

Honey Creek Community School

Ann Arbor, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2011

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Honey Creek Community School
Members of the Board of Trustees and Administration
June 30, 2011

Members of the Board of Trustees

| | |
|----------------|----------------|
| Simona Goldin | President |
| Scott Mahler | Vice-President |
| Libby Sheldon | Secretary |
| Brian Hockley | Treasurer |
| Carol Borgeson | Trustee |
| Linda Knox | Trustee |
| Patrick Conlin | Trustee |

Administration

| | |
|------------------|--------------------|
| Al Waters | Executive Director |
| Shellee Almquist | Assistant Director |



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Independent Auditors' Report

To the Board of Trustees
Honey Creek Community School
Ann Arbor, Michigan

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, major fund, and the aggregate remaining fund information of Honey Creek Community School 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 September 8, 2011, on our consideration of the Honey Creek Community School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide 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 Honey Creek Community School's 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, Honey Creek Community School's financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In our report dated September 9, 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 Honey Creek Community School's 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.

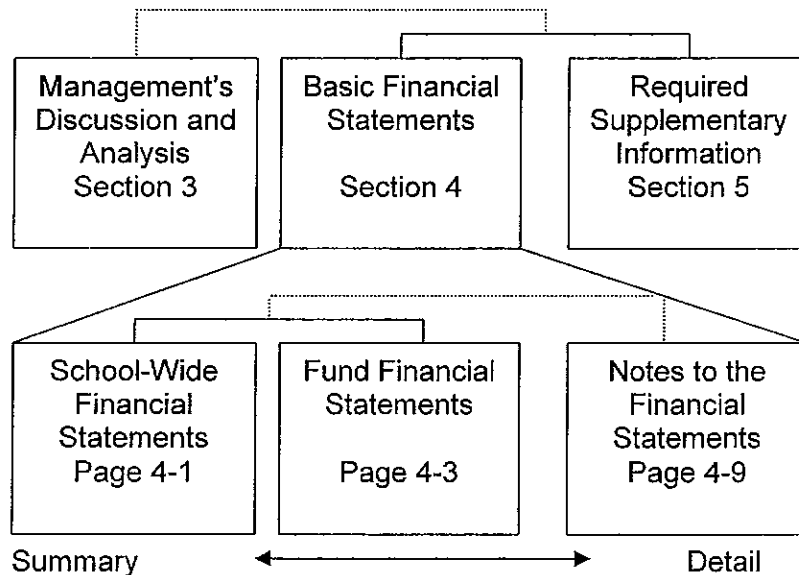
Saginaw, Michigan
September 8, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Honey Creek Community School
Management's Discussion and Analysis
Year Ended June 30, 2011**

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

**Figure A-1
Honey Creek Community School
Organization of Annual Financial Report**



School –Wide Financial Statements

The School-wide statements provide a perspective of the School as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two School-wide statements: The Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets (page 4-1) combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4-2) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various School services.

When analyzed together, the two statements help the reader determine whether the School is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the School, reporting the School's operation in more detail than the School-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

**Honey Creek Community School
Management's Discussion and Analysis
Year Ended June 30, 2011**

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the School's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds.

Honey Creek Community School is the fiduciary for the Child Care Connection School Age Care Endowment Fund. This fiduciary activity is reported in separate statements of fiduciary net assets and changes in fiduciary net assets. They are excluded from the other financial statements because the School may not use the net assets to finance its operations. The School is responsible for ensuring that the net assets reported in this fund are used for their intended purpose.

Financial Analysis of the School as a Whole

Summary of Net Assets

| | Governmental Activities | |
|--------------------------------|-------------------------|-------------------|
| | June 30, 2011 | June 30, 2010 |
| Assets | | |
| Current Assets | \$ 754,521 | \$ 629,491 |
| Capital Assets | 33,687 | 33,687 |
| Less accumulated depreciation | (33,687) | (33,687) |
| Capital Assets, net book value | - | - |
| Total Assets | 754,521 | 629,491 |
| Liabilities | | |
| Current Liabilities | 228,700 | 202,876 |
| Long-term Liabilities | - | - |
| Total Liabilities | 228,700 | 202,876 |
| Net Assets | | |
| Total Capital Assets | - | - |
| Restricted | 24,244 | 23,131 |
| Unrestricted | 501,557 | 403,484 |
| Total Net Assets | \$ 525,801 | \$ 426,615 |

Unrestricted net assets are similar but not identical to fund balance. The restricted net assets currently include donations specifically identified for use by staff and students for special trips such as Camp Tamarack as well as donations for class trips. Nearly \$23,000 in fundraising monies is available to use for curriculum needs. A reconciliation of the difference between increased net assets and an increase in fund balance is on page 4-6.

**Honey Creek Community School
Management's Discussion and Analysis
Year Ended June 30, 2011**

The net assets for the School increased \$99,206 during the 2010-11 school year. The *Statement of Net Assets from Operating Results* (below) shows the details of this change.

Statement of Net Assets from Operating Results

| | <u>Governmental Activities 2011</u> | <u>Governmental Activities 2010</u> |
|--|---|---|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 183,428 | \$ 191,729 |
| Operating grants and contributions | 429,948 | 371,130 |
| Capital grants and contributions | | |
| General revenues | | |
| State foundation allowance | 1,665,727 | 1,520,652 |
| Interest and investment earnings | 168 | 100 |
| Other | 23,002 | 2,388 |
| Total revenues | <u>2,302,273</u> | <u>2,085,999</u> |
| Expenses | | |
| Instruction | 1,285,504 | 1,126,110 |
| Support services | 750,259 | 649,628 |
| Community Services | 167,304 | 164,546 |
| Interest on long-term debt | - | - |
| Total expenses | <u>2,203,067</u> | <u>1,940,284</u> |
| Increase (decrease) in net assets | <u>\$ 99,206</u> | <u>\$ 145,715</u> |

The School's Fund

The School increased the fund balance by \$99,206

The School's actual general fund revenues were greater than the revised budget by \$51,816, a variance of 2.3%.

The School's actual general fund expenditures were less than the revised budget by \$122,210, a variance of 5.3%.

Foundation Allowance

Seventy three percent of the School's revenues are received from state sources. The net state foundation grant is based on two variables:

1. The State of Michigan State Aid Act per student foundation allowance
2. Student enrollment calculated by blending 75 percent of the current year's fall count and 25 percent of the prior year's winter count

Annually, the State of Michigan establishes the per student foundation allowance. The Honey Creek Community School foundation allowance for 2010-11 was \$7,580 per student, a 0% increase from 2009-10 allocation of \$7,580. This amount was then modified by the legislature with an adjustment (decrease) in the discretionary fund amounts and that amount was partially offset with ARRA stabilization funds from the federal government. The Michigan legislature also deducted \$300/student. This amount was not offset at all. The per pupil foundation allowance for 2011-2012 is predicted to be reduced by at least \$150 per pupil. The State of Michigan does not have any ARRA stabilization funds left to use, thus bringing the final per pupil amount to a blended estimate of \$7,110 per student for 2011-2012.

The School's student enrollment for the fall count of 2010-2011 was 232 students. We added a 4th middle school base class in September 2010. Our plan is to continue to add students in 2011-2012 to approach a peak of 250 students. The following summarizes fall student enrollments in the past five years:

**Honey Creek Community School
Management's Discussion and Analysis
Year Ended June 30, 2011**

Enrollment History

| | Student FTE | FTE Change from Prior Year |
|---------|-------------|----------------------------------|
| 2010/11 | 232 | 13 |
| 2009/10 | 219 | 30 |
| 2008/09 | 189 | 8 |
| 2007/08 | 181 | 22 |
| 2006/07 | 159 | 17 |

Preliminary student enrollment projections for 2011-2012 indicate that enrollment is likely to increase from the school year 2010-2011 by 6 students.

Capital Assets

At June 30, 2011, the School had \$33,687 invested in capital assets including furniture, and equipment.

| Assets | 2011 | 2010 |
|-------------------------------|-------------|-------------|
| Furniture and equipment | \$ 33,687 | \$ 33,687 |
| Less accumulated depreciation | 33,687 | 33,687 |
| | <u>\$ -</u> | <u>\$ -</u> |

Long-Term Debt

The School did not have any long-term obligations during the 2010-11 school year.

Original versus Revised Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2011 was approved on June 22, 2010 and amended on February 16, 2011.

General Fund Revenues

| | 2010-11 |
|--------------------------------|------------------|
| Total Revenues Revised Budget | \$ 2,250,457 |
| Total Revenues Original Budget | 2,192,261 |
| | <u>\$ 58,196</u> |

The change reflects an adjustment to the budget from a budgeted student number of 219 to 232 and an increase in fund balance.

General Fund Expenditures

| | 2010-11 |
|------------------------------------|-------------------|
| Total Expenditures Revised Budget | \$ 2,325,277 |
| Total Expenditures Original Budget | 2,155,553 |
| | <u>\$ 169,724</u> |

**Honey Creek Community School
Management's Discussion and Analysis
Year Ended June 30, 2011**

The change in expenditures reflects more money available with the increase in students. The original budget had a raise for continuing staff, but then the MPERS system added a 3% tax for the health care fund. We also added 1.5 general education instructional assistants and a reading specialist. Special education needs continue to impact our budget with increasing numbers of evaluations and extended school year needs. Our board took on the task of strategic planning this year and that increased the cost of doing business. The revised budget includes an increase in expenditures for extended aftercare staff and programming.

Economic Factors and Next Year's Budget and Rates

Most of the School's revenue is derived from the per pupil foundation allowance, so student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. Once the final student count is known in late September, State law requires the School to amend the budget if actual revenues will vary significantly from those originally appropriated.

Actual revenue received depends on the State's ability to collect revenues to fund its appropriation to schools. Honey Creek Community School received \$7,580 per pupil in 2010-11 based on the blended count formula. This amount was modified by an adjustment to 22b – Discretionary Payment (decrease) and another adjustment to 11d – LEA Pupil (decrease) for a total of \$86,745. ARRA stabilization funds were used to replace the \$24,593 amount. Honey Creek Community School was required to apply for these funds by June 30, 2011. We have done so and have received the funds. It is quite challenging to keep our school on an even keel when the state legislature cannot provide timely and accurate information.

Requests for Information

This financial report is designed to give our citizens, taxpayers, parents, students, investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to Shellee Almquist, Assistant Director at 734-994-2636 ext 2220.

BASIC FINANCIAL STATEMENTS

Honey Creek Community School
Statement of Net Assets
June 30, 2011

| | Governmental Activities |
|-------------------------------------|----------------------------|
| Assets | |
| Cash | \$ 364,318 |
| Accounts receivable | 18,127 |
| Due from other governmental units | 352,076 |
| Prepaid items | 20,000 |
| Total assets | 754,521 |
| Liabilities and net assets | |
| Liabilities | |
| Accounts payable | 10,130 |
| Payroll deductions and withholdings | 9,790 |
| Accrued expenditures | 39,587 |
| Accrued salaries payable | 112,102 |
| Unearned revenue | 57,091 |
| Total liabilities | 228,700 |
| Net assets | |
| Restricted for: | |
| Phoenix Rising Projects | 23,276 |
| 8th grade class trip | 449 |
| Middle school camp | 519 |
| Unrestricted | 501,577 |
| Total net assets | \$ 525,821 |

See Accompanying Notes to Financial Statements

Honey Creek Community School
Statement of Activities
For the Year Ended June 30, 2011

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|--------------------------------------|---------------------|-------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| Functions/Programs | | | | |
| Governmental activities | | | | |
| Instruction | \$ 1,285,504 | \$ - | \$ 346,479 | \$ (939,025) |
| Supporting services | 750,259 | - | 83,469 | (666,790) |
| Community services | 167,304 | 183,428 | - | 16,124 |
| Total governmental activities | \$ 2,203,067 | \$ 183,428 | \$ 429,948 | \$ (1,589,691) |
| General revenues | | | | |
| State aid - unrestricted | | | | \$ 1,665,727.0 |
| Interest and investment earnings | | | | 168 |
| Other | | | | 23,002 |
| Total general revenues | | | | <u>1,688,897</u> |
| Change in net assets | | | | 99,206 |
| Net assets - beginning | | | | <u>426,615</u> |
| Net assets - ending | | | | <u><u>\$ 525,821</u></u> |

See Accompanying Notes to Financial Statements

Honey Creek Community School
Governmental Funds
Balance Sheet
June 30, 2011

| | General Fund |
|---|-------------------|
| Assets | |
| Cash | \$ 364,318 |
| Accounts receivable | 18,127 |
| Due from other governmental units | 352,076 |
| Prepaid items | 20,000 |
| Total assets | \$ 754,521 |
| Liabilities and fund balance | |
| Liabilities | |
| Accounts payable | \$ 10,130 |
| Payroll deductions and withholdings | 9,790 |
| Accrued expenditures | 39,587 |
| Accrued salaries payable | 112,102 |
| Deferred revenue | 57,091 |
| Total liabilities | 228,700 |
| Fund balance | |
| Nonexpendable | |
| Prepaid items | 20,000 |
| Restricted for: | |
| Phoenix Rising Projects | 23,276 |
| 8th grade class trip | 449 |
| Middle school camp | 519 |
| Assigned to: | |
| Bank of Ann Arbor award special projects | 10,000 |
| Book fair special projects | 358 |
| 2011-12 budget | 93,895 |
| Unassigned | 377,324 |
| Total fund balance | 525,821 |
| Total liabilities and fund balance | \$ 754,521 |

See Accompanying Notes to Financial Statements

Honey Creek Community School
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2011

| | |
|--|-------------------|
| Total fund balances for governmental funds | <u>\$ 525,821</u> |
| Net assets of governmental activities | <u>\$ 525,821</u> |

See Accompanying Notes to Financial Statements

Honey Creek Community School
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2011

| | General Fund |
|--------------------------------------|-------------------|
| Revenues | |
| Local sources | \$ 232,577 |
| State sources | 1,739,915 |
| Federal sources | 203,463 |
| Interdistrict sources | 126,318 |
| Total revenues | 2,302,273 |
| Expenditures | |
| Current | |
| Education | |
| Instruction | 1,282,565 |
| Supporting services | 739,710 |
| Community services | 167,304 |
| Capital outlay | 13,488 |
| Total expenditures | 2,203,067 |
| Excess of revenues over expenditures | 99,206 |
| Fund balance - beginning | 426,615 |
| Fund balance - ending | \$ 525,821 |

See Accompanying Notes to Financial Statements

Honey Creek Community School
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

| | |
|--|------------------|
| Net change in fund balances - Total governmental funds | <u>\$ 99,206</u> |
| Change in net assets of governmental activities | <u>\$ 99,206</u> |

See Accompanying Notes to Financial Statements

Honey Creek Community School
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2011

| | <u>Private Purpose Trust Funds</u> |
|---|--|
| Assets | |
| Cash | \$ 15,540 |
| Ann Arbor Area Community Foundation endowment | <u>53,683</u> |
| Total assets | <u>\$ 69,223</u> |
| Net assets | |
| Reserved for endowment | <u>\$ 69,223</u> |

Honey Creek Community School
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2011

| | <u>Private Purpose Trust Funds</u> |
|---|--|
| Additions | |
| Interest and investment earnings (loss) | \$ 7,785 |
| Deductions | |
| Other | - |
| Change in net assets | <u>7,785</u> |
| Net assets - beginning | <u>61,438</u> |
| Net assets - ending | <u><u>\$ 69,223</u></u> |

See Accompanying Notes to Financial Statements

Honey Creek Community School
Notes to Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Honey Creek Community School (School) 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's significant accounting policies:

Reporting Entity

Honey Creek Community School is governed by a seven-member Board of Trustees. The School was granted a contract to operate a public school academy under the authority of Washtenaw Intermediate School District, as granted by the State of Michigan. 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's reporting entity, and which organizations are legally separate component units of the School. The School has no component units.

School-wide Financial Statements

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

The statement of net assets presents governmental activities 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'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 first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues (contributions, intergovernmental revenues and fees). 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 (state sources and federal sources, interest income, etc.). The School does not allocate indirect costs.

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

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.

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 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.

Honey Creek Community School
Notes to Financial Statements
June 30, 2011

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

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

The School reports the following major governmental funds:

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

Additionally, the School reports the following fund types:

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School in a trustee capacity or as an agent.

The Child Care Connection School Age Care Endowment Fund is used to support the continued provision and development of parent-guided school age child care at the School. The funds are to be used to fund scholarships and curriculum development of the School's school age programs.

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.

All trade receivables are shown net of an allowance for uncollectible amounts. The School considers all accounts receivable to be fully

collectible; accordingly, no allowance for uncollectible amounts is recorded.

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 therefore are 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 defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School does not have infrastructure assets. Equipment is depreciated using the straight-line method over 3 – 5 years.

Long-term Obligations – In the school-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. There are no long-term liabilities as of June 30, 2011.

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 trustees. A

Honey Creek Community School
Notes to Financial Statements
June 30, 2011

fund balance commitment may be established, modified, or rescinded by a resolution of the board of trustees.

Assigned – amounts intended to be used for specific purposes, as determined by the Executive Director.

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 School's policy is to consider restricted funds spent first.

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

The School has adopted a minimum fund balance policy, as follows: the school will maintain a 20% fund balance through the 2010-2011 fiscal year.

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.

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 cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School to have its budget in place by July 1. A school is not considered in violation of the law if reasonable procedures are in use by the School to detect violations.

The Executive Director is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

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

Excess of Expenditures over Appropriations

During the year, the school incurred expenditures in certain functions, which were in excess of the amount budgeted, as follows:

| Function | Final Budget | Amount of Expenditures | Budget Variances |
|--------------------|--------------|------------------------|------------------|
| General Fund | | | |
| Community services | \$ 164,305 | \$ 167,304 | \$ 2,999 |

Note 3 - Deposits and Investments

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

Honey Creek Community School
Notes to Financial Statements
June 30, 2011

| | Governmental Activities | Fiduciary Funds | Total Primary Government |
|------|----------------------------|--------------------|--------------------------------|
| Cash | \$ 364,318 | \$ 15,540 | \$ 379,858 |

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

| | |
|---|------------|
| Deposits (checking, savings accounts, money markets, certificates of deposit) | \$ 64,760 |
| Investments in securities, mutual funds, and similar vehicles | 315,098 |
| Total | \$ 379,858 |

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

| Investment | Fair Value | Maturities | Rating |
|--|------------|------------|---------|
| Michigan Governmental Money MarketFund | \$ 315,098 | Daily | Unrated |

Interest rate risk – The 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's investment policy authorize the School to make deposits in the accounts of federally insured banks and credit unions, and savings and loan associations that have an office in Michigan; the School 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.

Concentration of credit risk – The 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's deposits may not be returned to it. In accordance with the School's policy, a local bank is used for deposits. As of June 30, 2011, none of the School's bank balance of \$ 34,041 was exposed to custodial credit risk.

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. The following investment securities were uninsured and unregistered and held in the following manner:

| Investment Type | Carrying Value | How Held |
|--|----------------|--------------------------------------|
| Michigan Governmental Money MarketFund | \$ 315,098 | By counterparty in the School's name |

Note 4 - Ann Arbor Community Foundation Endowment

As of June 30, 2011, the School has an endowment of \$ 53,683 held by Ann Arbor Area Community Foundation. The original \$ 50,000 provided by the school will remain as principal. Investment income will be available as permitted by the Ann Arbor Community Foundation spending plan. The assets are recognized in a private purpose trust fund.

Note 5 - Capital Assets

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

Honey Creek Community School
Notes to Financial Statements
June 30, 2011

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------|-------------|-------------------|
| Governmental activities | | | | |
| Furniture and equipment | \$ 33,687 | \$ - | \$ - | \$ 33,687 |
| Less accumulated depreciation for furniture and equipment | <u>33,687</u> | <u>-</u> | <u>-</u> | <u>33,687</u> |
| Net capital assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

All capital assets have been depreciated; therefore there is no depreciation expense in the current year.

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> |
|-----------------|------------------|
| School Age Camp | <u>\$ 57,091</u> |

Note 7 - Leases

Operating Leases

The School leases 1 Sharp copier under a noncancelable operating lease. Total costs for the lease were \$ 2,484 for the year. The future minimum lease payments for the lease are as follows:

| Year ending June 30, | |
|----------------------|-----------------|
| 2011 | \$ 2,484 |
| 2012 | <u>1,035</u> |
| | <u>\$ 3,519</u> |

Note 8 - Long-Term Debt

The School is able to issue 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 notes are direct obligations and pledge the full faith and credit of the School. Other long-term obligations may include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

There are no long-term obligations in the current year.

Note 9 - Risk Management

The School is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as benefits provided to employees. The School has purchased commercial insurance for health, dental, life and disability benefits for employees, and participates in SET-SEG (risk pool) for claims related to workers' compensation, general liability, and property. The shared risk program in which the school participates operates as a common risk-sharing management program for schools in Michigan; member premiums are used to purchase commercial excess insurance and to pay member claims in excess of deductible amounts.

Honey Creek Community School
Notes to Financial Statements
June 30, 2011

Note 10 - 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 School is required by the School Finance Reform Act to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. The School'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 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 | 1,307,738 | 1,204,868 | 1,119,841 |
| Total covered payroll | 1,083,066 | 1,083,066 | 1,032,359 |
| School pension contributions | 134,274 | 108,721 | 106,331 |
| Employee MIP contributions | 41,700 | 37,126 | 34,060 |
| Tax deferred payment program | 5,040 | - | 6,149 |

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 | Participants |
|--|--------|--------------|
| Contributions to the Pension Plus Savings Plan | \$ 330 | \$ 660 |

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

Honey Creek Community School
Notes to Financial Statements
June 30, 2011

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% |
| Employer contributions | 96,174 | 73,757 | 73,891 |
| Employee contributions | 28,674 | - | - |

Note 11 - Related Party Transactions

The School renewed its contract with Washtenaw Intermediate School District (WISD) on June 10, 2009 for an additional five years to operate a public school academy.

The School currently leases their premises on a three-year lease with WISD which ended on June 30, 2006. The lease currently operates on a monthly basis until a new lease agreement is reached. The amount paid during fiscal year 2010-11 was \$150,000. The lease amount during the next year will be calculated by WISD. It is anticipated that the annual amounts will remain consistent with the current year.

The School currently pays WISD 3% of its state aid as an administration fee. The amount paid during fiscal year 2010-11 was \$50,825. There is a balance due of \$ 9,416 at year end.

REQUIRED SUPPLEMENTAL INFORMATION

Honey Creek Community School
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2011

| | <u>Budgeted Amounts</u> | | | Over (Under) Budget |
|-------------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Local sources | \$ 206,402 | \$ 233,836 | \$ 232,577 | \$ (1,259) |
| State sources | 1,710,779 | 1,674,289 | 1,739,915 | 65,626 |
| Federal sources | 138,565 | 227,612 | 203,463 | (24,149) |
| Interdistrict sources | 136,515 | 114,720 | 126,318 | 11,598 |
| Total revenues | <u>2,192,261</u> | <u>2,250,457</u> | <u>2,302,273</u> | <u>51,816</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Basic programs | 935,182 | 1,018,001 | 992,037 | (25,964) |
| Added needs | 298,541 | 328,883 | 290,528 | (38,355) |
| Supporting services | | | | |
| Pupil | 124,776 | 125,876 | 115,171 | (10,705) |
| Instructional staff | 100,141 | 126,204 | 113,801 | (12,403) |
| General administration | 195,183 | 205,221 | 192,003 | (13,218) |
| School administration | 125,953 | 131,257 | 121,651 | (9,606) |
| Business | 54,845 | 54,935 | 51,991 | (2,944) |
| Operations and maintenance | 141,250 | 141,700 | 140,170 | (1,530) |
| Pupil transportation services | 2,500 | 5,000 | 3,132 | (1,868) |
| Central | 720 | 1,345 | 1,791 | 446 |
| Community services | 156,712 | 164,305 | 167,304 | 2,999 |
| Capital outlay | 19,750 | 22,550 | 13,488 | (9,062) |
| Total expenditures | <u>2,155,553</u> | <u>2,325,277</u> | <u>2,203,067</u> | <u>(122,210)</u> |
| Net change in fund balance | 36,708 | (74,820) | 99,206 | 174,026 |
| Fund balance - beginning | <u>426,615</u> | <u>426,615</u> | <u>426,615</u> | <u>-</u> |
| Fund balance - ending | <u><u>\$ 463,323</u></u> | <u><u>\$ 351,795</u></u> | <u><u>\$ 525,821</u></u> | <u><u>\$ 174,026</u></u> |

OTHER SUPPLEMENTAL INFORMATION

Honey Creek Community School
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2011

| | 2011 | 2010 |
|---|-------------------|-------------------|
| Assets | | |
| Cash | \$ 364,318 | \$ 272,812 |
| Accounts receivable | 18,127 | 14,026 |
| Due from other governmental units | 352,076 | 342,653 |
| Prepaid items | 20,000 | - |
| Total assets | \$ 754,521 | \$ 629,491 |
| Liabilities and fund balance | | |
| Liabilities | | |
| Accounts payable | \$ 10,130 | \$ 8,666 |
| Payroll deductions and withholdings | 9,790 | 8,069 |
| Accrued expenditures | 39,587 | 31,436 |
| Accrued salaries payable | 112,102 | 101,836 |
| Deferred revenue | 57,091 | 52,869 |
| Total liabilities | 228,700 | 202,876 |
| Fund balance | | |
| Nonexpendable | | |
| Prepaid items | 20,000 | - |
| Restricted for: | | |
| Phoenix Rising Projects | 23,276 | 18,063 |
| 8th grade class trip | 449 | 1,501 |
| Library/media center | - | 1,582 |
| Middle school camp | 519 | 1,985 |
| Assigned to: | | |
| Bank of Ann Arbor award special projects | 10,000 | - |
| Book fair special projects | 358 | - |
| 2011-12 budget | 93,895 | - |
| Unassigned | 377,324 | 403,484 |
| Total fund balance | 525,821 | 426,615 |
| Total liabilities and fund balance | \$ 754,521 | \$ 629,491 |

Honey Creek Community School
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 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------------------|
| Revenue from local sources | | | | |
| Earnings on investments | \$ 250 | \$ 250 | \$ 168 | \$ (82) |
| Community service activities | 165,500 | 167,500 | 183,428 | 15,928 |
| Other local revenues | 40,652 | 66,086 | 48,981 | (17,105) |
| Total revenues from local sources | <u>206,402</u> | <u>233,836</u> | <u>232,577</u> | <u>(1,259)</u> |
| Revenues from state sources | | | | |
| Grants - unrestricted | 1,628,601 | 1,612,520 | 1,655,599 | 43,079 |
| Grants - restricted | 82,178 | 61,769 | 84,316 | 22,547 |
| Total revenues from state sources | <u>1,710,779</u> | <u>1,674,289</u> | <u>1,739,915</u> | <u>65,626</u> |
| Revenues from federal sources | | | | |
| Grants | 138,565 | 227,612 | 203,463 | (24,149) |
| Interdistrict sources | | | | |
| ISD collected millage | 136,515 | 114,720 | 126,318 | 11,598 |
| Total revenue | <u>\$ 2,192,261</u> | <u>\$ 2,250,457</u> | <u>\$ 2,302,273</u> | <u>\$ 51,816</u> |

Honey Creek Community School
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 |
|--------------------------------------|--------------------|-----------------|----------------|---------------------------------|
| Basic program - elementary | | | | |
| Salaries | \$ 445,131 | \$ 494,858 | \$ 492,833 | \$ (2,025) |
| Employee benefits | 158,084 | 170,857 | 165,521 | (5,336) |
| Purchased services | 9,100 | 9,100 | 9,026 | (74) |
| Supplies and materials | 18,650 | 18,900 | 18,287 | (613) |
| Total elementary | <u>630,965</u> | <u>693,715</u> | <u>685,667</u> | <u>(8,048)</u> |
| Basic program - middle school | | | | |
| Salaries | 195,202 | 209,861 | 204,728 | (5,133) |
| Employee benefits | 70,381 | 73,841 | 63,232 | (10,609) |
| Purchased services | 21,400 | 23,350 | 26,427 | 3,077 |
| Supplies and materials | 14,600 | 14,600 | 11,983 | (2,617) |
| Total middle school | <u>301,583</u> | <u>321,652</u> | <u>306,370</u> | <u>(15,282)</u> |
| Basic program - summer school | | | | |
| Salaries | 2,000 | 2,000 | - | (2,000) |
| Employee benefits | 634 | 634 | - | (634) |
| Total summer school | <u>2,634</u> | <u>2,634</u> | <u>-</u> | <u>(2,634)</u> |

Honey Creek Community School
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2011

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Final Budget</u> |
|---|----------------------------|-------------------------|----------------|--|
| Added needs - special education | | | | |
| Salaries | \$ 185,660 | \$ 200,572 | \$ 164,411 | \$ (36,161) |
| Employee benefits | 48,337 | 49,305 | 49,115 | (190) |
| Purchased services | 5,500 | 10,500 | 9,386 | (1,114) |
| Supplies and materials | <u>24,254</u> | <u>25,054</u> | <u>29,767</u> | <u>4,713</u> |
| Total special education | <u>263,751</u> | <u>285,431</u> | <u>252,679</u> | <u>(32,752)</u> |
| Added needs - compensatory education | | | | |
| Salaries | 30,009 | 39,053 | 27,402 | (11,651) |
| Employee benefits | 4,281 | 3,899 | 8,743 | 4,844 |
| Purchased services | - | - | 1,572 | 1,572 |
| Supplies and materials | <u>500</u> | <u>500</u> | <u>132</u> | <u>(368)</u> |
| Total compensatory education | <u>34,790</u> | <u>43,452</u> | <u>37,849</u> | <u>(5,603)</u> |
| Pupil - speech services | | | | |
| Purchased services | 45,880 | 45,880 | 34,846 | (11,034) |
| Supplies and materials | <u>-</u> | <u>-</u> | <u>944</u> | <u>944</u> |
| Total speech services | <u>45,880</u> | <u>45,880</u> | <u>35,790</u> | <u>(10,090)</u> |
| Pupil - social work services | | | | |
| Salaries | 18,000 | 18,000 | 11,259 | (6,741) |
| Employee benefits | 3,377 | 3,377 | 2,775 | (602) |
| Supplies and materials | <u>-</u> | <u>-</u> | <u>1,499</u> | <u>1,499</u> |
| Total social work services | <u>21,377</u> | <u>21,377</u> | <u>15,533</u> | <u>(5,844)</u> |

Honey Creek Community School
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 |
|--|--------------------|-----------------|---------------|---------------------------------|
| Pupil - other support services | | | | |
| Salaries | \$ 44,586 | \$ 45,128 | \$ 50,738 | \$ 5,610 |
| Employee benefits | 12,933 | 13,491 | 13,110 | (381) |
| Total other pupil support services | <u>57,519</u> | <u>58,619</u> | <u>63,848</u> | <u>5,229</u> |
| Instructional staff - improvement of education | | | | |
| Salaries | - | 2,500 | 4,721 | 2,221 |
| Employee benefits | - | - | 361 | 361 |
| Purchased services | - | - | 4,564 | 4,564 |
| Supplies and materials | 13,549 | 32,261 | 9,104 | (23,157) |
| Total improvement of education | <u>13,549</u> | <u>34,761</u> | <u>18,750</u> | <u>(16,011)</u> |
| Instructional staff - educational media services | | | | |
| Salaries | 21,590 | 21,590 | 21,575 | (15) |
| Employee benefits | 2,005 | 2,005 | 5,661 | 3,656 |
| Purchased services | 400 | 400 | - | (400) |
| Supplies and materials | 2,350 | 4,795 | 6,747 | 1,952 |
| Total educational media services | <u>26,345</u> | <u>28,790</u> | <u>33,983</u> | <u>5,193</u> |
| Instructional staff - technology assisted instruction | | | | |
| Salaries | 41,934 | 43,192 | 43,468 | 276 |
| Employee benefits | 15,209 | 15,687 | 13,879 | (1,808) |
| Purchased services | 3,104 | 3,774 | 554 | (3,220) |
| Total technology assisted instruction | <u>60,247</u> | <u>62,653</u> | <u>57,901</u> | <u>(4,752)</u> |

Honey Creek Community School
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 |
|---|--------------------|-----------------|----------------|---------------------------------|
| Instructional staff - supervision and direction of instructional staff | | | | |
| Salaries | \$ - | \$ - | \$ 2,699 | \$ 2,699 |
| Employee benefits | - | - | 206 | 206 |
| Purchased services | - | - | 262 | 262 |
| | <u>-</u> | <u>-</u> | <u>3,167</u> | <u>3,167</u> |
| General administration - board of education | | | | |
| Purchased services | 17,750 | 26,050 | 21,850 | (4,200) |
| Other | 2,500 | 2,500 | 2,305 | (195) |
| | <u>20,250</u> | <u>28,550</u> | <u>24,155</u> | <u>(4,395)</u> |
| General administration - executive administration | | | | |
| Salaries | 78,404 | 80,756 | 80,756 | - |
| Employee benefits | 36,271 | 37,487 | 24,795 | (12,692) |
| Purchased services | 56,658 | 56,176 | 58,223 | 2,047 |
| Supplies and materials | 2,750 | 1,402 | 2,622 | 1,220 |
| Other | 850 | 850 | 1,452 | 602 |
| | <u>174,933</u> | <u>176,671</u> | <u>167,848</u> | <u>(8,823)</u> |

Honey Creek Community School
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 |
|---|--------------------|-----------------|---------------|---------------------------------|
| School administration - office of the principal | | | | |
| Salaries | \$ 60,291 | \$ 63,586 | \$ 57,781 | \$ (5,805) |
| Employee benefits | 18,903 | 19,557 | 16,448 | (3,109) |
| Total office of the principal | <u>79,194</u> | <u>83,143</u> | <u>74,229</u> | <u>(8,914)</u> |
| School administration -support services | | | | |
| Salaries | 33,320 | 34,297 | 35,087 | 790 |
| Employee benefits | 12,239 | 12,617 | 11,135 | (1,482) |
| Purchased services | 1,200 | 1,200 | 1,200 | - |
| Total other school administration | <u>46,759</u> | <u>48,114</u> | <u>47,422</u> | <u>(692)</u> |
| Business - fiscal services | | | | |
| Salaries | 35,049 | 35,049 | 33,761 | (1,288) |
| Employee benefits | 12,796 | 12,842 | 10,117 | (2,725) |
| Purchased services | 2,600 | 2,900 | 3,969 | 1,069 |
| Total fiscal services | <u>50,445</u> | <u>50,791</u> | <u>47,847</u> | <u>(2,944)</u> |
| Business - other | | | | |
| Purchased services | 4,400 | 4,144 | 4,144 | - |
| Operations and maintenance - operating building services | | | | |
| Purchased services | 141,250 | 141,700 | 140,170 | (1,530) |
| Pupil transportation services | | | | |
| Purchased services | 2,500 | 5,000 | 3,132 | (1,868) |

Honey Creek Community School
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 |
|--|---------------------|---------------------|---------------------|---------------------------------|
| Central - staff/personnel services | | | | |
| Employee benefits | \$ 720 | \$ 1,345 | \$ 1,791 | \$ 446 |
| Community services - custody and care of children | | | | |
| Salaries | 93,826 | 99,228 | 107,963 | 8,735 |
| Employee benefits | 32,436 | 34,227 | 32,755 | (1,472) |
| Purchased services | 11,450 | 11,450 | 7,585 | (3,865) |
| Supplies and materials | 17,500 | 17,900 | 16,432 | (1,468) |
| Other | 1,500 | 1,500 | 2,569 | 1,069 |
| Total custody and care of children | <u>156,712</u> | <u>164,305</u> | <u>167,304</u> | <u>2,999</u> |
| Capital outlay | | | | |
| Basic program - elementary | 1,800 | 1,800 | - | (1,800) |
| Basic program - middle school | 2,000 | 3,500 | 2,939 | (561) |
| Instructional staff - educational media services | 500 | 500 | 499 | (1) |
| General administration - executive administration | 1,200 | 1,800 | 919 | (881) |
| Central - support services technology | 10,000 | 10,000 | 4,583 | (5,417) |
| Community services - custody and care of children | 4,250 | 4,950 | 4,548 | (402) |
| Total capital outlay | <u>19,750</u> | <u>22,550</u> | <u>13,488</u> | <u>(9,062)</u> |
| Total expenditures | <u>\$ 2,155,553</u> | <u>\$ 2,325,277</u> | <u>\$ 2,203,067</u> | <u>\$ (122,210)</u> |