<u>1,882,319</u>	<u>1,892,249</u>	<u>9,930</u>
<b>Revenues from state sources</b>				
Grants - unrestricted	13,179,182	12,839,976	12,839,976	-
Grants - restricted	<u>275,958</u>	<u>670,871</u>	<u>629,558</u>	<u>(41,313)</u>
Total revenues from state sources	<u>13,455,140</u>	<u>13,510,847</u>	<u>13,469,534</u>	<u>(41,313)</u>
<b>Revenues from federal sources</b>				
Grants	<u>1,488,131</u>	<u>1,582,576</u>	<u>1,538,074</u>	<u>(44,502)</u>
Total revenues from federal sources	<u>1,488,131</u>	<u>1,582,576</u>	<u>1,538,074</u>	<u>(44,502)</u>
<b>Interdistrict sources</b>				
ISD collected millage	347,838	347,839	347,839	-
Cooperative education	-	20,933	20,933	-
Other	<u>23,286</u>	<u>19,486</u>	<u>13,686</u>	<u>(5,800)</u>
Total interdistrict sources	<u>371,124</u>	<u>388,258</u>	<u>382,458</u>	<u>(5,800)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2011**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Other financing sources (uses)</b>				
Capital leases	-	-	179,371	179,371
Transfers in	<u>(17,216)</u>	<u>(22,239)</u>	<u>18,490</u>	<u>40,729</u>
Total other financing sources (uses)	<u>(17,216)</u>	<u>(22,239)</u>	<u>197,861</u>	<u>220,100</u>
Total revenue and other financing sources	<u>\$ 17,149,784</u>	<u>\$ 17,341,761</u>	<u>\$ 17,480,176</u>	<u>\$ 138,415</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - elementary</b>				
Salaries	\$ 2,135,287	\$ 2,208,520	\$ 2,208,516	\$ (4)
Employee benefits	1,072,317	1,141,711	1,141,706	(5)
Purchased services	54,254	68,719	59,347	(9,372)
Supplies and materials	32,533	36,974	29,932	(7,042)
Other	1,035	535	535	-
Total elementary	<u>3,295,426</u>	<u>3,456,459</u>	<u>3,440,036</u>	<u>(16,423)</u>
<b>Basic program - middle school</b>				
Salaries	1,332,042	1,302,464	1,318,853	16,389
Employee benefits	638,098	632,475	635,718	3,243
Purchased services	26,177	56,060	51,625	(4,435)
Supplies and materials	25,520	23,912	20,564	(3,348)
Other	1,199	1,199	914	(285)
Total middle school	<u>2,023,036</u>	<u>2,016,110</u>	<u>2,027,674</u>	<u>11,564</u>
<b>Basic program - high school</b>				
Salaries	1,880,284	1,863,231	1,871,374	8,143
Employee benefits	918,698	938,552	936,386	(2,166)
Purchased services	44,793	71,451	60,876	(10,575)
Supplies and materials	43,174	51,736	41,230	(10,506)
Other	2,505	12,760	12,678	(82)
Total high school	<u>2,889,454</u>	<u>2,937,730</u>	<u>2,922,544</u>	<u>(15,186)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - pre-school</b>				
Salaries	44,422	39,440	39,439	(1)
Employee benefits	12,615	11,073	11,072	(1)
Supplies and materials	3,500	3,500	1,987	(1,513)
Total pre-school	<u>60,537</u>	<u>54,013</u>	<u>52,498</u>	<u>(1,515)</u>
<b>Basic program - summer school</b>				
Salaries	3,826	42	42	-
Employee benefits	931	251	19	(232)
Purchased services	-	1,500	61	(1,439)
Supplies and materials	-	1,000	-	(1,000)
Total summer school	<u>4,757</u>	<u>2,793</u>	<u>122</u>	<u>(2,671)</u>
<b>Added needs - special education</b>				
Salaries	656,431	603,712	574,349	(29,363)
Employee benefits	324,540	310,394	292,447	(17,947)
Purchased services	32,475	29,781	19,655	(10,126)
Supplies and materials	6,171	6,216	4,436	(1,780)
Other	300	242	40	(202)
Total special education	<u>1,019,917</u>	<u>950,345</u>	<u>890,927</u>	<u>(59,418)</u>
<b>Added needs - compensatory education</b>				
Salaries	82,240	110,537	75,821	(34,716)
Employee benefits	22,472	30,483	20,506	(9,977)
Purchased services	17,928	21,784	21,782	(2)
Supplies and materials	12,846	23,666	19,926	(3,740)
Total compensatory education	<u>135,486</u>	<u>186,470</u>	<u>138,035</u>	<u>(48,435)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Added needs - career and technical education</b>				
Salaries	183,356	148,859	144,057	(4,802)
Employee benefits	98,111	71,409	58,684	(12,725)
Purchased services	23,993	13,993	3,706	(10,287)
Supplies and materials	32,477	15,580	10,378	(5,202)
Other	968	968	40	(928)
Total career and technical education	<u>338,905</u>	<u>250,809</u>	<u>216,865</u>	<u>(33,944)</u>
<b>Pupil - truancy/absenteeism services</b>				
Salaries	129,000	129,000	116,171	(12,829)
Employee benefits	68,181	68,209	60,759	(7,450)
Total truancy/absenteeism services	<u>197,181</u>	<u>197,209</u>	<u>176,930</u>	<u>(20,279)</u>
<b>Pupil - guidance services</b>				
Salaries	213,991	217,444	208,665	(8,779)
Employee benefits	106,364	96,948	84,442	(12,506)
Supplies and materials	1,000	1,009	727	(282)
Other	285	540	540	-
Total guidance services	<u>321,640</u>	<u>315,941</u>	<u>294,374</u>	<u>(21,567)</u>
<b>Pupil - psychological services</b>				
Purchased services	<u>10,000</u>	<u>2,825</u>	<u>2,925</u>	<u>100</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil - speech services</b>				
Salaries	159,574	143,563	143,562	(1)
Employee benefits	60,853	61,302	60,272	(1,030)
Purchased services	5,317	5,317	849	(4,468)
Supplies and materials	1,100	1,100	811	(289)
Total speech services	<u>226,844</u>	<u>211,282</u>	<u>205,494</u>	<u>(5,788)</u>
<b>Pupil - social work services</b>				
Salaries	26,594	26,594	26,458	(136)
Employee benefits	11,738	11,060	10,028	(1,032)
Supplies and materials	325	325	324	(1)
Total social work services	<u>38,657</u>	<u>37,979</u>	<u>36,810</u>	<u>(1,169)</u>
<b>Pupil - teacher consultant</b>				
Salaries	26,526	50,267	50,135	(132)
Employee benefits	25,721	32,878	30,955	(1,923)
Purchased services	4,125	4,125	3,000	(1,125)
Supplies and materials	225	225	-	(225)
Total teacher consultant	<u>56,597</u>	<u>87,495</u>	<u>84,090</u>	<u>(3,405)</u>
<b>Pupil - other support services</b>				
Salaries	44,560	42,833	42,226	(607)
Employee benefits	12,057	11,994	11,815	(179)
Total other pupil support services	<u>56,617</u>	<u>54,827</u>	<u>54,041</u>	<u>(786)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Instructional staff - improvement of education</b>				
Salaries	17,500	14,488	11,888	(2,600)
Employee benefits	5,946	6,937	4,527	(2,410)
Purchased services	121,265	119,079	89,710	(29,369)
Supplies and materials	7,072	6,576	2,875	(3,701)
Total improvement of education	<u>151,783</u>	<u>147,080</u>	<u>109,000</u>	<u>(38,080)</u>
<b>Instructional staff - educational media services</b>				
Salaries	175,364	175,386	170,656	(4,730)
Employee benefits	83,916	90,722	84,926	(5,796)
Supplies and materials	3,017	3,374	3,360	(14)
Total educational media services	<u>262,297</u>	<u>269,482</u>	<u>258,942</u>	<u>(10,540)</u>
<b>Instructional staff - technology assisted instruction</b>				
Salaries	82,869	82,869	82,869	-
Employee benefits	35,925	33,715	32,978	(737)
Purchased services	34,303	77,393	67,969	(9,424)
Supplies and materials	3,222	3,355	3,354	(1)
Other	100	228	228	-
Total technology assisted instruction	<u>156,419</u>	<u>197,560</u>	<u>187,398</u>	<u>(10,162)</u>
<b>Instructional staff - supervision and direction of instructional staff</b>				
Salaries	111,315	117,002	115,066	(1,936)
Employee benefits	59,300	66,928	61,957	(4,971)
Purchased services	3,900	8,446	8,446	-
Total supervision and direction of instructional staff	<u>174,515</u>	<u>192,376</u>	<u>185,469</u>	<u>(6,907)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Instructional staff - other services</b>				
Salaries	1,763	1,763	-	(1,763)
Employee benefits	501	501	-	(501)
Total other instructional staff services	<u>2,264</u>	<u>2,264</u>	<u>-</u>	<u>(2,264)</u>
<b>General administration - board of education</b>				
Purchased services	78,427	75,524	67,688	(7,836)
Other	3,924	3,924	3,924	-
Total board of education	<u>82,351</u>	<u>79,448</u>	<u>71,612</u>	<u>(7,836)</u>
<b>General administration - executive administration</b>				
Salaries	114,635	117,304	117,304	-
Employee benefits	81,300	67,631	43,754	(23,877)
Purchased services	48,492	54,529	45,931	(8,598)
Supplies and materials	3,634	6,599	6,090	(509)
Other	4,385	4,281	4,280	(1)
Total executive administration	<u>252,446</u>	<u>250,344</u>	<u>217,359</u>	<u>(32,985)</u>
<b>General administration - grant writer/grant procurement</b>				
Purchased services	111,203	111,203	111,202	(1)

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>School administration - office of the principal</b>				
Salaries	588,855	569,088	554,131	(14,957)
Employee benefits	366,839	357,258	325,523	(31,735)
Purchased services	255,948	255,363	247,770	(7,593)
Supplies and materials	9,232	9,817	9,759	(58)
Total office of the principal	<u>1,220,874</u>	<u>1,191,526</u>	<u>1,137,183</u>	<u>(54,343)</u>
<b>School administration - other</b>				
Supplies and materials	<u>5,301</u>	<u>5,715</u>	<u>4,835</u>	<u>(880)</u>
<b>Business - fiscal services</b>				
Salaries	343,584	348,904	348,903	(1)
Employee benefits	173,911	168,640	167,757	(883)
Purchased services	6,400	4,993	4,915	(78)
Supplies and materials	4,200	3,500	3,453	(47)
Other	<u>1,362</u>	<u>928</u>	<u>928</u>	<u>-</u>
Total fiscal services	<u>529,457</u>	<u>526,965</u>	<u>525,956</u>	<u>(1,009)</u>
<b>Business - internal services</b>				
Purchased services	110,800	111,400	93,839	(17,561)
Supplies and materials	<u>800</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Total internal services	<u>111,600</u>	<u>111,600</u>	<u>93,839</u>	<u>(17,761)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Business - other</b>				
Purchased services	8,429	8,429	8,429	-
Other	38,649	37,649	37,065	(584)
Total other business	47,078	46,078	45,494	(584)
<b>Operations and maintenance - operating building services</b>				
Salaries	435,075	429,464	416,215	(13,249)
Employee benefits	289,658	291,209	269,950	(21,259)
Purchased services	240,463	283,864	260,514	(23,350)
Supplies and materials	811,765	736,576	564,050	(172,526)
Other	629	629	629	-
Total operating building services	1,777,590	1,741,742	1,511,358	(230,384)
<b>Pupil transportation services</b>				
Salaries	354,587	347,081	332,496	(14,585)
Employee benefits	298,210	291,971	283,726	(8,245)
Purchased services	37,353	40,548	36,079	(4,469)
Supplies and materials	102,611	167,513	159,534	(7,979)
Other	1,330	4,338	4,298	(40)
Total transportation services	794,091	851,451	816,133	(35,318)
<b>Central - planning, research development and evaluation</b>				
Salaries	9,013	8,813	2,667	(6,146)
Employee benefits	2,432	2,432	743	(1,689)
Purchased services	19,548	5,125	2,924	(2,201)
Supplies and materials	500	500	-	(500)
Total planning, research development and evaluation	31,493	16,870	6,334	(10,536)

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Central - staff/personnel services</b>				
Purchased services	19,000	23,508	14,926	(8,582)
Supplies and materials	5,120	5,020	4,590	(430)
Total staff/personnel services	<u>24,120</u>	<u>28,528</u>	<u>19,516</u>	<u>(9,012)</u>
<b>Central - support services technology</b>				
Purchased services	-	10,968	10,968	-
<b>Central - pupil accounting</b>				
Salaries	39,583	39,599	39,599	-
Employee benefits	37,041	36,695	36,135	(560)
Purchased services	300	-	-	-
Supplies and materials	200	-	-	-
Other	100	-	-	-
Total pupil accounting	<u>77,224</u>	<u>76,294</u>	<u>75,734</u>	<u>(560)</u>
<b>Athletic activities</b>				
Salaries	121,175	123,285	123,283	(2)
Employee benefits	42,453	42,793	42,788	(5)
Purchased services	106,135	100,219	99,582	(637)
Supplies and materials	30,320	39,350	37,939	(1,411)
Other	10,105	20,054	20,053	(1)
Total pupil accounting	<u>310,188</u>	<u>325,701</u>	<u>323,645</u>	<u>(2,056)</u>
<b>Community services - custody and care of children</b>				
Salaries	108,109	133,887	132,236	(1,651)
Employee benefits	29,441	39,779	36,973	(2,806)
Supplies and materials	15,865	15,654	14,945	(709)
Total custody and care of children	<u>153,415</u>	<u>189,320</u>	<u>184,154</u>	<u>(5,166)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Community services - non-public school pupils</b>				
Salaries	37,845	37,900	37,900	-
Employee benefits	15,258	15,203	14,981	(222)
Purchased services	270	270	97	(173)
Supplies and materials	2,420	641	640	(1)
Total non-public school pupils	<u>55,793</u>	<u>54,014</u>	<u>53,618</u>	<u>(396)</u>
<b>Community services - other</b>				
Purchased services	1,718	573	273	(300)
Supplies and materials	752	752	621	(131)
Total other	<u>2,470</u>	<u>1,325</u>	<u>894</u>	<u>(431)</u>
<b>Capital outlay</b>				
Basic program - middle school	64,567	79,651	79,650	(1)
Basic program - high school	10,778	28,183	17,671	(10,512)
Added needs - special education	3,712	3,712	2,421	(1,291)
Added needs - career and technical education	17,172	17,172	15,509	(1,663)
Instructional staff - improvement of education	-	1,000	1,000	-
Instructional staff - educational media services	1,483	1,270	1,269	(1)
Instructional staff - technology assisted instruction	993	993	993	-
General administration - executive administration	-	1,005	1,005	-
Operations and maintenance - operating building services	5,425	6,273	4,456	(1,817)
Pupil transportation services	35,628	40,147	219,518	179,371
Community services - non-public school pupils	1,000	1,000	769	(231)
Total capital outlay	<u>140,758</u>	<u>180,406</u>	<u>344,261</u>	<u>163,855</u>
Total expenditures and financing uses	<u>\$ 17,149,784</u>	<u>\$ 17,370,547</u>	<u>\$ 16,838,269</u>	<u>\$ (532,278)</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2011**

	Due to (From) Student Groups June 30, 2010	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2011
Early Elementary Activity Funds				
Elementary Internal Reserve Fund	\$ 26	\$ 6	\$ -	\$ 32
Grants	2	-	-	2
Elementary Miscellaneous	4,001	3,377	2,359	5,019
Kindergarten Field Trip	470	2,900	3,348	22
First Grade Field Trip	140	3,721	3,689	172
Second Grade Field Trip	35	632	408	259
TCB	5,445	1,049	4,549	1,945
	<u>10,119</u>	<u>11,685</u>	<u>14,353</u>	<u>7,451</u>
Later Elementary Activity Funds				
Later Elementary Internal Reserve Fund	279	10,127	9,732	674
Book Fair / Accelerated Readers	3,898	12,815	12,597	4,116
Student Council	1,952	3,541	4,342	1,151
Super Kids Day	6,438	10,175	8,520	8,093
Drug Alliance	11,211	31,915	35,351	7,775
School Store	57	-	-	57
Individual Room Account	211	-	-	211
Elementary Miscellaneous	3,927	4,002	6,701	1,228
Third Grade Field Trip	626	3,436	3,721	341
Fourth Grade Field Trip	1,306	6,237	7,218	325
Fifth Grade Field Trip	16	5,045	4,575	486
Book Club	-	330	321	9
Rocket Club	1	-	-	1
Ski Club	473	5,454	4,913	1,014
Yearbook	13,206	7,839	17,459	3,586
Student Enhancement	671	77	743	5
Playground Equipment	132	-	116	16
Garden Club	666	-	141	525
Library Donations	1,463	-	1,133	330
Young authors	860	534	1,323	71
Safety Patrol	2,703	7,296	6,446	3,553
	<u>50,096</u>	<u>108,823</u>	<u>125,352</u>	<u>33,567</u>

**Armada Area Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2011**

	Due to (From) Student Groups June 30, 2010	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2011
Middle School Activity Funds				
Middle School Internal Reserve Fund	1,796	40	-	1,836
Student Council	1,011	5	979	37
Middle School	5,066	28,077	29,493	3,650
Middle L.C.C.E.	1,183	-	292	891
Sixth Grade	608	3,916	4,072	452
Seventh Grade	424	2,885	2,257	1,052
Eighth Grade	611	10,326	9,451	1,486
Foreign Language	37	-	-	37
Math	371	-	-	371
Drama	-	654	93	561
Cheerleaders	64	170	225	9
Library	3,571	2,567	4,740	1,398
SCADDS	6	1,705	1,680	31
Class of 2017	-	305	-	305
MS Tech Lab	2,489	707	1,592	1,604
Science	2,581	1,848	2,370	2,059
Band	146	8,562	8,391	317
Physical Education	2,459	2,807	2,808	2,458
Yearbook	2,565	10,606	10,641	2,530
	24,988	75,180	79,084	21,084
High School Activity Funds				
High School Internal Reserve Funds	7,066	10,875	16,532	1,409
A.H.S. Senior Night	2,285	20,884	21,789	1,380
Cheerleaders	1,865	14,759	13,842	2,782
Library	329	142	293	178
Auto Shop	98	-	-	98
Band	63	29,274	29,337	-
Heide/O'Leary Scholarship	75	10,000	10,000	75
Choir	190	4,749	3,239	1,700

**Armada Area Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2011**

	Due to (From) Student Groups June 30, 2010	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2011
Class of 1998	226	-	-	226
Class of 1999	569	2,600	2,209	960
Class of 2000	128	-	-	128
Class of 2001	695	-	-	695
Class of 2002	334	-	-	334
Class of 2003	634	-	60	574
Class of 2005	975	-	250	725
Class of 2006	1,056	-	-	1,056
Class of 2007	2,824	-	-	2,824
Class of 2008	1,091	-	-	1,091
Class of 2009	2,178	-	1	2,177
Class of 2010	2,486	233	1,524	1,195
Class of 2011	(76)	11,219	9,506	1,637
Class of 2012	1,021	175	715	481
Class of 2013	-	900	97	803
Class of 2014	-	565	-	565
Varsity Football	5,676	22,490	19,836	8,330
Student Senate	6,194	5,794	4,926	7,062
L.C.C.E.	3,182	2,368	1,711	3,839
H.S. Miscellaneous	199	4,236	4,179	256
Musical	756	7,953	5,655	3,054
National Honor Society	245	3,917	3,549	613
Health Occupations	76	214	198	92
Regit	1,049	32,451	33,500	-
S.A.D.D.	546	1,066	1,404	208
Neely Scholarship	25	7,975	6,950	1,050
Luke Hurd Memorial Scholarship	-	2,000	2,000	-
Wrestling	222	1,346	1,568	-
JV Baseball	16	56	-	72
Varsity Baseball	1,907	948	1,446	1,409
Girls Basketball	1,527	8,256	7,351	2,432

**Armada Area Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2011**

	Due to (From) Student Groups June 30, 2010	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2011
General Science	41	2,395	2,335	101
JV Volleyball	6,260	7,080	5,222	8,118
Miscellaneous Scholarship	755	18,968	15,203	4,520
Spanish Club	86	-	-	86
The Tiger Den	8,686	18,816	18,355	9,147
Boys Basketball	-	10,091	7,875	2,216
AP English	71	-	-	71
Soccer	46	600	575	71
Building Trades	707	181	130	758
Girls Softball	1,176	1,530	1,477	1,229
HS Powerlift	209	1,346	1,445	110
Track	3,335	11,001	11,314	3,022
Counseling	8,439	17,473	23,305	2,607
Building Staff	914	2,181	1,622	1,473
Equestrian Team	-	61	-	61
HS Online Tutoring	306	3,053	2,016	1,343
Girls Varsity Soccer	899	85	650	334
Varsity Boy Tennis	613	1,022	467	1,168
Armada Wrestling Club	-	25	-	25
Powder Puff Football	579	1,895	2,344	130
Golf	716	98	85	729
International Travel	-	857	857	-
Dance Club	205	5,008	3,481	1,732
Varsity Club	375	1,845	1,315	905
	82,150	313,056	303,740	91,466
Auxiliary Services Fund				
Auxiliary Internal Reserve Fund	99	6	-	105
Preschool	4,417	1,486	1,524	4,379
Child Care Special Service	2,743	1,256	911	3,088
	7,259	2,748	2,435	7,572

**Armada Area Schools**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Changes in Amounts Due to Student Groups**  
**For the Year Ended June 30, 2011**

	Due to (From) Student Groups June 30, 2010	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2011
Burk Street Activity Funds				
Burk St. Internal Reserve Fund	1,168	32	-	1,200
A.P.P.L.E.	220	214	177	257
Special Services	400	-	-	400
Project Care	1,934	6,384	3,584	4,734
Program Development	-	5,050	-	5,050
Employee Recognition	170	-	-	170
Miscellaneous Dinner	2,115	-	-	2,115
Benefit for Books	121	-	-	121
Vending Machine	9,554	23,198	23,094	9,658
	<u>15,682</u>	<u>34,878</u>	<u>26,855</u>	<u>23,705</u>
Macomb Academy for the Arts and Sciences Activity Funds				
MA2S Reserve Fund	289	15	-	304
MA2S Research Fund	3,282	231	662	2,851
MA2S Field Trips	290	-	-	290
MA2S Beta Club	152	323	467	8
MA2S Ambassadors	66	123	187	2
MA2S Miscellaneous	75	124	128	71
MA2S Fundraisers	774	10,667	8,389	3,052
Miscellaneous Grants	1,000	-	-	1,000
Robotics Program	7,598	27,431	31,979	3,050
Yearbook	360	-	-	360
	<u>13,886</u>	<u>38,914</u>	<u>41,812</u>	<u>10,988</u>
<b>Total</b>	<b>\$ 204,180</b>	<b>\$ 585,284</b>	<b>\$ 593,631</b>	<b>\$ 195,833</b>

**Armada Area Schools**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2011**

Year Ending June 30,	2002 Refunding	2005 Refunding	2005 Building & Site	2007 Refunding	Total
2012	\$ 855,000	\$ 20,000	\$ 725,000		\$ 1,600,000
2013	850,000	20,000	775,000		1,645,000
2014	835,000	20,000	825,000		1,680,000
2015	830,000	20,000	850,000		1,700,000
2016	820,000	20,000	900,000		1,740,000
2017	810,000	20,000	950,000		1,780,000
2018		825,000	1,000,000		1,825,000
2019		810,000	1,025,000		1,835,000
2020		805,000	1,075,000	\$ 40,000	1,920,000
2021		825,000	1,125,000	40,000	1,990,000
2022		815,000	1,175,000	40,000	2,030,000
2023			1,250,000	45,000	1,295,000
2024			1,300,000	45,000	1,345,000
2025			1,375,000	45,000	1,420,000
2026			1,015,000	485,000	1,500,000
2027				1,575,000	1,575,000
2028				1,640,000	1,640,000
2029				1,700,000	1,700,000
2030				1,740,000	1,740,000
Total	<u>\$ 5,000,000</u>	<u>\$ 4,200,000</u>	<u>\$ 15,365,000</u>	<u>\$ 7,395,000</u>	<u>\$ 31,960,000</u>
Principal payments due the first day of	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	
Interest rate	3.70% - 5.25%	3.00% - 5.00%	3.00% - 5.00%	4.00% - 4.25%	
Original issue	<u>\$ 9,990,000</u>	<u>\$ 5,360,000</u>	<u>\$ 24,610,000</u>	<u>\$ 7,500,000</u>	