

Portage Public Schools
THE FUTURE LEARNS HERE

Portage, Michigan

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

Portage Public Schools
8111 S. Westnedge Avenue
Portage, Michigan 49002

For the Fiscal Year Ended
June 30, 2010

Marsha A. Wells
Superintendent of Schools

BOARD OF EDUCATION

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President

Kevin Hollenbeck
Vice President

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Secretary

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Robert 'Bo' Snyder
Trustee

Randy Van Antwerp
Trustee

Prepared by:

Thomas Noverr, Assistant Superintendent
for Operations
Karla Colestock, Business Manager

VISION

Portage Public Schools will empower every student to contribute intelligently and ethically in an information rich, global society.

GLOBAL ENDS POLICY

All enrolled students will have an empowering set of knowledge bases that will enable them to succeed at the next stage of their lives in an increasingly complex and global world and at a level such that the results justify the costs.

PRIORITIES

Of the different student needs served, there is a priority of focus in the order in which they appear below.

1. Curricular academics.
2. Activities that are held outside of the school day and are a part of the curriculum (co-curricular).
3. Activities held outside the school day and are not a part of the curriculum (extra-curricular).

ACADEMIC

Students will have a strong academic base, which is our first priority.

- They will have skills and knowledge in numeracy, literacy, science and technology to their utmost potential.
- They will have a well-rounded introduction to multiple disciplines including but not limited to the arts, humanities, and world languages.
- They will be skilled learners, able to identify what they need to know and how to learn it.
- They will be complex, analytical, creative thinkers able to make reasonable decisions.

SELF-AWARE

Students will be self-aware and have a positive self-image.

- They will feel confident in their ability to succeed.
- They will understand their strengths, their learning styles and their creative potential.
- They will recognize areas of study that match their unique set of abilities, talents, and interests.

LIFE SKILLS

Students will practice positive life and social skills.

- They will be good communicators.
- They will be able to participate in and add to a group.
- They will be physically active appropriate to their ability.
- They will be able to make positive choices for a healthy life style.

CITIZENRY

Students will be good citizens of the community and the world.

- They will be good citizens in the community in which they live.
- They will make positive contributions to their community.
- They will be good stewards of the environment.
- They will practice honesty, integrity, and ethical behavior.
- They will understand, appreciate and demonstrate respect for diverse cultures.
- They will be able to communicate with people in other parts of the world.

**PORTAGE PUBLIC SCHOOLS
Comprehensive Annual Financial Report**

Year Ended June 30, 2010

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FEDERAL PROGRAM AWARD INFORMATION

Issued under
separate cover

* * * * *

Portage Public Schools
THE FUTURE LEARNS HERE

INTRODUCTORY SECTION

November 11, 2010

Dear Citizens and Board Members:

The Comprehensive Annual Financial Report of Portage Public Schools (the “School District”) for the fiscal year ended June 30, 2010 is hereby submitted. This report was prepared by the Business Office with assistance from members of the School District’s Executive Administrative Team and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This is measured by the School District-wide financial activity and the activity of its various funds with all disclosures necessary to enable the reader to gain an understanding of the School District’s financial activities.

Management’s Discussion and Analysis

Generally Accepted Accounting Principles in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

Reporting Entity and Services

Portage Public Schools is an independent reporting entity fully meeting the criteria established by the Governmental Accounting Standards Board. All funds of the School District are included in this report. The School District does not have component units.

The financial section reports separately the district-wide activities, the governmental fund types, and the fiduciary fund type administered by the Board.

Profile of Portage Public Schools

The Community

The School District, located in southern Kalamazoo County, encompasses more than 42 square miles and lies at the mid-point between Chicago and Detroit, at the junction of I-94 and U.S. 131. It is composed of nearly all of the City of Portage and smaller portions of the City of Kalamazoo, Pavilion and Texas Townships. The School District lies entirely in the County of Kalamazoo.

Portage is in close proximity to Kalamazoo, and as well as its local diversified industry, provides its residents with consistent employment and a higher than average earning potential. Residents may take advantage of many recreational and cultural opportunities. In close proximity are fine museums, restaurants, and entertainment. The Kalamazoo area is a “college town” with Western Michigan University, Kalamazoo College, and Kalamazoo Valley Community College positively impacting the quality of life in the community. Michigan State University and the University of Michigan are also within approximately an hour and one half drive. More than 40 lakes and several riding stables, golf courses, tennis clubs, and ski areas serve the immediate area.

Portage is the lead manufacturing site for the Pfizer Corporation. Pfizer employs over 3,200 people in Kalamazoo County. Portage also is the world-wide headquarters for the Stryker Corporation, which employs approximately 2,100 people in Kalamazoo County. Portage also is recognized as the retail center of southwest Michigan with Crossroads and Southland Malls providing a significant retail presence in the community.

The Educational Program

The Portage Public School District includes eight elementary schools (K-5), three middle schools (6-8), two high schools (9-12), an alternative community high school program that operates in the District's Community Education Center, a preschool and childcare program that is housed in both the Community Education Center and some of our elementary buildings, a gifted and talented program for third through fifth grade students located in our elementary buildings with a special component for fifth grade students that operates in our District Administrative Center, a maintenance and transportation facility, and a District Administration building. Each high school site includes a gymnasium, a separate multi-purpose activity building, a performance center and auditorium, specialized facilities for all curriculum areas, a cafeteria and a comprehensive library/media center. Each middle school contains a swimming pool, a gymnasium, a complete library/media center, a performance center, specialized facilities for each curriculum area, and a cafeteria. Elementary schools also have cafeterias, playgrounds, multipurpose rooms, and library/media centers. The School District also owns one undeveloped piece of property which contains approximately 20 acres.

The Portage Public School District offers a comprehensive educational program for students of all ages. This includes both an assortment of early intervention preschool programs and a wide variety of community education programs. A solid academic curriculum consisting primarily of language arts, mathematics, science, social studies, music, visual arts and physical education is offered at all grade levels. Specific programs for gifted and talented students are provided from third grade through high school. A Spanish foreign language program is offered to elementary students. A foreign language program is also offered in grades 7-12. Both of the School District's comprehensive high schools offer the International Baccalaureate program as well as a variety of honors courses in all core areas. Students who attend the School District's high schools are able to participate in an extensive grouping of county-wide academic programs. Included in these offerings are Education for the Arts (EFA) classes, Education for Employment (EFE) classes, and dual enrollment opportunities at Western Michigan University, Kalamazoo College, or Kalamazoo Valley Community College. Technical education programs begin at the middle school and continue through high school. The middle schools and high schools also offer a broad range of extra and co-curricular experiences, including extensive athletic and club-based programs. The School District offers a full continuum of services to meet the needs of students with disabilities.

Technology integration is an important component of our academic program structure. Wired and wireless connections to a robust Intranet system are safely linked through fiber optic cable to the Internet. Technology integration projects are a required part of the curriculum in elementary, middle school and high school coursework. Distance learning experiences and the up-to-date software and hardware are all part of technology support in each building. Parents and students are able to monitor academic progress in grades four through twelve through a creative Parent Internet Viewer (PIV) service that is located on the School District's web site. Student grades are available for viewing within twenty seconds of the teacher's entry. Parents also have the option for pre-programmed messages related to their student's academic achievement status. A new data center has been designed and is now fully operational. Features of the new data center include: redundant generator systems and uninterruptable power supplies as well as a data center grade fire suppression system and redundant cooling units.

Since 2007, both Portage Northern and Portage Central have been named in the top 1,000 high schools nationally by Newsweek. In 2010, both high schools placed in the top 6% nationwide. In addition, the 2010 Composite ACT scores for Portage were the highest in the area. Both Portage Central and Portage Northern Composite Scores exceed both the State and National averages.

As a result of the challenging pre-kindergarten through grade 12 education, which is based on well-defined benchmarks and related assessments, a Portage Public Schools' graduate will be prepared to "...shape the future by contributing intelligently and ethically in an information rich, global society". Portage Public School parents actively support the District and their children through participation in PTO groups, booster clubs, site-based school development teams, specific volunteer groups or District-level committees.

The School District's community enrichment programs and services start with daycare for preschool children and after school care for school age children and continue to senior citizen participation with over 7,100 processed registrations each year. Business partnerships, job placement, enrichment classes, and assistance to non-English speaking members of our community are important components of the School District's program offerings as well. The School District's Community Education Center provides adult education and recreation experiences throughout the year. Some of the programs and services offered through the Community Education Center include the following: English as a Second Language (ESL), leisure/hobby programs, informational seminars/classes, School District facility use, youth day camps, sport programs, technical/vocational training, on line coursework, swimming (instructional and recreational), and business training workshops.

Accomplishments

The School District is utilizing a continuous school improvement planning process and, at the high school level, coordinates this planning with the North Central Association. Annually, the Board of Education works with the administrative staff to develop District goals. These goals are used to help guide building level and administrative goals as well.

The School District's organizational goals for professional development include: State mandates, district goals, curriculum and instruction initiatives, school improvement and individual professional growth. Specifically, our organization focuses on job embedded professional development that supports these areas. In addition to the support given in these areas, all teachers are assigned a mentor teacher to assist them in their orientation into the profession. Further, instructional coaches are provided as needed within the first four years of teaching.

Professional growth is not limited to "one time" conferences and trainings. Teachers are supported to collaborate to plan alternative assessments and instructional strategies for at-risk learners. Lastly, teachers, secretaries, counselors, administrators, assistants, Board of Education members, and parents have opportunities for professional growth.

The School District has an extensive and inclusive system for curriculum review and revision. First, Portage Public Schools has a Curriculum Instruction Council (CIC) with 58 members. These members include K-12 teachers, instructional specialists, parents, and administrators. This committee is charged with reviewing all proposals and initiatives concerning District PreK-12 curriculum, instruction, instructional technology, and assessment. Recommendations from the CIC regarding proposals and initiatives proceed to the District Curriculum Office, to the Superintendent, and to the Board of Education for approval and implementation. The purpose of the CIC is to design, implement, and communicate a district-wide system that will facilitate on-going research into and development of standards, competencies, assessments, vertical/horizontal coordination, and professional development of curriculum and instruction. (Adopted 1993). In addition to this process, teacher leaders serve to coordinate and facilitate curricular change. These teacher leaders represent each grade level and department in the District. As a part of this process, a Board Curriculum and Accreditation Committee was formed in 1995 to facilitate communication about curriculum and instruction with the full Board and the community. In 2008, the Board Curriculum and Accreditation Committee was expanded to the full Board and will conduct its business during public work sessions.

In 2003, a K-12 cyclical process for curriculum review was adopted by the Board of Education. This process involves an 18-24 month review and revision process that results in a recommendation to the Curriculum Instruction Council. The process involves a K-12 approach to curriculum review and revision and includes K-12 teachers, administrators, parents, community members, university personnel, instructional specialists, and students. As a part of this process, participants complete research, curriculum revision, assessment development, and recommendations for instructional supports. Over the past 10 years, core curriculums with accompanying internal assessments have been developed for all core areas (i.e. Math, Science, Language Arts, Social Studies, and Foreign Language). In addition, curriculum has been written for all elective courses K-8. As a part of this development, K-12 Physical Education, Fine Arts, Business, and Human Growth and Development curricula have been written. All written curricula have been fully implemented.

The School District redesigned its teacher evaluation system to align with current research on best instructional practices. The system includes specific statements of expectations for performance and allows creative alternatives to former classroom observation models.

As a result of the voters passing two bond proposals in November, 2007, two new elementary schools have been built on the District's 12th Street and Lake Center sites and opened in September, 2009 and 2010, respectively. Portage Central High School is having a new building constructed and will be opened in the fall of 2011. Portage Northern is undergoing significant renovations as well. The media center, science wing and east academic wing have been renovated, and a new Commons area has been constructed. A new softball field at Northern High School and new tennis courts at both high schools have been constructed. A new transportation and maintenance facility has been built, and Waylee Elementary is being converted into our Technology and Training Center. Technology systems will be improved at all sites, including equipment that will help our buildings become the classrooms of tomorrow.

District Planning Process

The School District adopted a planning process called Strategic Management in 2000. This process is well suited to educational environments, which have become increasingly unpredictable. Strategic Management is particularly powerful as a catalyst for innovation within the School District. Utilizing the Strategic Management process in the past several years, specific strategic issues have been identified as opportunities to move closer to our vision and are the focus of detailed strategy formulation. That process protected and expanded the caliber of the education provided for students and positioned the District for where it is today. It has positioned the District to pursue its next tier of District Goals that aim toward achieving even higher levels of performance through the use of quality system processes. The target is to perform as a district of distinction at a national level.

Economic Outlook

As the School District completes its fifteenth year under Proposal A, approved by Michigan voters in 1994, it has become apparent, especially in the last few years, that School District revenues will not keep pace with inflation, nor with School District expenditures as we know them. On the revenue side, Proposal A substantially shifted funding responsibility from the local level to the State level and from property tax as the major revenue source. On the expenditure side, Proposal A shifted the funding responsibility for public school retirement to local school Districts. Now the School District is dependent upon the State legislature for not only the majority of its funds, but also its funding level. In addition, significant increases to costs, especially health insurance and retirement, result in additional budget pressures.

In May 2008, the 1.50 county wide enhancement millage was renewed for three years, beginning with the 2008/09 school year, by a majority of voters in the county. This successful millage represents the first enhancement millage approved in the State of Michigan for operational purposes since Proposal A was enacted. This relatively short term millage is intended to continue to provide local support for schools until the State of Michigan responds to school funding issues across the State.

Historically the School District has done an excellent job of maintaining our fund balance in a narrow range of between seven and ten percent of the following year's expenditure budget. While the School District is financially stable at the present time, the future requires that the School District prioritize expenditures and develop long-term strategies to ensure that it is able to maintain a balanced budget in the future.

Financial Information

Internal Accounting Controls

Management is responsible for establishing and maintaining internal controls. This is designed to ensure that the assets of the School District are protected from loss, theft, or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The School District maintains budgetary controls to ensure that budgets are in compliance with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. Formal budgetary integration is employed as a management control device throughout the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. Under the guidelines of the State of Michigan's School Accounting Manual (Bulletin 1022), detailed line-item budget information is provided and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The controls are integrated into the School District's computerized accounting system, which prohibits expenditures exceeding appropriations. An encumbrance system is utilized to measure the uncommitted budget amount available at any given point in time during the year. The budget is amended during the year to appropriately address variances that occur in enrollment, revenue, and expenditures.

Management believes that the existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they would be detected within a timely manner. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

Financial Condition at June 30, 2010

Please refer to the Management's Discussion and Analysis section for a summary of the financial condition of the School District at June 30, 2010.

Capital Projects Funding

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition, construction, or major renovation of facilities. These funds are financed by bond issues and our Building & Site Sinking Fund millage.

Federal Funding

As a recipient of federal, State, and county financial assistance, the School District is responsible for ensuring that an adequate internal and administrative control structure is in place to document compliance with applicable laws and regulations related to those programs. Tests are made by the School District's auditors to determine the adequacy of the internal and administrative control structure.

Independent Audit

The State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson was appointed by the Portage Public Schools Board of Education to perform this service for the 2009-10 fiscal year. In addition, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, requires governmental recipients of federal assistance to have organization-wide financial and compliance audits on an annual basis. Both of these requirements have been met, and the auditor's report on the financial statements is included herein.

Other Information

Enrollment

In general the School District's enrollment has decreased over the last few years. The District has experienced pockets of growth through new home construction that has impacted certain facilities that have these areas in their attendance boundaries. At the same time, other buildings have experienced decreased enrollment and thus have some capacity for additional students. A redistricting study was completed and implemented in the 2009-10 school year. A five-year projection of enrollment is done annually using data from the county, city, and the School District. Such information as live births, building permits, cohort survival ratios, and workforce/economic statistics are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for our planning purposes. The official enrollment for 2009-10 was 8,668 students. Enrollment projections indicate the possibility of some enrollment declines over the next five years. Factors influencing student enrollment during this time period likely will include impacts from the Kalamazoo "Promise" (a program which offers to cover college tuition costs for Kalamazoo Public School graduates), demographic changes such as smaller student populations in lower grade levels versus our graduating senior classes, and employment reduction issues due to strains from the local economy.

Certificate of Excellence

This report has been prepared following the guidelines recommended by the Association of School Business Officials (ASBO). The ASBO awarded a Certificate of Excellence in Financial Reporting to the Portage Public School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the sixth consecutive year that the School District has achieved this prestigious award. In order to be awarded a Certificate of Excellence, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Excellence is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

Certificate of Achievement

This report has also been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Portage Public Schools for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the fifth consecutive year that the School District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report was accomplished through the commitment and dedication of the entire Business Office staff. We would also like to express our appreciation to other departmental individuals who assisted in the preparation of this report.

This School District is highly committed to a program of excellence. A highly dedicated Board of Education has adopted sound policies that facilitate the continued growth and improvement of the total school program. In addition, there is a wide, all-encompassing array of support provided by parents, students, employees, citizens, civic organizations, and hundreds of volunteers that enable the School District to achieve high goals.

Sincerely,



Thomas G. Noverr, CPA
Assistant Superintendent for Operations



Marsha A. Wells
Superintendent of Schools

Portage Public Schools District Officials

2009-10 Board of Education



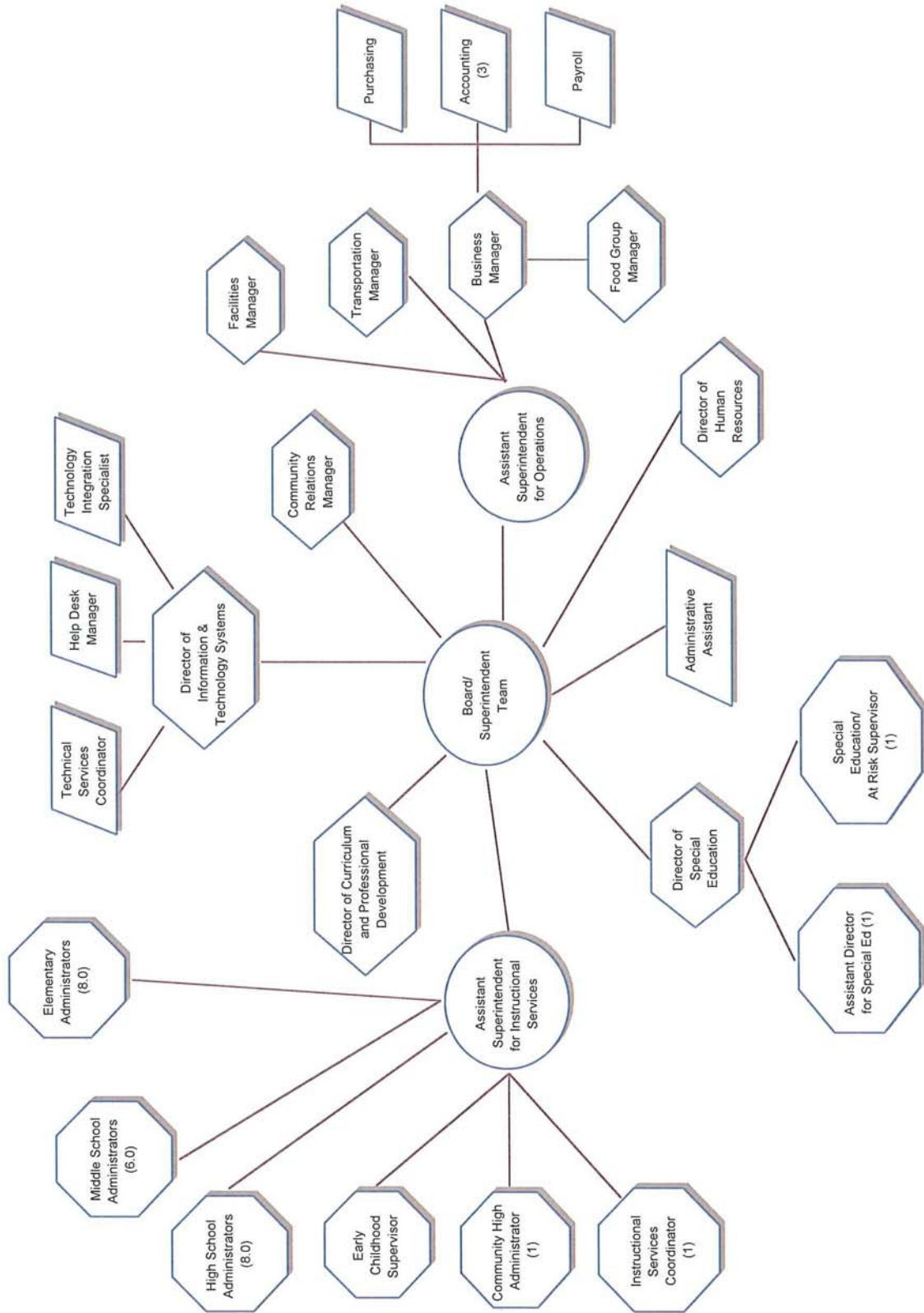
Top Row (Left to right): **John Whyte** (Board President, Appointed 2008, Term Expires 2010); **Kevin Hollenbeck, Ph.D.** (Board Vice-President, Appointed 2010, Term Expires 2011); **Deb Polderman** (Board Secretary, Elected 2006, Term Expires 2010).

Bottom Row (Left to right): **Melanie Kurdys** (Trustee, Elected 2007, Term Expires 2011); **Rusty Rathburn** (Trustee, Elected 2008, Term Expires 2012); **Robert "Bo" Snyder** (Trustee, Appointed 2009, Term Expires 2012); **Randy Van Antwerp** (Trustee, Elected 2009, Term Expires 2013).

Central Administration

Marsha Wells, Superintendent
Sarah Baker, Instructional Services Coordinator
Denise Bresson, Director of Curriculum and Professional Development
Karla Colestock, Business Manager
Thomas Noverr, Assistant Superintendent for Operations
Ric Perry, Ed.D., Assistant Superintendent for Instructional Services
Gail Van Daff, Director of Special Education Services
Thomas Vance, Community Relations Manager
Daniel Vomastek, Director of Information Systems and Assessment
Thomas Zahrt, Director of Human Resources

PORTAGE PUBLIC SCHOOLS ORGANIZATIONAL CHART



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

PORTAGE PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Portage Public Schools
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

Portage Public Schools
THE FUTURE LEARNS HERE

INDEPENDENT AUDITORS' REPORT

November 11, 2010

Board of Education
Portage Public Schools
Portage, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Portage Public Schools** (the "District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of **Portage Public 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 **Portage Public Schools** as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2010, on our consideration of **Portage Public Schools'** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5-14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Portage Public Schools' basic financial statements. The introductory section, supplementary information on pages 52-63, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of the Portage Public School's comprehensive annual financial report presents our discussion and analysis of the School District's financial performance for the fiscal years ended June 30, 2010 and 2009. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of basic financial statements and notes to those basic financial statements. These statements are organized so the reader can understand Portage Public Schools financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds for the year ended June 30, 2010, the General Fund and the 2008 Bond Construction #1 Capital Projects Fund, with all other funds presented in one column as nonmajor governmental funds. The fund financial statement section also includes the General Fund budget and actual comparison statement. The remaining statement, the *Statement of Fiduciary Assets and Liabilities*, presents financial information about activities for which the School District acts solely as an agent for the benefit of student groups. The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by supplementary information that further explains and supports the basic financial statements. The following figure shows how the various parts of this comprehensive annual financial report are arranged and related to one another:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Supplementary Information

Statistical Section

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

The *Statement of Net Assets* and the *Statement of Activities*, which appear first in the School District's basic financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The Statement of Net Assets includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

These two statements report the School District's net assets and how they have changed. Net assets – the difference between assets and liabilities, as reported in the Statement of Net Assets – is one way to measure the School District's financial health, or 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 position is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as changes in the School District's property tax base, the quality of the education provided, and the condition of the school buildings and other facilities to assess the overall health of the School District.

The Statement of Net Assets and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community service, athletics, food service, and bookstore. Property taxes, unrestricted school aid (foundation grant 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 other funds to help it control and manage money for particular purposes (the Food Service, Athletics, and Bookstore Special Revenue Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

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

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

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

Financial Analysis of the School District as a Whole

TABLE 1

**Condensed Statement of Net Assets
June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 69,263,288	\$ 116,430,361
Capital assets, net	122,720,085	74,131,563
Total assets	<u>191,983,373</u>	<u>190,561,924</u>
Current liabilities	19,261,382	16,382,095
Long-term liabilities outstanding	141,186,778	144,352,978
Total liabilities	<u>160,448,160</u>	<u>160,735,073</u>
Net assets:		
Invested in capital assets, net of related debt	23,522,922	19,593,035
Restricted	3,048,155	2,475,220
Unrestricted	4,964,136	7,758,596
Total net assets	<u>\$ 31,535,213</u>	<u>\$ 29,826,851</u>

The above analysis focuses on the net assets (see Table 1). The change in net assets of the School District's governmental activities is discussed below (see Table 2). The School District's net assets were \$31,535,213 and \$29,826,851 at June 30, 2010 and 2009, respectively. The amount invested in capital assets-net of related debt, totaling \$23,522,922, compares the original cost, less accumulated 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 collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. This includes \$574,217 for debt service and \$2,473,938 for the Building and Site Sinking Fund. The remaining amount of net assets, \$4,964,136, is unrestricted.

Unrestricted net assets of governmental activities represent the accumulated results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as provide for future uncertainties. The operating results of the General, Food Service, and Athletics funds will have a significant impact on the change in unrestricted net assets.

The School District is able to report positive balances in all three categories of net assets. The investment in capital assets, net of related debt, increased \$3,929,887 as a result of funds available for investment into buildings and equipment. In addition, the overall debt of the School District decreased. Please refer to the Capital Assets and Long-Term Debt sections for a discussion of the activity for the year. The increase in the restricted net assets of \$572,935 is a result of decreased funds designated for debt service of \$269,515 and an increase in funds designated for sinking fund projects of \$842,450. The decrease in unrestricted net assets of \$2,794,460 is primarily the result of excess revenues for the general fund and athletics fund, excess expenditures for our food service fund, a decrease in our compensated absences liability, and increases in our teachers' severance pay plan liability, self-funded insurance claim liabilities, and deferred property taxes.

The results of this year's operations for the School District as a whole are reported in the Condensed Statement of Activities (Table 2), which shows the changes in net assets for fiscal years ended June 30, 2010 and 2009.

TABLE 2

**Condensed Statement of Activities
Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues		
Program revenues		
Charges for services	\$ 4,711,660	\$ 5,208,002
Operating grants and contributions	5,755,507	4,620,417
Capital grants and contributions	81,751	63,829
General revenue		
Property taxes	31,612,701	31,697,991
Unrestricted school aid	48,350,859	50,419,824
Unrestricted grants and contributions	31,217	260,533
Unrestricted investment earnings	945,586	1,980,301
Change in fair value of securities	(449,543)	2,128,414
Total revenues	<u>91,039,738</u>	<u>96,379,311</u>
Functions/Program Expenses		
Instruction	48,575,075	46,632,255
Supporting services	28,075,306	28,762,223
Community services	1,919,921	2,140,668
Athletics	1,525,475	1,568,345
Bookstore	16,309	20,098
Food services	2,423,358	2,699,174
Interest on long-term debt	5,819,385	5,925,791
Depreciation (unallocated)	976,547	928,252
Total expenses	<u>89,331,376</u>	<u>88,676,806</u>
Increase in net assets	<u>1,708,362</u>	<u>7,702,505</u>
Net assets, beginning of year	<u>29,826,851</u>	<u>22,124,346</u>
Net assets, end of year	<u>\$ 31,535,213</u>	<u>\$ 29,826,851</u>

As reported in the Condensed Statement of Activities, the cost of all of our governmental activities this year was \$89,331,376. Certain activities were partially funded from charges for services from those who benefited from the programs of \$4,711,660, or by other governments and organizations that subsidized certain programs with grants and contributions of \$5,755,507, and by organizations that made capital contributions of \$81,751. We paid for the remaining "public benefit" portion of our governmental activities with \$31,612,701 in taxes, \$48,350,859 in unrestricted school aid, grants and contributions not restricted to specific programs of \$31,217, unrestricted investment earnings of \$945,586, and a change in fair market value of securities of \$(449,543).

The decrease in charges for services of \$496,342 is due to lower childcare and community enrichment fees collected, as well as a decline in our lunch revenues. Our legal consortium fees charged to another school district were eliminated in 2010 with the retirement of our legal counsel in 2009. Operating grants and contributions increased \$1,135,090 as a result of the federal stimulus grants for Title 1 and Special Education IDEA programs. In addition we received Medicaid Administrative Outreach grant funding, which is unrestricted operating funds. The decrease in unrestricted school aid of \$2,068,965 is due to a (\$154) per pupil adjustment enacted by the legislature during the year, along with the loss of 93 student FTE's. Unrestricted investment earnings decreased \$1,034,715. This is due to the decreasing level of investments available to generate earnings as the bond proceeds are spent on the construction projects.

The decrease in the change in fair value of securities of \$2,577,957 is due to most of the United States Treasury Securities in the 2008 Bond Construction Funds maturing during the year and being used for construction fund payments. Fluctuations in our functions/program expenses from the prior year were the result of wage and benefit concessions made mid-year to offset the cuts in our State revenue sources. These reductions were offset by the severance pay plan liability recorded in the instructional and supporting services areas.

The School District experienced an increase in net assets of \$1,708,362. Key reasons for the change in net assets included capitalizable expenditures from the General Fund, Building and Site Sinking Fund, and the 2008 Bond Construction Funds, the repayment of bond principal, and the decrease in compensated absences liability. This is offset by the establishment of the severance pay plan and increase in estimated workers' compensation claim liabilities. The increase in net assets differs from the change in fund balance, and a reconciliation is included in the basic financial statements.

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

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide 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 \$50,054,653 which is a decrease of \$49,960,984 from last year. The primary reason for the decrease is excess revenues over expenditures in the General Fund, Athletics Fund, and Building & Site Sinking Fund of \$1,005,907. This was offset by Food Service Fund, Construction Funds, and combined Debt Service Funds losses of \$50,966,891.

In the General Fund, our principal operating fund, the fund balance increased \$152,656 to \$6,530,575. The School District budgeted a decrease of \$175,807. The General Fund fund balance is available to fund costs related to allowable school operating purposes.

The Athletics Fund remained stable from the prior year, showing an increase of \$10,801. The Food Service Fund had a net decrease of \$332,623. This is a result of the fund purchasing over \$300,000 of new equipment, both for the new kitchen facilities at each of our high schools, and replacing other equipment throughout the district.

Combined, the Debt Service Funds showed a decrease in fund balance of \$354,570. The School District levied 4.54 mills on all property, and this rate was unchanged from the prior year. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund fund balances are reserved since they can only be used to pay debt service obligations.

The Building and Site Sinking Fund fund balance increased by \$842,450. This fund levied .5 mills on all property to make improvements to the School District's facilities and property, and this rate was unchanged from the prior year.

The 2008 Bond Construction Funds indicate fund balance of \$38,970,239. This is a result of the District passing two bond proposals in November 2007. The district issued \$112,275,000 in general obligation bonds and received \$120,384,940 in bond proceeds in February 2008. Our funds earned \$452,591 in interest earnings (net of the market value adjustment of (\$449,539)) and spent \$50,083,652 during the year ended June 30, 2010.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, the School District amends its budget during the school year as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's General Fund original and final budget amounts compared with amounts actually paid and received is provided as part of the basic financial statements.

Changes to the General Fund original budget were as follows:

General Fund Revenues and Other Financing Sources

The General Fund Budget for revenues and other financing sources was decreased by 1.9% for the year ended June 30, 2010.

Total Revenues and Other Financing Sources Final Budget	\$ 76,275,342
Total Revenues and Other Financing Sources Original Budget	<u>77,776,159</u>
Decrease in Budgeted Revenues and Other Financing Sources	<u>\$ (1,500,817)</u>

The School District's actual General Fund revenues and other financing sources were less than the final budget by \$314,875, a variance of .41%. Some of the significant revised budget adjustments for revenue for the year include:

- Property tax and enhancement millage revenues decreased \$235,000 from the beginning 2009 valuation through the settlement process.
- State aid foundation grant allowance budget had a net decrease of \$877,000. This was due to the offsetting property tax valuation decrease above, as well as the offsetting decrease in the ARRA Stimulus Funds described below. This was offset by less actual enrollments in the September membership count than were previously budgeted for in June, 2009. A negative per pupil adjustment of \$154 per pupil was also enacted by the legislature during the year which was not previously budgeted for.
- Federal ARRA Stimulus funds decreased \$2,412,000 from the original budget established to supplant the State foundation grant revenues. This was offset by an increase in the State aid foundation grant described above. Other federal grant awards increased \$750,000, including a Medicaid Administrative Outreach settlement of \$171,000.
- Special Education funding through K/resa decreased \$176,000 due to decreased funding availability through the State.
- Decrease in projected interest earnings of \$142,000 due to a continued decline in interest rates.
- Decrease in childcare and community enrichment class fees of \$84,000 due to decreased enrollments.

General Fund Expenditures and Other Financing Uses

The School District's budget for expenditures and other financing uses decreased by 2.7% for the year ended June 30, 2010.

Total Expenditures and Other Financing Uses Final Budget	\$ 76,451,149
Total Expenditures and Other Financing Uses Original Budget	<u>78,550,996</u>
Decrease in Expenditure Budget	<u>\$ (2,099,847)</u>

The School District's actual General Fund expenditures and other financing uses were less than the revised budget by \$643,339, a variance of .84%.

Some of the significant revised budget adjustments for expenditures for the year include:

- Decrease in salary and all fringe benefits for all employee groups of \$3,600,000 based on actual staffing and negotiated contracts. This was offset by increased usage of contracted employees for various groups during the year of \$1,607,000, saving mostly on fringe benefit costs.

Although the School District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$175,807, the actual results for the year show revenues in excess of expenditures by \$152,656.

Some of the significant variations between budgeted and actual results for revenues and expenditures are described below:

- Actual revenues and other financing sources were \$314,876 less than expected. This is due to less federal grant revenues received of \$322,000 as a result of timing on grant spending. Local revenues were less than projected by \$145,000. This consisted primarily of lower community enrichment class fees collected, lower local grant revenues recognized due to the timing of expenditures, and lower property tax revenues recognized due to lower than expected personal property tax collections received at year end. State revenues were higher than anticipated due to the State lowering the amount of the per pupil deduction from \$165 to \$154 in June, 2010, after our final budget amendment was completed.
- Actual expenditures and other financing uses were \$643,339 less than budget. This savings consisted of unspent grant funds of \$322,000 as well as savings of \$321,000 in utilities, contracted substitutes, supplies, professional development, and capital outlay funds not being spent.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2010 and 2009, the School District's investment in capital assets for its governmental activities was \$122,720,085 and \$74,131,563 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, furniture and equipment, transportation and maintenance vehicles, assets not yet placed in service, and construction in progress.

Capital Assets June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Land	\$ 1,436,282	\$ 1,436,282
Land improvements	6,905,490	3,941,050
Buildings and improvements	90,106,672	60,213,111
Equipment	17,876,114	15,629,686
Vehicles	4,835,433	4,728,753
Assets not yet placed in service	189,885	8,145
Construction in progress	44,070,710	30,315,425
Total capital assets	165,420,586	116,272,452
Less accumulated depreciation	42,700,501	42,140,889
Net Capital Assets	<u>\$122,720,085</u>	<u>\$ 74,131,563</u>

The amount represents a net increase in net capital assets of \$48,588,522, or 65.5% (cost of new additions, less net book value of deletions, less depreciation expense for the year) over the prior year and includes the following capital asset events during 2009-10:

- New busses costing \$525,506 were purchased.
- Computers and other equipment were purchased totaling \$3,419,357.
- Building renovations, roofing, door replacements, and other projects were completed in several buildings at a cost of \$30,942,251.
- Land improvements costing \$3,272,429. This includes new tennis courts at each high school, a new softball diamond at Northern High School, and the site work associated with the construction projects at the buildings.
- 2008 Bond Construction projects continued at various sites at a cost of \$32,499,057. This includes the new Central High School, renovations at Northern High School, and the four additional classrooms at 12th Street Elementary.

Depreciation expense for the year is \$2,559,678. Major capital projects are planned for the 2010-11 fiscal year funded primarily out of the 2008 Bond Construction Funds. We present more detailed information on our capital assets in Note IIC in the basic financial statements.

Long-Term Debt

At June 30, 2010 and 2009, the School District's outstanding debt can be summarized as follows:

Long-Term Debt June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
General long-term obligation bonds	\$ 130,750,000	\$ 135,675,000
Installment purchase contracts	457,756	840,096
Compensated absences	429,376	564,513
Severance benefits payable	2,590,000	-
Deferred loss on debt refunding	(339,844)	(378,317)
Unamortized bond premium	7,299,490	7,651,686
Total	<u>\$141,186,778</u>	<u>\$144,352,978</u>

During the 2009-10 fiscal year, the School District's total debt decreased by \$3,166,200 (2.2%). Other long-term obligations include employee compensated absences for vacation pay and teachers' sick pay. In 2010, a severance pay plan was implemented for our teachers. The total obligation of \$2,590,000 has been recognized on the Government Wide Financial Statements, and payments will occur over a three-year period beginning with the year ended June 30, 2011.

The School District's General Obligation Bond rating continues to be "AA-" from Standard and Poor's Rating Services and "Aa2" from Moody's Investor Services, which is an improvement based on a change in their grading scale in April 2010. The State limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," that is, debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$130,750,000 is significantly less than the State's statutorily imposed limit of \$378,366,965. Additional detailed information regarding long-term debt can be found in Note IIIF in the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The Board of Education and Administration consider many factors when setting the School District's 2010-11 fiscal year budget. Two of the major factors affecting the budget are the student enrollment and the State funding of the foundation grant allowance.

Each year, the School District has enrollment projections prepared. Due to the continued uncertainty of the net number of jobs that would be impacted by the local economy and student demographics, the School District budgeted for a loss of 104 students for 2010-11.

As stated earlier in this report, the State foundation grant revenue is determined by multiplying the blended student count by the foundation grant allowance per pupil. As a State aid bill had not been finalized by the time the Board of Education adopted the budget in June, 2010, the School District's Board of Education adopted a budget with a 25/75% blend of the actual February, 2010 and estimated September, 2010 student counts. We used a \$7,151 foundation grant (which includes the \$165 per pupil cut, which was reduced to \$154 per pupil in June), which remains flat with the foundation grant amount for the 2009-10 fiscal year. On July 21, 2010, the State Aid Bill was signed by the governor. It includes the use of Federal ARRA stabilization funds to supplant the State foundation grant revenues. In addition, federal Education Jobs funding will be a component of the State Education Fund as well. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding is validated, state law requires the School District to

amend the budget if actual School District resources are not sufficient to fund original appropriations. Since the School District's revenue is heavily dependent upon State funding and the health of the State's School Aid Fund, the actual funding received depends on the State's ability to collect revenues to fund its appropriations to school districts.

Based on early enrollment data at the start of the 2010-11 school year, we anticipate that the fall student count will be higher than the estimates used in creating the budget.

In 2010, the School District settled labor contracts with the teachers, secretaries, bus drivers, food service, and teamster unions. With the exception of the Portage Education Association contract, all remaining 2011 labor contracts are currently pending negotiations, and much is dependent on the State's approved budget.

Budget reductions were made in various areas in fiscal 2009, 2010, and 2011 in anticipation of financial constraints from the local and State economy. In May, 2008 a 1.5 county wide enhancement millage was renewed by the voters in Kalamazoo County. This millage is for three years and continues with the 2010-11 school year. It is intended to provide approximately \$3,000,000 of local support for the School District. As enrollment numbers and state funding are finalized, the School District will amend its budget to respond to these constraints.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office at Portage Public Schools, 8111 S. Westnedge Avenue, Portage, Michigan 49002.

Basic Financial Statements

Government-wide Financial Statements

PORTAGE PUBLIC SCHOOLS

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 11,459,031
Investments	46,311,592
Receivables	10,119,719
Inventories and prepaid items	313,125
Deferred charges	1,059,821
Capital assets not being depreciated	45,696,877
Capital assets being depreciated, net	<u>77,023,208</u>
Total assets	<u>191,983,373</u>
Liabilities	
Accounts payable and accrued liabilities	18,725,086
Unearned revenue	536,296
Long-term debt:	
Due within one year	6,927,868
Due in more than one year	<u>134,258,910</u>
Total liabilities	<u>160,448,160</u>
Net assets	
Invested in capital assets, net of related debt	23,522,922
Restricted for:	
Debt service	574,217
Building and Site Sinking Fund	2,473,938
Unrestricted	<u>4,964,136</u>
Total net assets	<u><u>\$ 31,535,213</u></u>

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

PORTAGE PUBLIC SCHOOLS

Statement of Activities

For the Year Ended June 30, 2010

<u>Functions / Programs</u>	<u>Program Revenues</u>				Governmental
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Activities Net (Expense) Revenue and Changes in Net Assets
Governmental activities:					
Instruction	\$ 48,575,075	\$ 524,157	\$ 3,597,131	\$ 1,118	\$ (44,452,669)
Supporting services	28,075,306	279,865	965,872	27,842	(26,801,727)
Community service	1,919,921	2,205,016	-	-	285,095
Athletics	1,525,475	244,807	5,000	52,791	(1,222,877)
Bookstore	16,309	16,309	-	-	-
Food service	2,423,358	1,441,506	1,164,427	-	182,575
Interest on long-term debt	5,819,385	-	23,077	-	(5,796,308)
Unallocated depreciation	976,547	-	-	-	(976,547)
Total	\$ 89,331,376	\$ 4,711,660	\$ 5,755,507	\$ 81,751	(78,782,458)
General revenues:					
Property taxes, levied for general operations					19,752,061
Property taxes, levied for debt service and capital projects funds					11,860,640
Unrestricted school aid					48,350,859
Grants and contributions not restricted to specific programs					31,217
Unrestricted investment earnings					945,586
Change in fair value of securities					(449,543)
Total general revenues					80,490,820
Change in net assets					1,708,362
Net assets, beginning of year					29,826,851
Net assets, end of year					\$ 31,535,213

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

Fund Financial Statements

PORTAGE PUBLIC SCHOOLS

**Balance Sheet
Governmental Funds
June 30, 2010**

	<u>General Fund</u>	<u>Bond Construction 2008 #1</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 7,166,380	\$ 64	\$ 4,292,587	\$ 11,459,031
Investments	250,579	42,011,254	4,049,759	46,311,592
Accounts receivable	58,398	205,876	7,967	272,241
Taxes receivable	33,057	-	41,699	74,756
Due from other governments	9,632,469	-	140,253	9,772,722
Due from other funds	16,882	-	197,533	214,415
Inventory	33,451	-	29,788	63,239
Prepays	99,706	-	150,180	249,886
	<u>\$ 17,290,922</u>	<u>\$ 42,217,194</u>	<u>\$ 8,909,766</u>	<u>\$ 68,417,882</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 383,348	\$ 5,982,661	\$ 1,451,170	\$ 7,817,179
Salaries and withholdings payable	6,798,954	-	41,150	6,840,104
Accrued liabilities	2,652,621	-	26,255	2,678,876
Due to other governments	213,530	-	-	213,530
Due to other funds	197,533	16,569	313	214,415
Deferred revenue	514,361	-	84,764	599,125
	<u>10,760,347</u>	<u>5,999,230</u>	<u>1,603,652</u>	<u>18,363,229</u>
Fund balances				
Reserved for:				
Inventory	33,451	-	29,788	63,239
Prepays	99,706	-	150,180	249,886
Unreserved:				
Designated	478,193	-	-	478,193
Designated, reported in nonmajor:				
Special revenue funds	-	-	206,027	206,027
Undesignated	5,919,225	36,217,964	-	42,137,189
Undesignated, reported in nonmajor:				
Special revenue funds	-	-	116,268	116,268
Debt service funds	-	-	1,577,638	1,577,638
Capital projects funds	-	-	5,226,213	5,226,213
	<u>6,530,575</u>	<u>36,217,964</u>	<u>7,306,114</u>	<u>50,054,653</u>
	<u>\$ 17,290,922</u>	<u>\$ 42,217,194</u>	<u>\$ 8,909,766</u>	<u>\$ 68,417,882</u>

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

PORTAGE PUBLIC SCHOOLS
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2010

Fund balances - total governmental funds	\$ 50,054,653
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Add: capital assets not being depreciated	45,696,877
Add: capital assets being depreciated	119,723,709
Deduct: accumulated depreciation	(42,700,501)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred property taxes	62,829
------------------------------	--------

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

Deduct: bonds payable	(131,207,756)
Deduct: accrued interest on bonds payable	(1,003,421)
Deduct: compensated absences and severance benefits payable	(3,019,376)
Deduct: unamortized bond premiums	(7,299,490)
Add: deferred bond charges	1,059,821
Add: deferred loss on bond refunding	339,844
Deduct: estimated claims liability	(171,976)

Net assets of governmental activities	\$ <u>31,535,213</u>
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The accompanying notes are an integral part of these basic financial statements.

PORTAGE PUBLIC SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>Bond Construction 2008 #1</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local sources	\$ 22,853,858	\$ 407,813	\$ 13,687,903	\$ 36,949,574
State sources	47,855,718	-	177,416	48,033,134
Federal sources	5,006,956	-	987,013	5,993,969
	<u>75,716,532</u>	<u>407,813</u>	<u>14,852,332</u>	<u>90,976,677</u>
Expenditures				
Current:				
Instruction	45,761,039	-	-	45,761,039
Supporting services	26,686,177	-	-	26,686,177
Community service	1,936,181	-	-	1,936,181
Athletics	-	-	1,436,046	1,436,046
Bookstore	-	-	16,309	16,309
Food service	-	-	2,761,762	2,761,762
Debt service:				
Principal	241,340	-	5,066,000	5,307,340
Interest	25,586	-	6,131,751	6,157,337
Other	-	-	5,754	5,754
Capital outlay	-	37,120,026	13,814,193	50,934,219
	<u>74,650,323</u>	<u>37,120,026</u>	<u>29,231,815</u>	<u>141,002,164</u>
Revenues over (under) expenditures	<u>1,066,209</u>	<u>(36,712,213)</u>	<u>(14,379,483)</u>	<u>(50,025,487)</u>
Other financing sources (uses)				
Proceeds from the sale of capital assets	62,934	-	1,569	64,503
Transfers in	181,000	-	1,806,124	1,987,124
Transfers out	(1,157,487)	(628,298)	(201,339)	(1,987,124)
	<u>(913,553)</u>	<u>(628,298)</u>	<u>1,606,354</u>	<u>64,503</u>
Net change in fund balances	152,656	(37,340,511)	(12,773,129)	(49,960,984)
Fund balances, beginning of year	<u>6,377,919</u>	<u>73,558,475</u>	<u>20,079,243</u>	<u>100,015,637</u>
Fund balances, end of year	<u><u>\$ 6,530,575</u></u>	<u><u>\$ 36,217,964</u></u>	<u><u>\$ 7,306,114</u></u>	<u><u>\$ 50,054,653</u></u>

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

PORTAGE PUBLIC 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, 2010

Net change in fund balances - total governmental funds \$ (49,960,984)

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

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

Add: capital outlay	51,872,630
Add: donated capital assets	42,198
Deduct: depreciation expense	(2,559,678)

Governmental funds report proceeds from the sale of capital assets as an other financing source. However, in the statement of activities, the difference between the sales proceeds and the net book value of the capital assets sold are reported as a gain or loss on disposal.

Deduct: proceeds from the sale of capital assets	(64,503)
Deduct: loss on disposal of capital assets	(702,125)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: change in deferred property taxes	20,863
--	--------

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

Add: principal payments on long-term liabilities	5,307,340
--	-----------

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

Add: decrease in accrued interest payable on bonds	85,055
Deduct: change in compensated absences/severance benefits payable	(2,454,863)
Add: amortization of bond premiums	352,196
Deduct: amortization of deferred loss on bond refunding	(38,473)
Deduct: amortization of deferred charges	(58,570)
Deduct: change in estimated claims liability	(132,724)

Change in net assets of governmental activities	\$ 1,708,362
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The accompanying notes are an integral part of these basic financial statements.

PORTAGE PUBLIC SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2010

	<u>Budget</u>		<u>Actual</u>	Over
	<u>Original</u>	<u>Final</u>		(Under)
Revenues				
Local sources	\$ 23,694,572	\$ 22,998,509	\$ 22,853,858	\$ (144,651)
State sources	46,874,558	47,711,972	47,855,718	143,746
Federal sources	6,991,029	5,328,861	5,006,956	(321,905)
	<u>77,560,159</u>	<u>76,039,342</u>	<u>75,716,532</u>	<u>(322,810)</u>
Total revenues				
Expenditures				
Instruction				
Basic program	40,747,692	38,863,966	38,781,602	(82,364)
Added needs	7,184,126	7,122,107	6,873,640	(248,467)
Adult and continuing education	103,372	95,482	105,797	10,315
	<u>48,035,190</u>	<u>46,081,555</u>	<u>45,761,039</u>	<u>(320,516)</u>
Total instruction				
Supporting services				
Pupil	4,738,978	4,544,648	4,528,227	(16,421)
Instructional staff	5,024,728	4,771,264	4,660,784	(110,480)
General administration	507,388	542,623	512,151	(30,472)
School administration	4,092,753	4,126,884	4,100,024	(26,860)
Business	986,726	956,654	947,844	(8,810)
Operations and maintenance	6,940,248	7,119,740	6,935,857	(183,883)
Transportation	2,642,023	2,789,879	2,841,916	52,037
Central support	2,146,663	2,162,513	2,159,374	(3,139)
	<u>27,079,507</u>	<u>27,014,205</u>	<u>26,686,177</u>	<u>(328,028)</u>
Total supporting services				
Community service				
	<u>1,988,134</u>	<u>1,929,264</u>	<u>1,936,181</u>	<u>6,917</u>
Debt service				
Principal	241,339	241,340	241,340	-
Interest	25,817	25,586	25,586	-
	<u>267,156</u>	<u>266,926</u>	<u>266,926</u>	<u>-</u>
Total debt service				
Total expenditures				
	<u>77,369,987</u>	<u>75,291,950</u>	<u>74,650,323</u>	<u>(641,627)</u>
Revenues over expenditures				
	<u>190,172</u>	<u>747,392</u>	<u>1,066,209</u>	<u>318,817</u>

continued...

PORTAGE PUBLIC SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Concluded)
For the Year Ended June 30, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Other financing sources (uses)				
Proceeds from the sale of capital assets	\$ 35,000	\$ 55,000	\$ 62,934	\$ 7,934
Transfers in	181,000	181,000	181,000	-
Transfers out	(1,181,009)	(1,159,199)	(1,157,487)	1,712
Total other financing sources (uses)	(965,009)	(923,199)	(913,553)	9,646
Net change in fund balance	(774,837)	(175,807)	152,656	328,463
Fund balance, beginning of year	6,377,919	6,377,919	6,377,919	-
Fund balance, end of year	<u>\$ 5,603,082</u>	<u>\$ 6,202,112</u>	<u>\$ 6,530,575</u>	<u>\$ 328,463</u>

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

PORTAGE PUBLIC SCHOOLS
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2010

Assets

Cash and cash equivalents	\$ 22,145
Investments	<u>799,000</u>
 Total assets	 <u><u>\$ 821,145</u></u>

Liabilities

Due to student groups	<u><u>\$ 821,145</u></u>
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The accompanying notes are an integral part of these basic financial statements.

Notes to the Basic Financial Statements

PORTAGE PUBLIC SCHOOLS

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Notes to the Basic Financial Statements

June 30, 2010

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PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Portage Public Schools (the “School District” or the “government”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School District are described below.

A. Reporting entity

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

B. Government-wide and fund financial statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The School District had no business-type activities during the year ended June 30, 2010.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements, although the agency fund does not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure-driven grants which must be collected within one year. 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 school aid, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The School District reports the following major governmental funds:

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

The *Capital Projects Bond Construction 2008 #1 Fund* is used to account for capital outlay expenditures from the 2008 Building and Site Bonds.

Additionally, the School District reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes, where there is a need to determine the results of operations. The School District's special revenue funds include athletics, bookstore, and food service operations.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling and improvements. These funds consist of the Bond Construction 2008 #2 Fund and the Building and Site Sinking Fund.

The *Agency Fund* accounts for assets held for student groups and organizations and is custodial in nature.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the Government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and fund balance

1. Deposits and investments

The School District's cash and cash equivalents are considered to be cash on hand and demand deposits which include savings and checking accounts.

Investments are reported at fair value based on quoted market prices and include certificates of deposit, U.S. treasuries, and municipal bonds.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

3. Property taxes

Property taxes are assessed as of December 31, and attach as an enforceable lien on property on July 1 and December 1 of the following year. These taxes are due on September 14 and February 14, respectively, with the final collection date of February 28 before they are added to the delinquent tax rolls.

The delinquent real property taxes of the School District are purchased by Kalamazoo County. These taxes have been recorded as revenue for the current year. Uncollected personal property taxes are carried as assets of the General, Capital Projects, and Debt Service Funds. Property taxes that are not collected within sixty days of the end of the fiscal year are classified as deferred revenues. Uncollected delinquent personal property taxes are written off after three years.

4. Inventory and prepaid items

General Fund inventories are stated at cost and consist primarily of textbooks, maintenance supplies, teaching supplies and natural gas. The cost is recorded as an expenditure when consumed rather than when purchased. Inventories of the Special Revenue Funds consist primarily of government food commodities, which are donated and recorded at fair value. Donated government commodities are recorded as revenue when they are received. Certain prepayments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items when purchased in both district-wide and fund financial statements. Reported inventories and prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

5. *Capital assets*

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$1,000 or computer equipment with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives (land is not depreciated):

<u>Assets</u>	<u>Years</u>
Buildings	50
Vehicles	5-10
Equipment	5-20

6. *Compensated absences*

Vacation and Sick Pay – Vacation days are earned by most year-round employees at rates specified under contractual provisions. Retiring/terminated employees are paid for unused accumulated vacation days. The School District’s sick pay policy allows for accumulation of up to a certain number of days depending on the employee group involved. Upon termination of employment, all accumulated sick days are forfeited, except for teachers who receive an incentive if they have more than 50 days accumulated in their sick leave bank when they retire. It is the School District’s policy to recognize the cost of sick leave at the time payments are made.

The liability for compensated absences reported in the Government-wide financial statements consists of unpaid, accumulated vacation days for year-round employees and accumulated sick days for teachers who are at least 55 years old and have ten or more years of service. The liability has been calculated for employees who currently are eligible to receive termination payments. The amount reported is salary related and includes no fringe benefits.

7. *Deferred revenue*

Childcare and community enrichment fees received, which relate to future periods, are recorded as deferred revenue. Property taxes are deferred as described above. Receipts in excess of cost on grants are recorded as deferred revenue until spent or refunded to the grantor.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

9. Fund balance

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

The General and Special Revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the General and Special Revenue funds are adopted on a functional basis. State law requires the School District to have its budget in place by July 1. Districts are permitted to amend their budgets during the year. There were no significant amendments.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

C. Bonded Construction Costs

The 2008 Bond Construction Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Michigan Revised School Code.

D. Sinking Fund

The Building and Site Sinking Fund records capital project activities funded with a sinking fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Michigan Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

E. Excess of expenditures over appropriations

Budget to actual comparisons for the General Fund are presented in the fund financial statements at a level of detail greater than the legal level of budgetary control. Budgets are approved at the broad functional level. During the year ended June 30, 2010 the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Instruction - adult and continuing education	\$ 95,482	\$ 105,797	\$ 10,315
Transportation	2,789,879	2,841,916	52,037
Community service	1,929,264	1,936,181	6,917
Food Service Fund:			
Food service	2,658,867	2,761,762	102,895

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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

Statement of Net Assets	
Cash and cash equivalents	\$ 11,459,031
Investments	46,311,592
Statement of Fiduciary Assets and Liabilities	
Agency Fund:	
Cash and cash equivalents	22,145
Investments	<u>799,000</u>
	<u>\$ 58,591,768</u>
Cash on hand	\$ 1,825
Bank deposits (checking accounts, savings accounts and CDs due within one year)	12,528,929
Investments	<u>46,061,014</u>
	<u>\$ 58,591,768</u>

Statutory Authority

Michigan law authorizes the School District to deposit and invest in:

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

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

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

Deposit and investment risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned. State law does not require and the School District does not have a policy for deposit custodial credit risk. As of year-end, \$6,280 of the School District's bank balance of \$12,872,064 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The School District utilizes an investment advisor to assist it in diversifying its investment portfolio by maintaining concentration limits for both types of investments and specific institutions.

Custodial Credit Risk – Investments. Following is a summary of the School District's investments as of June 30, 2010:

U.S. treasuries	\$ 44,686,888
Money market treasury funds	<u>1,374,126</u>
	<u>\$ 46,061,014</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agency but not in the government's name. In accordance with the School District's investment policy, all investments are held in the name of the School District and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

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

Unrated	\$ 1,374,126
S&P AAA	36,687,928
Moody's Aaa	<u>7,998,960</u>
	<u>\$ 46,061,014</u>

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The School District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments held at year-end are summarized as follows:

No maturity	\$ 1,374,126
Less than one year	<u>44,686,888</u>
	<u>\$ 46,061,014</u>

Concentration of credit risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above.

B. Receivables

Receivables as of year end for the School District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General Fund	Capital Projects Bond Construction 2008 #1	Nonmajor Funds	Total
Receivables:				
Accounts	\$ 58,398	\$ 205,876	\$ 7,967	\$ 272,241
Taxes	33,057	-	41,699	74,756
Intergovernmental:				
Federal	437,753	-	122,959	560,712
State	8,814,021	-	17,294	8,831,315
ISD (K/RESA)	189,656	-	-	189,656
Other	<u>191,039</u>	<u>-</u>	<u>-</u>	<u>191,039</u>
Total receivables	<u>\$ 9,723,924</u>	<u>\$ 205,876</u>	<u>\$ 189,919</u>	<u>\$ 10,119,719</u>

Of the amounts reported above, \$62,829 is not expected to be collected within one year.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

C. Capital assets

Capital assets activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,436,282	\$ -	\$ -	\$ 1,436,282
Assets not yet placed in service	8,145	181,740	-	189,885
Construction in progress	30,315,425	32,499,057	(18,743,772)	44,070,710
Total capital assets not being depreciated	<u>31,759,852</u>	<u>32,680,797</u>	<u>(18,743,772)</u>	<u>45,696,877</u>
Capital assets being depreciated:				
Land improvements	3,941,050	3,272,429	(307,989)	6,905,490
Buildings and improvements	60,213,111	30,942,251	(1,048,690)	90,106,672
Equipment	15,629,686	3,237,617	(991,189)	17,876,114
Vehicles	4,728,753	525,506	(418,826)	4,835,433
Total capital assets being depreciated	<u>84,512,600</u>	<u>37,977,803</u>	<u>(2,766,694)</u>	<u>119,723,709</u>
Less accumulated depreciation for:				
Land improvements	1,452,376	154,865	(209,562)	1,397,679
Buildings and improvements	26,187,685	865,847	(420,809)	26,632,723
Equipment	11,401,822	1,222,348	(950,869)	11,673,301
Vehicles	3,099,006	316,618	(418,826)	2,996,798
Total accumulated depreciation	<u>42,140,889</u>	<u>2,559,678</u>	<u>(2,000,066)</u>	<u>42,700,501</u>
Total capital assets being depreciated, net	<u>42,371,711</u>	<u>35,418,125</u>	<u>(766,628)</u>	<u>77,023,208</u>
Governmental activities capital assets, net	<u>\$ 74,131,563</u>	<u>\$ 68,098,922</u>	<u>\$ (19,510,400)</u>	<u>\$ 122,720,085</u>

For the year ended June 30, 2010, depreciation expense was charged to the functions/programs of the School District as follows:

Governmental activities:

Instruction	\$ 685,825
Supporting services	751,072
Community service	6,218
Athletics	128,982
Food service	11,034
Unallocated depreciation	<u>976,547</u>

Total government activities **\$ 2,559,678**

The School District has active construction projects at year end. At June 30, 2010, the School District has commitments with contractors of approximately \$23,112,000.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

D. Payables

Accounts payable and accrued liabilities as of year-end for the School District's individual major funds and nonmajor funds in the aggregate, are as follows:

	<u>General Fund</u>	<u>Capital Projects Bond Construction 2008 #1</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Financial Statements				
Trade accounts payable	\$ 383,348	\$ 2,428,070	\$ 572,997	\$ 3,384,415
Retainage payable	-	3,554,591	878,173	4,432,764
Salaries and withholdings payable	6,798,954	-	41,150	6,840,104
Accrued liabilities	2,652,621	-	26,255	2,678,876
Due to other governments	<u>213,530</u>	<u>-</u>	<u>-</u>	<u>213,530</u>
	<u>\$10,048,453</u>	<u>\$ 5,982,661</u>	<u>\$ 1,518,575</u>	17,549,689

Government-wide Financial Statements

Accrued interest payable	1,003,421
Estimated claims liability	<u>171,976</u>
Total accounts payable and accrued liabilities	<u>\$18,725,086</u>

E. Interfund receivables, payables, and transfers

At June 30, 2010, interfund receivables and payables consisted of the following:

	<u>Due to</u>	<u>Due from</u>
General Fund	\$ 197,533	\$ 16,882
Bond Construction 2008 #1	16,569	-
Nonmajor governmental funds	<u>313</u>	<u>197,533</u>
	<u>\$ 214,415</u>	<u>\$ 214,415</u>

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

For the year ended June 30, 2010, interfund transfers consisted of the following:

	<u>Transfers out</u>	<u>Transfers in</u>
General Fund	\$ 1,157,487	\$ 181,000
Bond Construction 2008 #1	628,298	-
Nonmajor governmental funds	201,339	1,806,124
	<u>\$ 1,987,124</u>	<u>\$ 1,987,124</u>

The School District reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for the governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2010, the School District transferred funds to provide funds for athletic activities and transfer indirect costs. In addition, the School District transferred funds from the Building and Site Sinking Fund to the Bond Construction 2008 Funds, which were deemed to have sufficient resources available to cover such allowable expenditures.

F. Long-term debt

Long-term debt and other obligations of the School District at June 30, 2010 are summarized as follows:

	Long-Term Debt Outstanding at July 1, 2009	Additions	Retirements	Long-Term Debt Outstanding at June 30, 2010	Amount Due Within One Year
2009 Refunding Bonds, \$17,530,000, due in annual installments of \$700,000 to \$2,770,000 through May 1, 2019, with interest at 3.15%. Purpose of issue: Refunding of 1999 refunding bond issue	\$ 17,530,000	\$ -	\$ 2,590,000	\$ 14,940,000	\$ 2,680,000
2008 General Obligation Building and Site Bonds, \$112,275,000, due in annual installments of \$900,000 to \$6,300,000 through May 1, 2031, with interest at 3.25% to 5.25%. Purpose of issue: Construction of new buildings, renovations, and reequipping at all buildings	111,375,000	-	1,445,000	109,930,000	1,550,000

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

	Long-Term Debt Outstanding at July 1, 2009	Additions	Retirements	Long-Term Debt Outstanding at June 30, 2010	Amount Due Within One Year
2002 General Obligation Building and Site Bonds, \$11,885,000, due in annual installments of \$450,000 to \$1,870,000 through May 1, 2014, with interest at 2% to 5%. Purpose of issue: Construction, renovation, and reequipping at all buildings	\$ 6,770,000	\$ -	\$ 890,000	\$ 5,880,000	\$ 1,100,000
2008 non-interest bearing land contract, \$491,000, due in three installments of \$200,000, \$150,000 and \$141,000 through April 1, 2010	141,000	-	141,000	-	-
Various vehicle installment purchase contracts, due in annual installments of \$11,068 to \$70,526, with interest at 4.13% to 5.60%	<u>699,096</u>	<u>-</u>	<u>241,340</u>	<u>457,756</u>	<u>173,123</u>
Total installment debt	136,515,096	-	5,307,340	131,207,756	5,503,123
Compensated absences	564,513	261,656	396,793	429,376	236,022
Severance benefits payable	-	2,590,000	-	2,590,000	875,000
Deferred loss on debt refunding	(378,317)	-	(38,473)	(339,844)	(38,473)
Unamortized bond premiums	<u>7,651,686</u>	<u>-</u>	<u>352,196</u>	<u>7,299,490</u>	<u>352,196</u>
Total long-term debt	<u>\$ 144,352,978</u>	<u>\$ 2,851,656</u>	<u>\$ 6,017,856</u>	<u>\$ 141,186,778</u>	<u>\$ 6,927,868</u>

Future principal and interest payment requirements on outstanding debt are as follows:

Year Ended June 30	Principal	Interest	Total
2011	\$ 5,503,123	\$ 5,932,346	\$ 11,435,469
2012	5,757,053	5,749,778	11,506,831
2013	5,980,550	5,555,907	11,536,457
2014	6,217,030	5,351,603	11,568,633
2015	5,950,000	5,119,405	11,069,405
2016-2020	32,500,000	21,193,188	53,693,188
2021-2025	31,500,000	13,300,875	44,800,875
2026-2030	31,500,000	6,158,250	37,658,250
2031	6,300,000	315,000	6,615,000
	<u>\$ 131,207,756</u>	<u>\$ 68,676,352</u>	<u>\$ 199,884,108</u>

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

Severance benefits payable from an incentive offering will be paid in three annual installments through July, 2012. Installment purchase contracts, compensated absences and the severance benefits are generally liquidated by the general fund.

G. Fund balance reservations and designations

Following is a schedule of the reservations and designations of fund balances by fund type:

		General Fund	Capital Projects Bond Construction 2008 #1	Nonmajor Governmental Funds	Total
Reserved for:					
Inventory	\$	33,451	\$ -	\$ 29,788	\$ 63,239
Prepays		99,706	-	150,180	249,886
Unreserved:					
Designated for:					
Subsequent year's budget deficit		345,314	-	-	345,314
Site-based building expenditures		132,879	-	-	132,879
Site ownership of athletics revenue		-	-	106,027	106,027
Food service equipment purchases		-	-	100,000	100,000
Undesignated		<u>5,919,225</u>	<u>36,217,964</u>	<u>6,920,119</u>	<u>49,057,309</u>
Total fund balance	\$	<u>6,530,575</u>	<u>\$ 36,217,964</u>	<u>\$ 7,306,114</u>	<u>\$50,054,653</u>

IV. OTHER INFORMATION

A. Risk management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District is a participant in a public entity risk pool through SET-SEG. This program provides substantially all the insurance needs of the District, including property, general liability, automobile, and umbrella premium. Payments made for the year ended June 30, 2010, were approximately \$230,000. The contributions made by the District fund the program at rates predicated on expected losses, excess insurance premium contribution, and administration costs, including appropriate state assessment. The possibility of additional claims exist, but the amount of liability to the School District would be immaterial by the time the aggregate stop-loss coverages are triggered.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

The School District is self-insured for workers' compensation on a pay-as-you-go basis for claims up to \$300,000, with reinsurance coverage provided once claims exceed \$495,000 in the aggregate. The self-insurance program is administered by a third party administrator. All workers' compensation benefits are paid out of the General and Food Service Funds. Changes in the estimated liability are as follows:

	<u>2010</u>	<u>2009</u>
Estimated liability, beginning of year	\$ 66,012	\$ 150,630
Estimated claims incurred	217,052	42,608
Claim payments	<u>(94,997)</u>	<u>(127,226)</u>
Estimated liability, end of year	<u>\$ 188,067</u>	<u>\$ 66,012</u>

The School District is self-insured for dental and vision coverage on a pay-as-you-go basis. The self-insurance program is administered by a third party administrator. Dental and vision benefits are paid out of the fund to which each employee's wages are charged. Changes in the estimated liability are as follows:

	<u>2010</u>	<u>2009</u>
Estimated liability, beginning of year	\$ 15,491	\$ 12,408
Estimated claims incurred	142,452	140,110
Claim payments	<u>(150,327)</u>	<u>(137,027)</u>
Estimated liability, end of year	<u>\$ 7,616</u>	<u>\$ 15,491</u>

Of the above estimated claim liabilities, the School District records \$23,707 in accounts payable in the General Fund, as it represents a current liability. The balance of \$171,976 is accrued on the government-wide Statement of Net Assets. The School District pays unemployment claims on a reimbursement basis. The School District continues to carry commercial insurance for all other risks of loss, including employee life, health, and accident insurance. In the last three years settled amounts have not exceeded the insurance coverage held by the School District.

B. Defined benefit pension plan

Plan Description

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

The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling 1-800-381-5111.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

Funding Policy

Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 through June 30, 2008 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008 or later contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000. Basic Plan members make no contributions. The School District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefits on a cash disbursement basis.

The rate as a percentage of annual covered payroll was 16.54% from July through September, 2009 and 16.94% from October, 2009 through June, 2010. The contribution requirements of plan members and the School District are established by Michigan State statute and may be amended only by action of the State Legislature. The School District's contributions to MPERS for the years ended June 30, 2010, 2009, and 2008 were \$7,536,020, \$7,545,306, and \$7,498,646, respectively, equal to the required contributions for each year. The School District is not responsible for the payment of retirement benefits, which is the responsibility of the State of Michigan.

Other Postemployment Benefits

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

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

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

C. Early retirement incentive plan

Certain teachers, secretaries, and administrators of the School District have elected to participate in an early retirement incentive program established by the School District for those meeting various eligibility requirements. The expenditures for this plan were \$85,054 for the year ended June 30, 2010. There was no outstanding long-term liability under this plan at year-end.

PORTAGE PUBLIC SCHOOLS

Notes to the Basic Financial Statements

D. Deferred compensation plans

Pay for Performance Plan. The School District offers its administrators a pay for performance plan created in accordance with Section 457 of the Internal Revenue Code (IRC). Administrators participate in and vest in the plan based upon certain length of employment and evaluation criteria. Final payments are made in a lump sum distribution when the administrator retires or leaves the employment of the School District. The vested benefits of the pay for performance plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. At June 30, 2010, the following summarizes the amounts held in the trust:

Balance in Trust Fund	\$ 210,803
Amounts due from General Fund for additional vested benefits	<u> -</u>
Total Vested Benefits	<u>\$ 210,803</u>

Employee Retirement Contributions. Certain employees have contributed funds to qualified retirement trusts under Section 457 of the IRC. At June 30, 2010, the amounts held under trust were \$28,679.

* * * * *

**Combining and Individual Fund
Financial Statements and Schedules**

Portage Public Schools Nonmajor Governmental Funds For the Year Ended June 30, 2010

Special Revenue Funds are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

Athletics Fund – This fund is used to account for the District’s athletic programs. Revenues consist of gate receipts and local contributions. Expenditures consist of personnel costs, entrance fees, and transportation costs.

Bookstore Fund – This fund was established to account for activity of the high school bookstores.

Food Service Fund – This fund is used to account for the revenue and expenditures of the school lunch program. Revenues consist of sales of food and federal and state government subsidies.

Debt Service Funds are used to account for the accumulation of resources for payment of principal and interest on long-term debt.

2002 Debt Service – This fund accounts for payments on the 2002 General Obligation Building and Site Bonds issued for construction, re-equipping, and renovations at all buildings.

2008 Debt Service – This fund accounts for payments on the 2008 General Obligation Building and Site Bonds issued for construction, re-equipping, and renovations at all buildings.

2009 Debt Service – This fund accounts for payments on the 2009 Refunding Bonds issued for refunding of the 1999 Bonds.

Capital Projects Funds are used to account for construction projects of the District.

Bond Construction 2008 #2 – This fund accounts for expenditure of the 2008 Building and Site Bonds for voter-approved purposes.

Building and Site Sinking Fund – This fund accounts for general school improvements. Financing is provided by a property tax levy.

PORTAGE PUBLIC SCHOOLS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue		
<u>ASSETS</u>	Athletics	Bookstore	Food Service
Assets			
Cash and cash equivalents	\$ 8,490	\$ -	\$ 236,792
Investments	-	-	-
Accounts receivable	-	-	280
Taxes receivable	-	-	-
Due from other governments	-	-	140,253
Due from other funds	183,284	-	14,249
Inventory	-	-	29,788
Prepays	180	-	150,000
TOTAL ASSETS	\$ 191,954	\$ -	\$ 571,362
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 6,493	\$ -	\$ 133,356
Salaries and withholdings payable	38,503	-	2,647
Accrued liabilities	11,931	-	14,324
Due to other funds	-	-	-
Deferred revenue	28,820	-	24,979
Total liabilities	85,747	-	175,306
Fund Balances			
Reserved for inventory	-	-	29,788
Reserved for prepays	180	-	150,000
Unreserved:			
Designated for site ownership of athletics revenue	106,027	-	-
Designated for food service equipment purchases	-	-	100,000
Undesignated	-	-	116,268
Total fund balances	106,207	-	396,056
TOTAL LIABILITIES AND FUND BALANCES	\$ 191,954	\$ -	\$ 571,362

<u>2002</u> <u>Debt</u> <u>Service</u>	<u>2008</u> <u>Debt</u> <u>Service</u>	<u>2009</u> <u>Debt</u> <u>Service</u>	<u>Capital Projects</u>		<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
			<u>Bond</u> <u>Construction</u> <u>2008 #2</u>	<u>Building</u> <u>and Site</u> <u>Sinking Fund</u>	
\$ 852,328	\$ 595,206	\$ 120,435	\$ 102	\$ 2,479,234	\$ 4,292,587
-	-	-	4,049,759	-	4,049,759
-	-	-	7,687	-	7,967
2,228	27,117	8,271	-	4,083	41,699
-	-	-	-	-	140,253
-	-	-	-	-	197,533
-	-	-	-	-	29,788
-	-	-	-	-	150,180
<u>\$ 854,556</u>	<u>\$ 622,323</u>	<u>\$ 128,706</u>	<u>\$ 4,057,548</u>	<u>\$ 2,483,317</u>	<u>\$ 8,909,766</u>
\$ -	\$ -	\$ -	\$ 1,304,960	\$ 6,361	\$ 1,451,170
-	-	-	-	-	41,150
-	-	-	-	-	26,255
-	-	-	313	-	313
1,647	21,026	5,274	-	3,018	84,764
<u>1,647</u>	<u>21,026</u>	<u>5,274</u>	<u>1,305,273</u>	<u>9,379</u>	<u>1,603,652</u>
-	-	-	-	-	29,788
-	-	-	-	-	150,180
-	-	-	-	-	106,027
-	-	-	-	-	100,000
852,909	601,297	123,432	2,752,275	2,473,938	6,920,119
<u>852,909</u>	<u>601,297</u>	<u>123,432</u>	<u>2,752,275</u>	<u>2,473,938</u>	<u>7,306,114</u>
<u>\$ 854,556</u>	<u>\$ 622,323</u>	<u>\$ 128,706</u>	<u>\$ 4,057,548</u>	<u>\$ 2,483,317</u>	<u>\$ 8,909,766</u>

PORTAGE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	<u>Special Revenue Funds</u>		
	<u>Athletics</u>	<u>Bookstore</u>	<u>Food Service</u>
Revenues			
Local sources	\$ 289,360	\$ 16,309	\$ 1,444,141
State sources	-	-	177,416
Federal sources	-	-	987,013
	<hr/>	<hr/>	<hr/>
Total revenues	289,360	16,309	2,608,570
	<hr/>	<hr/>	<hr/>
Expenditures			
Current:			
Athletics	1,436,046	-	-
Bookstore	-	16,309	-
Food service	-	-	2,761,762
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	1,436,046	16,309	2,761,762
	<hr/>	<hr/>	<hr/>
Revenues (under) over expenditures	(1,146,686)	-	(153,192)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Proceeds from the sale of capital assets	-	-	1,569
Transfers in	1,157,487	-	-
Transfers out	-	-	(181,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,157,487	-	(179,431)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	10,801	-	(332,623)
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	95,406	-	728,679
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 106,207</u>	<u>\$ -</u>	<u>\$ 396,056</u>

2002 Debt Service	2008 Debt Service	2009 Debt Service	Capital Projects		Total Nonmajor Governmental Funds
			Bond Construction 2008 #2	Building and Site Sinking Fund	
\$ 648,475	\$ 6,745,155	\$ 3,313,357	\$ 44,778	\$ 1,186,328	\$ 13,687,903
-	-	-	-	-	177,416
-	-	-	-	-	987,013
<u>648,475</u>	<u>6,745,155</u>	<u>3,313,357</u>	<u>44,778</u>	<u>1,186,328</u>	<u>14,852,332</u>
-	-	-	-	-	1,436,046
-	-	-	-	-	16,309
-	-	-	-	-	2,761,762
890,000	1,445,000	2,590,000	-	141,000	5,066,000
282,755	5,241,238	607,415	-	343	6,131,751
1,756	3,318	75	-	605	5,754
-	-	-	12,963,626	850,567	13,814,193
<u>1,174,511</u>	<u>6,689,556</u>	<u>3,197,490</u>	<u>12,963,626</u>	<u>992,515</u>	<u>29,231,815</u>
<u>(526,036)</u>	<u>55,599</u>	<u>115,867</u>	<u>(12,918,848)</u>	<u>193,813</u>	<u>(14,379,483)</u>
-	-	-	-	-	1,569
-	-	-	-	648,637	1,806,124
-	-	-	(20,339)	-	(201,339)
-	-	-	(20,339)	648,637	1,606,354
(526,036)	55,599	115,867	(12,939,187)	842,450	(12,773,129)
<u>1,378,945</u>	<u>545,698</u>	<u>7,565</u>	<u>15,691,462</u>	<u>1,631,488</u>	<u>20,079,243</u>
<u>\$ 852,909</u>	<u>\$ 601,297</u>	<u>\$ 123,432</u>	<u>\$ 2,752,275</u>	<u>\$ 2,473,938</u>	<u>\$ 7,306,114</u>

PORTAGE PUBLIC SCHOOLS
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Athletics</u>		<u>Over (Under) Budget</u>
	<u>Budget</u>	<u>Actual</u>	
Revenues			
Local sources	\$ 309,973	\$ 289,360	\$ (20,613)
State sources	-	-	-
Federal sources	-	-	-
	<u>309,973</u>	<u>289,360</u>	<u>(20,613)</u>
Expenditures			
Current:			
Athletics	1,489,172	1,436,046	(53,126)
Bookstore	-	-	-
Food service	-	-	-
	<u>1,489,172</u>	<u>1,436,046</u>	<u>(53,126)</u>
Revenues (under) over expenditures	<u>(1,179,199)</u>	<u>(1,146,686)</u>	<u>32,513</u>
Other financing sources (uses)			
Proceeds from the sale of capital assets	-	-	-
Transfers in	1,159,199	1,157,487	(1,712)
Transfers out	-	-	-
	<u>1,159,199</u>	<u>1,157,487</u>	<u>(1,712)</u>
Net change in fund balances	(20,000)	10,801	30,801
Fund balances, beginning of year	<u>95,406</u>	<u>95,406</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 75,406</u></u>	<u><u>\$ 106,207</u></u>	<u><u>\$ 30,801</u></u>

Bookstore			Food Service		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 17,000	\$ 16,309	\$ (691)	\$ 1,412,000	\$ 1,444,141	\$ 32,141
-	-	-	177,275	177,416	141
-	-	-	920,000	987,013	67,013
<u>17,000</u>	<u>16,309</u>	<u>(691)</u>	<u>2,509,275</u>	<u>2,608,570</u>	<u>99,295</u>
-	-	-	-	-	-
17,000	16,309	(691)	-	-	-
-	-	-	2,658,867	2,761,762	102,895
<u>17,000</u>	<u>16,309</u>	<u>(691)</u>	<u>2,658,867</u>	<u>2,761,762</u>	<u>102,895</u>
-	-	-	(149,592)	(153,192)	(3,600)
-	-	-	1,569	1,569	-
-	-	-	-	-	-
-	-	-	(181,000)	(181,000)	-
-	-	-	(179,431)	(179,431)	-
-	-	-	(329,023)	(332,623)	(3,600)
-	-	-	728,679	728,679	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,656</u>	<u>\$ 396,056</u>	<u>\$ (3,600)</u>

PORTAGE PUBLIC SCHOOLS
Agency Fund
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets				
Cash and cash equivalents	\$ 205,086	\$ 1,176,747	\$ 1,359,688	\$ 22,145
Investments	549,000	250,000	-	799,000
Total assets	<u>\$ 754,086</u>	<u>\$ 1,426,747</u>	<u>\$ 1,359,688</u>	<u>\$ 821,145</u>
Liabilities				
Due to student groups	<u>\$ 754,086</u>	<u>\$ 1,426,747</u>	<u>\$ 1,359,688</u>	<u>\$ 821,145</u>

PORTAGE PUBLIC SCHOOLS
Schedule of Capital Assets Used in the Operation of Governmental Activities
June 30, 2010

<u>Building/Location</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
Amberly Elementary	\$ 19,600	\$ 317,706	\$ 2,340,190
Angling Road Elementary	23,600	162,807	2,960,220
Central Elementary ¹	99,823	198,939	2,874,573
Haverhill Elementary	34,032	172,670	2,004,516
Lake Center Elementary	89,435	630,980	11,348,374
Moorsbridge Elementary	-	233,933	6,174,147
12th Street Elementary	41,450	1,781,820	12,427,411
Woodland Elementary	54,670	166,196	3,544,709
Central Middle School	-	9,721	4,742,550
North Middle School	-	111,071	3,985,153
West Middle School ²	198,000	282,435	7,258,159
Central High School ³	571,300	1,519,472	8,882,633
Northern High School ⁴	201,588	1,007,422	14,324,879
Community Education Center	-	163,050	1,319,663
Administration Building	-	51,314	759,839
Waylee Technology and Training Center	16,000	18,514	1,941,205
Zylman Maintenance and Transportation Facility	66,784	77,440	3,218,451
South Westnedge Avenue	20,000	-	-
Total capital assets	<u>\$ 1,436,282</u>	<u>\$ 6,905,490</u>	<u>\$ 90,106,672</u>

¹ Land includes McCamley Field

² Land includes Moorsbridge Elementary

³ Land includes Central Middle School and Administration Building

⁴ Land includes North Middle School and Community Education Center

Equipment	Vehicles	Construction in Progress	Assets not Yet Placed in Service	Total
\$ 563,020	\$ -	\$ 6,270	\$ -	\$ 3,246,786
443,016	-	621	-	3,590,264
419,364	-	1,228	-	3,593,927
406,652	-	621	-	2,618,491
820,741	-	422,515	-	13,312,045
499,990	-	-	-	6,908,070
802,494	-	284,081	-	15,337,256
436,103	-	2,731	-	4,204,409
1,015,074	-	14,477	-	5,781,822
942,588	-	621	-	5,039,433
1,182,077	-	5,686	-	8,926,357
2,218,346	-	23,532,765	181,740	36,906,256
2,879,107	-	19,003,065	-	37,416,061
372,071	-	-	-	1,854,784
3,862,925	-	791,052	8,145	5,473,275
757,826	-	4,977	-	2,738,522
254,720	4,835,433	-	-	8,452,828
-	-	-	-	20,000
\$ 17,876,114	\$ 4,835,433	\$ 44,070,710	\$ 189,885	\$ 165,420,586

PORTAGE PUBLIC SCHOOLS

Schedule of Bonded Indebtedness

June 30, 2010

Year Ending June 30,	2002 Debt Principal	2008 Debt Principal	2009 Debt Principal
2011	\$ 1,100,000	\$ 1,550,000	\$ 2,680,000
2012	1,325,000	1,550,000	2,720,000
2013	1,585,000	1,550,000	2,750,000
2014	1,870,000	1,550,000	2,770,000
2015	-	5,250,000	700,000
2016	-	5,260,000	750,000
2017	-	5,500,000	800,000
2018	-	5,960,000	855,000
2019	-	6,160,000	915,000
2020	-	6,300,000	-
2021	-	6,300,000	-
2022	-	6,300,000	-
2023	-	6,300,000	-
2024	-	6,300,000	-
2025	-	6,300,000	-
2026	-	6,300,000	-
2027	-	6,300,000	-
2028	-	6,300,000	-
2029	-	6,300,000	-
2030	-	6,300,000	-
2031	-	6,300,000	-
	<u>\$ 5,880,000</u>	<u>\$ 109,930,000</u>	<u>\$ 14,940,000</u>
 Principal payments due	 May 1	 May 1	 May 1
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rates	2.0%-5.0%	3.25%-5.25%	3.15%
Original issue	<u>\$ 11,885,000</u>	<u>\$ 112,275,000</u>	<u>\$ 17,530,000</u>

PORTAGE PUBLIC SCHOOLS
Schedule of Deposits and Investments
June 30, 2010

General Fund

Checking and Savings Accounts:		
Bank of America Checking	\$ 292,787	
Accident Fund Insurance Company of America	4,201	
Bank of America Savings	3,746,086	
Charter One Bank Savings	1,003,216	
Chemical Bank Savings	369,238	
Citizen's Bank Savings	245,145	
Huntington Bank Savings	251,557	
Michigan Commerce Bank Savings	6,659	
Mercantile Bank Savings	251,046	
JPMorgan Chase Bank Savings	<u>994,645</u>	
		\$ 7,164,580
Investments:		
Macatawa Bank Certificate of Deposit		<u>250,579</u>
Total General Fund		\$ 7,415,159

Special Revenue Funds

Food Service Fund:		
Checking and Savings Accounts:		
Bank of America	(13,687)	
Flagstar Bank	<u>250,454</u>	
Total Checking and Savings Accounts		236,767
Athletic Fund:		
Checking and Savings Accounts:		
Bank of America		<u>8,490</u>
Total Special Revenue Funds		245,257

Debt Service Funds

Savings Accounts-		
Bank of America	514,196	
Chemical Bank	<u>1,053,773</u>	
Total Debt Service Funds		1,567,969

Capital Projects Funds

Checking and Savings Accounts:		
Bank of America	966,216	
JPMorgan Chase Bank Savings	<u>1,513,184</u>	
Total Checking and Savings Accounts		2,479,400
Investments:		
U.S. Government and Municipal Securities		<u>46,061,013</u>
Total Capital Projects Funds		48,540,413

Agency Fund

Checking and Savings Accounts:		
Bank of America Bank		22,145
Investments:		
Michigan Commerce Certificates of Deposit	249,000	
Capitol National Certificates of Deposit	250,000	
Flagstar Bank Certificates of Deposit-CDARS	<u>300,000</u>	
Total Investments		<u>799,000</u>
Total Agency Fund		821,145

Total All Funds		\$ <u>58,589,943</u>
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STATISTICAL SECTION
(Unaudited)

Statistical Section

This part of the Portage Public Schools comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School District's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the School District's operations and resources to help the reader understand how the School District's financial information relates to the services the School District provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The School District implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Financial Trends

PORTAGE PUBLIC SCHOOLS
Net Assets by Component (Unaudited)
Last Eight Fiscal Years*

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:			
Invested in capital assets, net of related debt	\$ 338,219	\$ 3,673,429	\$ 7,631,831
Restricted:			
Debt service	104,630	867,988	729,776
Building and Site Sinking Fund	880,421	748,281	597,264
Total Restricted	<u>985,051</u>	<u>1,616,269</u>	<u>1,327,040</u>
Unrestricted	<u>6,492,941</u>	<u>6,509,585</u>	<u>6,273,911</u>
Total Primary Government Net Assets	<u>\$ 7,816,211</u>	<u>\$ 11,799,283</u>	<u>\$ 15,232,782</u>

*Portage Public Schools adopted GASB #34 in 2003.

Source: Portage Public Schools Audit Reports

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 9,565,750	\$ 11,520,540	\$ 12,475,532	\$ 19,593,035	\$ 23,522,922
1,106,179	1,855,247	625,548	843,732	574,217
922,692	1,018,625	1,247,597	1,631,488	2,473,938
2,028,871	2,873,872	1,873,145	2,475,220	3,048,155
7,172,352	7,176,544	7,775,669	7,758,596	4,964,136
\$ 18,766,973	\$ 21,570,956	\$ 22,124,346	\$ 29,826,851	\$ 31,535,213

PORTAGE PUBLIC SCHOOLS
Changes in Governmental Net Assets (Unaudited)
Last Eight Fiscal Years*

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses			
Governmental Activities:			
Instruction	\$ 40,668,552	\$ 40,969,953	\$ 41,626,329
Supporting services	26,074,708	24,947,520	25,875,805
Community service	1,669,402	1,658,295	1,770,866
Athletics	1,366,536	1,464,972	1,440,323
Bookstore	33,410	44,239	42,578
Food service	1,855,166	2,011,293	2,196,763
Interest on long-term debt	1,926,207	2,312,053	2,154,940
Unallocated depreciation	970,826	814,932	794,824
Total governmental activities	<u>74,564,807</u>	<u>74,223,257</u>	<u>75,902,428</u>
Program Revenues:			
Charges for services:			
Instruction	588,350	537,325	570,716
Supporting services	102,636	83,517	298,253
Community Services	1,614,123	1,730,950	1,976,416
Athletics	199,065	238,133	251,420
Bookstore	33,410	44,239	42,578
Food service	1,344,389	1,484,842	1,605,025
Operating grants and contributions	3,347,229	3,179,395	3,701,677
Capital grants and contributions	-	-	-
Total program revenue	<u>7,229,202</u>	<u>7,298,401</u>	<u>8,446,085</u>
Net (expense) revenue	<u>(67,335,605)</u>	<u>(66,924,856)</u>	<u>(67,456,343)</u>
General Revenues:			
Property taxes, levied for general operations	16,760,928	18,394,834	19,050,637
Property taxes, levied for debt service and capital projects funds	6,357,534	6,697,231	7,215,978
Unrestricted school aid	46,109,748	45,222,735	44,241,772
Grants and contributions not restricted to specific programs	33,997	29,689	35,492
Unrestricted investment earnings	367,620	227,189	345,963
Change in fair value of securities	-	-	-
Gain on sale of capital assets	-	7,088	-
Total general revenues	<u>69,629,827</u>	<u>70,578,766</u>	<u>70,889,842</u>
Change in net assets	<u>\$ 2,294,222</u>	<u>\$ 3,653,910</u>	<u>\$ 3,433,499</u>

*Portage Public Schools adopted GASB #34 in 2003.

Source: Portage Public Schools Audit Reports

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	44,442,474	\$ 46,553,501	\$ 46,342,039	\$ 46,632,255	\$ 48,575,075
	26,612,890	27,926,063	27,863,162	28,762,223	28,075,306
	1,904,238	2,101,376	2,056,555	2,140,668	1,919,921
	1,425,479	1,506,012	1,552,896	1,568,345	1,525,475
	35,810	33,048	24,316	20,098	16,309
	2,348,868	2,420,686	2,499,185	2,699,174	2,423,358
	2,104,053	1,979,060	3,117,805	5,925,791	5,819,385
	941,422	833,760	911,640	928,252	976,547
	<u>79,815,234</u>	<u>83,353,506</u>	<u>84,367,598</u>	<u>88,676,806</u>	<u>89,331,376</u>
	580,144	197,849	212,307	464,907	524,157
	302,542	252,291	287,850	515,691	279,865
	2,099,323	2,186,748	2,317,721	2,295,606	2,205,016
	249,098	224,011	255,785	253,477	244,807
	35,810	33,048	24,316	20,098	16,309
	1,701,529	1,772,720	1,716,392	1,658,223	1,441,506
	4,353,808	4,627,582	4,574,919	4,620,417	5,755,507
	43,970	-	127,714	63,829	81,751
	<u>9,366,224</u>	<u>9,294,249</u>	<u>9,517,004</u>	<u>9,892,248</u>	<u>10,548,918</u>
	<u>(70,449,010)</u>	<u>(74,059,257)</u>	<u>(74,850,594)</u>	<u>(78,784,558)</u>	<u>(78,782,458)</u>
	22,820,905	23,903,719	24,541,929	19,798,562	19,752,061
	5,532,648	5,956,404	6,161,112	11,899,429	11,860,640
	45,061,693	45,104,656	44,860,304	50,419,824	48,350,859
	81,114	106,894	137,003	260,533	31,217
	524,186	731,481	1,264,062	1,980,301	945,586
	-	-	(1,560,426)	2,128,414	(449,543)
	-	1,060,086	-	-	-
	<u>74,020,546</u>	<u>76,863,240</u>	<u>75,403,984</u>	<u>86,487,063</u>	<u>80,490,820</u>
\$	<u>3,571,536</u>	\$ <u>2,803,983</u>	\$ <u>553,390</u>	\$ <u>7,702,505</u>	\$ <u>1,708,362</u>

PORTAGE PUBLIC SCHOOLS
Fund Balances
All Governmental Fund Types (Unaudited)
Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund:				
Reserved for:				
Inventory	\$ 140,088	\$ 69,626	\$ 65,114	\$ 54,815
Prepays	244,827	129,503	140,602	125,931
Unreserved:				
Designated for:				
Durant settlement-future programs	1,341,957	1,045,182	760,383	155,055
Site-based building expenditures	180,397	166,719	146,075	151,056
West Middle School HVAC System	-	-	-	-
Elementary School playground equipment	-	-	-	-
Subsequent year's budget	-	-	-	914,852
Undesignated	4,782,682	4,982,146	5,073,538	5,127,265
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund	\$ 6,689,951	\$ 6,393,176	\$ 6,185,712	\$ 6,528,974
	<hr/>	<hr/>	<hr/>	<hr/>
All Other Governmental Funds:				
Reserved for:				
Inventory	\$ 49,995	\$ 11,400	\$ 24,222	\$ 25,947
Prepays	-	11,511	-	-
Unreserved:				
Designated for:				
Special revenue funds:				
Site ownership of athletics revenue	138,369	163,094	108,255	128,937
Subsequent year's budget	-	-	-	21,947
Food service equipment purchases	-	-	-	-
Capital projects fund-capital projects	750,000	-	-	-
Undesignated, reported in:				
Special revenue funds	322,518	356,955	435,690	457,156
Capital projects funds	247,724	2,945,418	10,162,445	5,655,494
Debt service funds	1,254,000	1,267,321	540,378	867,988
	<hr/>	<hr/>	<hr/>	<hr/>
Total all other governmental funds	\$ 2,762,606	\$ 4,755,699	\$ 11,270,990	\$ 7,157,469
	<hr/>	<hr/>	<hr/>	<hr/>
Total all funds	\$ 9,452,557	\$ 11,148,875	\$ 17,456,702	\$ 13,686,443
	<hr/>	<hr/>	<hr/>	<hr/>

Source: Portage Public Schools Audit Reports

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 29,867	\$ 320,392	\$ 38,918	\$ 29,659	\$ 299,048	\$ 33,451
118,103	158,471	184,577	199,696	218,122	99,706
1,040,847	1,069,907	-	-	-	-
143,545	154,796	148,152	166,285	175,779	135,878
-	745,759	-	-	-	-
-	-	442,325	-	-	-
-	-	310,043	82,277	81,891	342,315
5,306,189	5,150,965	5,937,531	6,300,429	5,603,079	5,919,225
<u>\$ 6,638,551</u>	<u>\$ 7,600,290</u>	<u>\$ 7,061,546</u>	<u>\$ 6,778,346</u>	<u>\$ 6,377,919</u>	<u>\$ 6,530,575</u>
\$ 30,590	\$ 25,442	\$ 26,811	\$ 20,369	\$ 29,429	\$ 29,788
-	-	-	6,248	151,475	150,180
103,469	82,822	80,677	80,592	93,931	106,027
-	-	-	-	188,374	-
-	-	-	-	200,000	100,000
-	-	-	-	-	-
447,441	505,804	666,136	666,778	160,876	116,268
1,196,161	308,624	1,018,625	116,105,838	90,881,425	41,444,177
1,133,652	1,504,709	2,115,306	2,742,310	1,932,208	1,577,638
<u>\$ 2,911,313</u>	<u>\$ 2,427,401</u>	<u>\$ 3,907,555</u>	<u>\$ 119,622,135</u>	<u>\$ 93,637,718</u>	<u>\$ 43,524,078</u>
<u>\$ 9,549,864</u>	<u>\$ 10,027,691</u>	<u>\$ 10,969,101</u>	<u>\$ 126,400,481</u>	<u>\$ 100,015,637</u>	<u>\$ 50,054,653</u>

PORTAGE PUBLIC SCHOOLS
Changes in Fund Balances
All Governmental Fund Types (Unaudited)
Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenue:					
Local revenue	\$ 23,789,348	\$ 27,675,919	\$ 27,461,001	\$ 29,545,576	\$ 31,597,814
State revenue	42,624,056	46,387,146	48,148,004	46,957,989	46,120,834
Federal revenue	1,311,392	1,339,718	1,178,530	1,374,361	1,714,248
Total revenue	67,724,796	75,402,783	76,787,535	77,877,926	79,432,896
Expenditures					
Current:					
Instruction	36,408,555	40,609,738	40,226,031	40,572,153	41,251,848
Supporting services	22,122,976	24,711,730	24,850,809	24,475,794	24,948,939
Community service	1,529,371	1,442,934	1,671,183	1,705,664	1,769,309
Athletics	1,171,196	1,269,174	1,359,543	1,364,108	1,357,237
Bookstore	21,879	31,527	33,410	44,239	42,578
Food service	1,648,316	1,833,498	1,855,888	2,069,951	2,295,092
Debt service:					
Principal	2,233,520	2,483,053	4,819,303	3,724,687	3,961,696
Interest	1,512,114	1,494,640	1,773,482	2,338,092	2,168,927
Bond issuance costs	-	-	-	-	-
Other	4,599	6,741	5,849	8,735	10,963
Capital outlay-facilities acquisition/construction	1,494,314	5,046,581	5,909,841	5,792,968	5,840,356
Total expenditures	68,146,840	78,929,616	82,505,339	82,096,391	83,646,945
Excess of Revenue Over (Under) Expenditures	(422,044)	(3,526,833)	(5,717,804)	(4,218,465)	(4,214,049)
Other Financing Sources (Uses):					
Issuance of long-term debt	523,391	5,223,718	12,289,037	409,296	66,410
Premium on the issuance of long-term debt	-	-	23,393	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Proceeds from the sale of capital assets	15,962	26,738	36,206	38,910	11,060
Transfers in	1,021,976	1,140,925	4,706,872	2,847,882	2,830,601
Transfers out	(1,021,976)	(1,140,925)	(4,706,872)	(2,847,882)	(2,830,601)
Total other financing sources (uses)	539,353	5,250,456	12,348,636	448,206	77,470
Net change in fund balances	117,309	1,723,623	6,630,832	(3,770,259)	(4,136,579)
Fund Balances-beginning of year	9,335,248	9,452,557	11,148,875	17,456,702	13,686,443
Prior period adjustment	-	(27,305)	(323,005)	-	-
Fund Balances, beginning of year, restated	9,335,248	9,425,252	10,825,870	17,456,702	13,686,443
Fund Balances-End of year	\$ 9,452,557	\$ 11,148,875	\$ 17,456,702	\$ 13,686,443	\$ 9,549,864
Debt service as a percentage of noncapital expenditures	5.58%	5.42%	8.61%	8.03%	7.48%

Source: Portage Public Schools Audit Reports

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 34,496,207	\$ 36,019,398	\$ 36,060,039	\$ 41,519,738	\$ 36,949,574
46,787,647	46,999,617	46,762,996	49,208,274	48,033,134
2,037,954	2,074,683	2,076,938	5,659,105	5,993,969
83,321,808	85,093,698	84,899,973	96,387,117	90,976,677
43,868,227	45,616,748	45,710,135	46,013,947	45,761,039
27,093,544	28,920,439	27,715,218	28,081,301	26,686,177
1,892,476	2,089,024	2,029,033	2,117,584	1,936,181
1,401,534	1,379,004	1,436,123	1,445,957	1,436,046
35,810	33,048	24,316	20,098	16,309
2,368,429	2,411,378	2,472,933	2,687,632	2,761,762
2,544,317	2,790,856	3,662,462	4,682,602	5,307,340
2,107,826	2,101,179	1,356,633	7,246,028	6,157,337
-	-	1,047,229	134,776	-
1,764	4,097	11,483	6,193	5,754
1,955,403	459,820	4,555,005	30,611,593	50,934,219
83,269,330	85,805,593	90,020,570	123,047,711	141,002,164
52,478	(711,895)	(5,120,597)	(26,660,594)	(50,025,487)
386,987	423,154	112,437,184	18,021,000	-
-	-	8,109,940	-	-
-	-	-	(17,777,935)	-
38,362	1,267,496	4,853	32,685	64,503
1,182,389	1,243,597	1,306,066	1,949,503	1,987,124
(1,182,389)	(1,243,597)	(1,306,066)	(1,949,503)	(1,987,124)
425,349	1,690,650	120,551,977	275,750	64,503
477,827	978,755	115,431,380	(26,384,844)	(49,960,984)
9,549,864	10,027,691	10,969,101	126,400,481	100,015,637
-	(37,345)	-	-	-
9,549,864	9,990,346	10,969,101	126,400,481	100,015,637
\$ 10,027,691	\$ 10,969,101	\$ 126,400,481	\$ 100,015,637	\$ 50,054,653
5.72%	5.88%	7.23%	13.07%	12.87%

PORTAGE PUBLIC SCHOOLS
Summary of Government-wide Revenues (Unaudited)
Last Eight Fiscal Years*

<u>Revenue</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Charges for services:			
Instruction	\$ 588,350	\$ 537,325	\$ 570,716
Supporting services	102,636	83,517	298,253
Community service	1,614,123	1,730,950	1,976,416
Athletics	199,065	238,133	251,420
Bookstore	33,410	44,239	42,578
Food service	1,344,389	1,484,842	1,605,025
Total charges for services	3,881,973	4,119,006	4,744,408
Operating grants/contributions:			
Instruction	2,182,435	1,766,475	2,050,007
Supporting services	476,784	685,115	838,586
Community service	26,746	2,513	-
Athletics	-	-	-
Food service	608,401	697,361	749,306
Interest on long-term debt	52,863	27,931	63,778
Total operating grants/contributions	3,347,229	3,179,395	3,701,677
Capital grants/contributions:			
Instruction	-	-	-
Supporting services	-	-	-
Community service	-	-	-
Athletics	-	-	-
Total capital grants/contributions	-	-	-
General revenues:			
Property taxes	23,118,462	25,092,065	26,266,615
Unrestricted school aid	46,109,748	45,222,735	44,241,772
Grants and contributions not restricted to specific programs	33,997	90,689	35,492
Unrestricted investment earnings	367,620	227,189	345,963
Change in fair value of securities	-	-	-
Gain on sale of capital assets	-	7,088	-
Total general revenues	69,629,827	70,639,766	70,889,842
Total revenues	\$ 76,859,029	\$ 77,938,167	\$ 79,335,927

*Portage Public Schools adopted GASB #34 in 2003.

Source: Portage Public Schools Audit Reports

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 580,144	\$ 197,849	\$ 212,307	\$ 464,907	\$ 524,157
302,542	252,291	287,850	515,691	279,865
2,099,323	2,186,748	2,317,721	2,295,606	2,205,016
249,098	224,011	255,785	253,477	244,807
35,810	33,048	24,316	20,098	16,309
1,701,529	1,772,720	1,716,392	1,658,223	1,441,506
4,968,446	4,666,667	4,814,371	5,208,002	4,711,660
2,188,509	2,464,528	2,413,619	2,617,294	3,597,131
1,160,687	1,088,642	1,021,836	814,229	965,872
-	-	-	-	-
65,556	5,261	5,067	5,000	5,000
797,131	855,623	924,773	1,077,217	1,164,427
141,925	213,528	209,624	106,677	23,077
4,353,808	4,627,582	4,574,919	4,620,417	5,755,507
-	-	2,644	1,406	1,118
-	-	36,813	7,741	27,842
-	-	1,191	-	-
43,970	-	87,066	54,682	52,791
43,970	-	127,714	63,829	81,751
28,353,553	29,860,123	30,703,041	31,697,991	31,612,701
45,061,693	45,104,656	44,860,304	50,419,824	48,350,859
81,114	106,894	137,003	260,533	31,217
524,186	731,481	1,264,062	1,980,301	945,586
-	-	(1,560,426)	2,128,414	(449,543)
-	1,060,086	-	-	-
74,020,546	76,863,240	75,403,984	86,487,063	80,490,820
\$ 83,386,770	\$ 86,157,489	\$ 84,920,988	\$ 96,379,311	\$ 91,039,738

PORTAGE PUBLIC SCHOOLS

Summary of Expenditures by Function-All Governmental Fund Types (Unaudited)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Instruction	\$ 36,408,555	\$ 40,609,738	\$ 40,226,031	\$ 40,572,153	\$ 41,251,848
Supporting services	22,122,976	24,718,471	24,850,809	24,475,794	24,948,939
Community service	1,529,371	1,442,934	1,671,183	1,705,664	1,769,309
Athletics	1,171,196	1,269,174	1,359,543	1,364,108	1,357,237
Bookstore	21,879	31,527	33,410	44,239	42,578
Food service	1,648,316	1,833,498	1,855,888	2,069,951	2,295,092
Debt service	3,750,233	3,977,693	6,598,634	6,071,514	6,141,586
Capital outlay	1,494,314	5,046,581	5,909,841	5,792,968	5,840,356
Total	<u>\$ 68,146,840</u>	<u>\$ 78,929,616</u>	<u>\$ 82,505,339</u>	<u>\$ 82,096,391</u>	<u>\$ 83,646,945</u>

Source: Portage Public Schools Audit Reports

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 43,868,227	\$ 45,616,748	\$ 45,710,135	\$ 46,013,947	\$ 45,761,039
27,093,544	28,920,439	27,715,218	28,081,301	26,686,177
1,892,476	2,089,024	2,029,033	2,117,584	1,936,181
1,401,534	1,379,004	1,436,123	1,445,957	1,436,046
35,810	33,048	24,316	20,098	16,309
2,368,429	2,411,378	2,472,933	2,687,632	2,761,762
4,653,907	4,896,132	6,077,807	12,069,599	11,470,431
1,955,403	459,820	4,555,005	30,611,593	50,934,219
<u>\$ 83,269,330</u>	<u>\$ 85,805,593</u>	<u>\$ 90,020,570</u>	<u>\$ 123,047,711</u>	<u>\$ 141,002,164</u>

PORTAGE PUBLIC SCHOOLS
Summary of Governmental Revenues and Other Financing Sources
All Governmental Fund Types (Unaudited)
Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund:					
Property taxes	\$ 12,664,803	\$ 14,185,087	\$ 13,663,933	\$ 14,801,189	\$ 15,874,318
Other local sources	2,561,367	2,529,133	2,599,791	2,631,059	3,312,466
Intermediate sources	2,696,973	2,970,269	2,958,804	3,197,519	3,102,212
State sources	42,529,314	46,306,443	48,056,797	46,852,696	46,016,677
Federal sources	876,971	855,695	661,336	782,294	1,069,101
Proceeds from issuance of debt	473,431	608,718	404,037	409,296	66,410
Other financing sources	-	-	-	99,910	95,494
Total General Fund	61,802,859	67,455,345	68,344,698	68,773,963	69,536,678
Special Revenue Funds:					
Local	1,455,894	1,527,920	1,580,646	1,769,902	1,905,663
State	94,742	80,703	91,207	105,294	104,157
Federal	434,421	484,023	517,194	592,066	645,147
Incoming transfers	1,021,976	1,089,425	1,105,639	1,146,657	1,080,349
Proceeds from the sale of capital assets	-	-	-	-	2,150
Issuance of long-term debt	49,960	-	-	-	-
Total Special Revenue Funds	3,056,993	3,182,071	3,294,686	3,613,919	3,737,466
Debt Service Funds:					
Property taxes	3,378,531	3,677,449	3,733,182	3,982,140	4,234,508
Interest and other	248,238	163,242	105,781	235,030	119,865
Issuance of long-term debt	-	-	-	-	-
Incoming transfers	-	51,500	1,576,050	1,640,225	1,663,668
Total Debt Service Funds	3,626,769	3,892,191	5,415,013	5,857,395	6,018,041
Capital Projects Fund-Building and Site Sinking Fund:					
Property taxes	731,298	2,507,347	2,545,347	2,715,091	2,887,164
Other local sources	68,206	98,558	91,791	124,748	87,575
Other financing sources	-	-	-	-	-
Total Capital Projects Fund	799,504	2,605,905	2,637,138	2,839,839	2,974,739
Capital Projects Funds-Construction Funds:					
Issuance of long-term debt	-	4,615,000	11,885,000	-	-
Premium on the issuance of long-term debt	-	-	-	-	-
Interest earnings	-	43,652	205,119	88,898	74,043
Change in fair value of securities	-	-	-	-	-
Incoming transfers	-	-	2,025,183	-	-
Total Construction Funds	-	4,658,652	14,115,302	88,898	74,043
Total Revenues and Other Financing Sources	\$ 69,286,125	\$ 81,794,164	\$ 93,806,837	\$ 81,174,014	\$ 82,340,967

Source: Portage Public Schools Audit Reports

¹Reduction in property tax revenue due to levying only .5 mills in 2006, 2007, 2008, 2009, and 2010

²Increase in other financing sources due to proceeds from sale of Centre Street Property.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 16,628,194	\$ 17,611,160	\$ 18,075,701	\$ 13,295,916	\$ 13,410,851
3,871,522	3,827,342	3,821,484	3,377,503	2,980,532
6,236,225	6,266,629	6,522,259	6,620,904	6,462,475
46,676,102	46,879,550	46,672,950	49,039,970	47,855,718
1,352,371	1,339,127	1,242,209	4,750,187	5,006,956
386,987	423,154	162,184	-	-
129,736	1,362,916 ²	200,696	213,685	243,934
<u>75,281,137</u>	<u>77,709,878</u>	<u>76,697,483</u>	<u>77,298,165</u>	<u>75,960,466</u>
2,049,932	2,082,997	2,102,051	2,153,773	1,749,810
111,545	120,067	90,046	168,304	177,416
685,583	735,556	834,729	908,918	987,013
1,090,789	1,147,587	1,110,223	1,153,790	1,157,487
226	590	-	-	1,569
-	-	-	-	-
<u>3,938,075</u>	<u>4,086,797</u>	<u>4,137,049</u>	<u>4,384,785</u>	<u>4,073,295</u>
4,466,660	4,730,022	4,941,124	10,667,013	10,561,329
175,614	330,923	289,648	157,503	145,658
-	-	-	17,530,000	-
-	-	-	614,713	-
<u>4,642,274</u>	<u>5,060,945</u>	<u>5,230,772</u>	<u>28,969,229</u>	<u>10,706,987</u>
1,013,872 ¹	1,080,030 ¹	1,121,606 ¹	1,165,572 ¹	1,163,060 ¹
32,799	90,295	80,258	110,827	23,268
-	-	-	491,000	648,637
<u>1,046,671</u>	<u>1,170,325</u>	<u>1,201,864</u>	<u>1,767,399</u>	<u>1,834,965</u>
-	-	112,275,000	-	-
-	-	8,109,940	-	-
21,389	-	666,334	1,842,313	902,134
-	-	(1,560,426)	2,128,414	(449,543)
-	-	-	-	-
<u>21,389</u>	<u>-</u>	<u>119,490,848</u>	<u>3,970,727</u>	<u>452,591</u>
<u>\$ 84,929,546</u>	<u>\$ 88,027,945</u>	<u>\$ 206,758,016</u>	<u>\$ 116,390,305</u>	<u>\$ 93,028,304</u>

Revenue Capacity

PORTAGE PUBLIC SCHOOLS
Assessed Taxable Value and Estimated Actual Value of Taxable Property (Unaudited)
Last Ten Fiscal Years

Tax Year	Taxable Value by Property Type							
	Real Property				Personal Property			Less Renaissance Zone
	Agricultural	Commercial	Industrial	Residential	Commercial	Industrial	Utility	
2000	\$ 1,981,038	\$ 248,821,985	\$ 138,527,530	\$ 880,928,468	\$ 265,676,600	N/A	N/A	\$ -
2001	2,100,367	267,237,010	154,377,812	932,962,390	321,903,800	N/A	N/A	-
2002	2,079,174	308,172,980	149,222,350	988,628,149	317,094,300	N/A	N/A	-
2003	2,159,945	318,044,215	126,994,494	1,043,586,564	325,444,100	N/A	N/A	-
2004	2,117,836	334,748,951	142,936,522	1,112,844,638	335,166,669	N/A	N/A	-
2005	2,097,171	355,812,512	155,862,579	1,181,599,820	335,728,789	N/A	N/A	(310,693)
2006	1,436,794	378,597,527	166,436,576	1,267,536,089	317,196,749	N/A	N/A	(2,138,466)
2007	1,529,842	400,324,716	173,455,643	1,335,947,900	320,369,600	N/A	N/A	(2,313,637)
2008	1,597,913	413,633,993	177,106,003	1,357,887,679	73,613,400	282,153,441	27,692,385	(2,316,615)
2009	1,809,875	427,823,871	183,799,840	1,347,658,902	71,591,800	289,218,950	24,751,079	(2,095,103)

Source: Kalamazoo County Equalization Department
Department of Treasury Form L-4025 from every municipality in the School District

Note: Under Michigan law, the revenue base is Taxable Value. Property is assessed at 50% of estimated market value.
Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

¹Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from 12 mills of the 18 operating mills levied on non-homestead property only.

Total Taxable Value	Taxable Valuation			Tax Rate (Mills)		Assessment Percentage	Market Value
	Homestead	Non-homestead	Total	Homestead	Non-homestead		
\$ 1,535,935,621	\$ 828,705,470	\$ 707,230,151	\$ 1,535,935,621	2.6762	20.6762	50%	\$ 3,071,871,242
1,678,581,379	897,718,369	780,863,010	1,678,581,379	3.7000	21.7000	50%	3,357,162,758
1,765,196,953	950,959,516	814,237,437	1,765,196,953	3.7000	21.7000	50%	3,530,393,906
1,816,229,318	982,292,577	833,936,741	1,816,229,318	3.7000	21.7000	50%	3,632,458,636
1,927,814,616	1,045,431,200	882,383,416	1,927,814,616	3.7000	21.7000	50%	3,855,629,232
2,030,790,178	1,108,777,387	922,012,791	2,030,790,178	2.7000	20.7000	50%	4,062,201,742
2,129,065,269	1,175,818,763	953,246,506	2,129,065,269	2.7000	20.7000	50%	4,262,407,470
2,229,314,064	1,236,919,473	992,394,591	2,229,314,064	2.7000	20.7000	50%	4,463,255,402
2,331,368,199	1,613,895,059	¹ 717,473,140	2,331,368,199	5.0400	23.0400	50%	4,667,369,628
2,344,559,214	1,606,756,235	¹ 737,802,979	2,344,559,214	5.0400	23.0400	50%	4,693,308,634

PORTAGE PUBLIC SCHOOLS

Summary of Property Tax Rates Levied on Property within the School District

Direct and Overlapping Governments

(Per \$1,000 Assessed Value) (Unaudited)

Last Ten Fiscal Years

Millage Rates - Direct School District Taxes							
		Operating				Total Direct Taxes	
Tax Year	Fiscal year ended June 30,	Homestead	Non-homestead ¹	Debt ²	Sinking Fund ²	Homestead	Non-homestead
2000	2001	-	18.0000	2.2000	0.4762	2.6762	20.6762
2001	2002	-	18.0000	2.2000	1.5000	3.7000	21.7000
2002	2003	-	18.0000	2.2000	1.5000	3.7000	21.7000
2003	2004	-	18.0000	2.2000	1.5000	3.7000	21.7000
2004	2005	-	18.0000	2.2000	1.5000	3.7000	21.7000
2005	2006	-	18.0000	2.2000	0.5000	2.7000	20.7000
2006	2007	-	18.0000	2.2000	0.5000	2.7000	20.7000
2007	2008	-	18.0000	2.2000	0.5000	2.7000	20.7000
2008	2009	-	18.0000	4.5400	0.5000	5.0400	23.0400
2009	2010	-	18.0000	4.5400	0.5000	5.0400	23.0400

¹ Millage limitation for school districts in the State of Michigan

² Debt and sinking fund millages apply to homestead and non-homestead property

³ Includes 1.5 Regional Enhancement Millage which is allocated on a per pupil fee basis among the School Districts in Kalamazoo County.

Source: 2000-2009 Kalamazoo County Apportionment Reports

Overlapping Taxes

State Education	Kalamazoo County	City of Portage	City of Kalamazoo	Pavilion Township	Texas Township	Kalamazoo Regional Educational Service Agency	Kalamazoo Valley Community College	Kalamazoo District Library	Portage District Library
6.0000	6.1400	10.0000	21.5667	0.8831	0.9042	3.0416	2.8151	3.9583	1.4900
6.0000	6.1400	10.0000	21.5667	0.8791	0.9025	3.0416	2.8151	3.9583	1.4900
6.0000	6.1362	10.3017	21.9205	0.8741	0.8938	3.0416	2.8139	3.9583	1.4900
5.0000	6.1362	10.1442	21.9205	0.8635	0.8846	3.0416	2.8139	3.9583	1.4900
6.0000	6.1362	10.1442	22.1405	0.8551	0.8741	3.0416	2.8135	3.9583	1.4900
6.0000	6.1362	10.1442	22.1405	0.8516	0.8677	4.5416 ³	2.8135	3.9583	1.4900
6.0000	6.1362	10.1442	21.9049	0.8516	0.8583	4.5416 ³	2.8135	3.9583	1.4900
6.0000	6.3362	10.4892	21.8205	0.8516	0.8583	4.5416 ³	2.8135	3.9583	1.4900
6.0000	6.3312	10.6598	21.8205	0.8516	0.8583	4.8316 ³	2.8135	3.9583	1.4900
6.0000	6.7212	10.6598	20.8205	0.8516	0.8583	4.8316 ³	2.8135	3.9583	1.5000

PORTAGE PUBLIC SCHOOLS
Summary of Property Tax Data (Unaudited)
Last Ten Fiscal Years

Year Ended June 30	2001	2002	2003	2004
Total Tax Levy	\$ 16,774,632	\$ 20,369,883	\$20,037,076	\$ 21,580,385
Current Tax Collections:				
To March 1	16,365,507	19,865,461	19,610,142	21,163,053
To June 30	16,706,372	20,306,776	19,942,462	21,498,421
Percentages of Collections:				
Current to March 1	97.56%	97.52%	97.87%	98.07%
Current to June 30	99.59%	99.69%	99.53%	99.62%
Total Delinquent Property Taxes-Current Year	\$ 409,125	\$ 504,422	\$ 426,934	\$ 417,332
Total Delinquent Property Taxes-All Years	\$ 419,105	\$ 474,516	\$ 452,472	\$ 522,219
Total Delinquent Taxes-Current Year as a Percentage of Tax Levy	2.44%	2.48%	2.13%	1.93%
Total Delinquent Taxes-All Years as a Percentage of Tax Levy	2.50%	2.33%	2.26%	2.42%

Source: Portage Public Schools Audit Reports and accounting records

2005	2006	2007	2008	2009	2010
\$ 23,060,966	\$ 22,147,681	\$ 23,512,228	\$ 24,221,076	\$ 25,088,133	\$ 25,170,262
22,594,758	21,772,490	22,341,701	23,628,952	24,327,784	24,360,688
22,965,700	22,108,725	23,446,699	24,138,431	25,045,606	25,133,522
97.98%	98.31%	95.02%	97.56%	96.97%	96.78%
99.59%	99.82%	99.72%	99.66%	99.83%	99.85%
\$ 466,208	\$ 38,955	\$ 65,529	\$ 82,645	\$ 42,527	\$ 36,740
\$ 626,189	\$ 91,854	\$ 106,829	\$ 127,058	\$ 49,049	\$ 64,548
2.02%	0.18%	0.28%	0.34%	0.17%	0.15%
2.72%	0.41%	0.45%	0.52%	0.20%	0.26%

PORTAGE PUBLIC SCHOOLS
Principal Taxpayers (Unaudited)
Current Year and Nine Years Ago

Principal Taxpayers	Product/Service	2009 Taxable Value	Rank	Percentage of Total Advalorem
Pfizer Inc.	Pharmaceuticals	\$ 364,100,187	1	15.52%
Connecticut General Life Insurance	Retail Mall	22,956,214	2	0.98%
Stryker Medical/Stryker Corporation	Medical Equipment	21,500,316	3	0.92%
Consumers Energy Company	Utility	19,053,779	4	0.81%
Edward Rose Associates Inc.	Apartments	12,623,458	5	0.54%
Mann & Hummel Automotive Inc.	Injection Molded Plastics	8,693,300	6	0.37%
Meijer Inc.	Retail and Grocery	8,574,324	7	0.37%
Southland Mall	Retail Mall	8,018,444	8	0.34%
State Farm Mutual Auto Insurance Co.	Insurance	7,704,968	9	0.33%
Bowers Manufacturing	Aluminum Fabricating	7,560,800	10	0.32%
Portfolio One, LLC	Apartments	-		0.00%
Huron Development Ltd. Partnership	Office Park	-		0.00%
Dayton Hudson Corp.	Retail	-		0.00%
Target/Portage Properties	Retail-Strip Mall	-		0.00%
		<hr/>		<hr/>
Total		<u>\$ 480,785,790</u>		<u>20.49%</u>

Source: City of Portage Assessor

	2000		Percentage
	Taxable Value	Rank	of Total
			Advalorem
\$	268,568,700	1	17.49%
	-		0.00%
	15,698,800	2	1.02%
	14,353,000	3	0.93%
	10,505,800	5	0.68%
	-		0.00%
	-		0.00%
	6,220,300	6	0.40%
	5,575,900	8	0.36%
	-		0.00%
	12,516,300	4	0.81%
	4,196,000	10	0.27%
	5,844,800	7	0.38%
	5,319,700	9	0.35%
\$	348,799,300		22.71%

PORTAGE PUBLIC SCHOOLS
Summary of State Aid Payments (Unaudited)
Last Ten Fiscal Years

Year Ended June 30,	Blended Pupil Count	Foundation Grant Allowance Per Pupil	Total Foundation Grant Allowance	Less 18 mills taxes levied on Non-homestead property	Total State-Aid Foundation Grant Payments	Federal ARRA Stabilization Funds used to supplant State- Aid Payments
2001	8,874	\$ 6,000	\$ 53,244,000	\$ 10,756,318	\$ 42,487,682	\$ -
2002	8,856	6,500	57,564,000	13,150,627	44,413,373	-
2003	8,978	6,640	59,613,920	13,736,224	45,877,696	-
2004	9,034	6,626	59,859,284	14,873,825	44,985,459	-
2005	8,962	6,700	60,045,400	15,873,559	44,171,841	-
2006	8,988	6,875	61,792,500	16,671,544	45,120,956	-
2007	8,814	7,085	62,447,190	17,715,620	44,731,570	-
2008	8,712	7,204	62,761,248	18,190,977	44,570,271	-
2009	8,684	7,316	63,532,144	13,316,120	46,986,861	3,229,163
2010	8,591	7,162 ¹	61,528,742	13,450,178	45,643,512	2,435,052

Sources: Michigan Department of Education State Aid Status Reports
Portage Public Schools internal accounting records

The School District can levy up to 18 mills on non-homestead property for operations. Any adjustments in the taxable value result in corresponding adjustments in the amount of unrestricted state aid received.

¹Foundation Grant for 2010 includes a per pupil deduction of \$154.

Debt Capacity

PORTAGE PUBLIC SCHOOLS
Ratios of Outstanding Debt (Unaudited)
Last Ten Fiscal Years

Year Ended June 30	General Obligation Bonds	Less Pledged Debt Retirement Fund Balance	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt	Taxable Value
2001	\$ 32,384,950	\$ 1,254,000	\$ 31,130,950	\$ 939,473	\$ 32,070,423	\$ 1,535,935,621
2002	34,765,950	1,267,321	33,498,629	1,292,001	34,790,630	1,678,581,379
2003	42,141,950	540,378	41,601,572	1,385,735	42,987,307	1,765,196,953
2004	38,802,238	867,989	37,934,249	1,410,056	39,344,305	1,816,229,318
2005	35,168,207	1,133,653	34,034,554	1,148,801	35,183,355	1,927,814,616
2006	32,962,623	1,504,707	31,457,916	1,197,055	32,654,971	2,048,844,271
2007	30,575,000	2,115,306	28,459,694	1,216,976	29,676,670	2,131,203,735
2008	139,570,000	2,742,310	136,827,690	998,704	137,826,394	2,231,627,701
2009	135,675,000	1,932,208	133,742,792	840,096	134,582,888	2,333,684,814
2010	130,750,000	1,577,638	129,172,362	457,756	129,630,118	2,346,654,317

¹ U.S. Department of Commerce, Bureau of the Census for 1998-2003;
Skanska USA Building Inc. Report for 2004-2008, adjusted for City of Portage Census updates for 2007-2010.

Source: Portage Public Schools Audit Reports

Percent of Net Bonded Debt to Taxable Value	Total Debt as a Percentage of Taxable Value	Estimated Population ¹	Net General Bonded Debt per Capita	Total General Obligation Debt per Capita	Debt Per Capita Income	Percent of Net Bonded Debt to Personal Income
2.03%	2.09%	50,000	\$ 623	\$ 641	\$ 1,153	4.15%
2.00%	2.07%	51,000	657	682	1,215	4.24%
2.36%	2.44%	51,000	816	843	1,453	4.91%
2.09%	2.17%	53,464	710	736	1,275	4.13%
1.77%	1.83%	54,980	619	640	1,109	3.50%
1.54%	1.59%	54,980	572	594	1,018	3.17%
1.34%	1.39%	54,856	519	541	878	2.60%
6.13%	6.18%	55,686	2,457	2,475	4,013	11.69%
5.73%	5.77%	56,095	2,384	2,399	3,813	10.80%
5.50%	5.52%	56,121	2,302	2,310	3,776	11.00%

PORTAGE PUBLIC SCHOOLS
Schedule of Direct and Overlapping Debt (Unaudited)
June 30, 2010

Direct Debt

2002 School Building and Site Bonds (UTNQ)	\$ 5,880,000
2008 School Building and Site Bonds (UTNQ)	109,930,000
2009 Refunding Bonds (UTNQ)	<u>14,940,000</u>
Total Direct Debt	<u><u>130,750,000</u></u>

Overlapping Debt

Municipality	Net Tax Supported Debt	School District Share	
		Percent ¹	Amount
City of Kalamazoo	\$ 34,585,000	2.07%	\$ 715,910
City of Portage	88,110,000	97.41%	85,827,951
Pavilion Township	703,840	14.15%	99,593
Texas Township	1,317,000	32.53%	428,420
Kalamazoo County	35,727,264	28.12%	10,046,507
Kalamazoo RESA	22,575,000	30.40%	6,862,800
Kalamazoo District Library	4,000,000	1.18%	<u>47,200</u>
Net Overlapping Debt			<u><u>104,028,381</u></u>

Total Direct and Net Overlapping Debt \$ 234,778,381

Ratios:

2009 State Equalized Valuation (SEV)	\$ 2,522,446,430
2009 Taxable Value (includes Renaissance Zone Taxable Value)	\$ 2,346,654,317
2009 True Cash Value (TCV)	\$ 4,693,308,634
2009 Population Estimate	56,121
Net Direct Debt	\$ 130,750,000
Net Direct and Overlapping Debt	\$ 234,778,381
Per Capita 2009 Taxable Value	\$ 41,814
Per Capita 2009 State Equalized Valuation	\$ 44,947
Per Capita 2009 True Cash Value	\$ 83,628
Per Capita Direct Debt	\$ 2,330
Per Capita Direct and Overlapping Debt	\$ 4,183
Percent Net Direct Debt of 2009 Taxable Value	5.57%
Percent Net Direct and Overlapping Debt of 2009 Taxable Value	10.00%
Percent Net Direct Debt of 2009 State Equalized Valuation	5.18%
Percent Net Direct and Overlapping Debt of 2009 State Equalized Valuation	9.31%
Percent Net Direct Debt of 2009 True Cash Value	2.79%
Percent Net Direct and Overlapping Debt of 2009 True Cash Value	5.00%

Source: Michigan Municipal Advisory Council provided overlapping debt amounts.

¹ The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the municipality's taxable value that is within the School District's boundaries and dividing it by the municipality's total taxable value.

PORTAGE PUBLIC SCHOOLS
Computation of Legal Debt Margin (Unaudited)
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Calculation of Debt Limit:			
State Equalized Valuation (SEV) ¹ - December 31	\$1,675,125,650	\$1,827,623,100	\$1,973,460,750
Statutory Bonding Limit - 15% ²	251,268,848	274,143,465	296,019,113
Calculation of Debt subject to Limit:			
General Obligations Bonds Outstanding - June 30	32,384,950	34,765,950	42,141,950
Less Debt not subject to Limit ² - State Qualified Bonds	(4,600,000)	(3,660,000)	(3,080,000)
Net Debt Subject to Limit	27,784,950	31,105,950	39,061,950
Legal Debt Margin	\$ 223,483,898	\$ 243,037,515	\$ 256,957,163
Net debt subject to limit as % of debt limit	11.06%	11.35%	13.20%

Sources:

¹ Kalamazoo County Equalization Department-Annual Equalization Report
Portage Public Schools Audit Reports

² Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16, of the Michigan Constitution of 1963, and (2) deficit budget bonds authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.

2004	2005	2006	2007	2008	2009	2010
\$2,058,686,500	\$2,179,642,478	\$2,287,494,700	\$2,391,695,678	\$2,476,438,650	\$2,522,446,430	\$2,522,446,430
308,802,975	326,946,372	343,124,205	358,754,352	371,465,798	378,366,965	378,366,965
38,802,238	35,168,207	32,962,623	30,575,000	139,570,000	135,675,000	130,750,000
(2,460,000)	(1,740,000)	(900,000)	-	-	-	-
36,342,238	33,428,207	32,062,623	30,575,000	139,570,000	135,675,000	130,750,000
<u>\$ 272,460,737</u>	<u>\$ 293,518,165</u>	<u>\$ 311,061,582</u>	<u>\$ 328,179,352</u>	<u>\$ 231,895,798</u>	<u>\$ 242,691,965</u>	<u>\$ 247,616,965</u>
11.77%	10.22%	9.34%	8.52%	37.57%	35.86%	34.56%

PORTAGE PUBLIC SCHOOLS

**Ratio of Annual Debt Service for General Bonded Debt to Total Expenditures (Unaudited)
Last Ten Fiscal Years**

Year Ended June 30,	Principal	Interest	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
2001	\$ 2,044,000	\$ 1,475,663	\$ 3,519,663	\$ 68,146,840	5.16%
2002	2,234,000	1,430,769	3,664,769	78,929,616	4.64%
2003	4,509,000	1,727,498	6,236,498	82,505,339	7.56%
2004	3,339,712	2,281,478	5,621,190	82,096,391	6.85%
2005	3,634,031	2,118,346	5,752,377	83,646,945	6.88%
2006	2,205,584	2,064,058	4,269,642	83,269,330	5.13%
2007	2,387,623	2,062,725	4,450,348	85,805,593	5.19%
2008	3,280,000	1,326,130	4,606,130	90,020,570	5.12%
2009	4,035,000	7,211,960	11,246,960	123,047,711	9.14%
2010	4,925,000	6,131,408	11,056,408	141,002,164	7.84%

Source: Portage Public Schools Audit Reports

Demographic and Economic Information

PORTAGE PUBLIC SCHOOLS
Demographic and Economic Data (Unaudited)
Last Ten Fiscal Years

Year Ended June 30	Estimated Population ¹	Student FTE ²	Personal Income (in thousands)	Per Capita Personal Income ³	Unemployment Rate ⁴
2001	50,000	8,886	\$ 1,390,600	\$ 27,812	3.0%
2002	51,000	8,865	1,460,130	28,630	4.1%
2003	51,000	9,003	1,508,937	29,587	4.7%
2004	53,464	9,035	1,649,899	30,860	5.5%
2005	54,980	8,961	1,743,911	31,719	5.7%
2006	54,980	9,000	1,764,253	32,089	5.1%
2007	54,856	8,786	1,853,255	33,784	5.2%
2008	55,686	8,711	1,912,369	34,342	5.2%
2009	56,095	8,680	1,980,097	35,299	6.4%
2010	56,121	8,573	1,926,858	34,334	10.0%

Sources:

¹U.S. Bureau of the Census; 2004-2007 Skanska USA Building Report, adjusted for City of Portage Census updates in 2007-2010.

²DS-4061-A Fall Membership Count

³U.S. Department of Commerce, Bureau of Economic Analysis, BEAR Facts for Kalamazoo County, except for 2007-2010, which is the State estimate. Kalamazoo County has consistently been 98% of the State's per capita personal income amount.

⁴Michigan Department of Labor and Economic Growth-Annual Average Unemployment Rate for Kalamazoo County

PORTAGE PUBLIC SCHOOLS
Principal Employers
Current year and Nine Years Ago

Employer ¹	2009/2010 Employees	Ranking	Percentage of total employment	2000/2001 Employees	Ranking	Percentage of total employment
Borgess Health Alliance Inc.	4,201	1	4%	2,503	5	2%
Western Michigan University	4,045	2	3%	3,348	2	3%
Bronson Healthcare System	3,779	3	3%	2,561	4	2%
Pfizer Corporation	3,200	4	3%	6,000	1	5%
Stryker Instruments	2,083	5	2%	900	-	1%
PNC Bank (formerly National City Bank)	2,000	6	2%	2,800	3	2%
Kalamazoo Public Schools	1,848	7	2%	1,566	7	1%
Meijer, Inc.	1,200	8	1%	2,120	6	2%
Kalamazoo Valley Community College	1,150	9	1%	726	-	1%
County of Kalamazoo	1,000	10	1%	1,000	10	1%
Portage Public Schools	977	-	1%	1,171	8	1%
Guardian Alarm Co., Inc.	-	-	0%	1,000	9	1%
Total Principal Employers	<u>25,483</u>			<u>25,695</u>		
Total Employment	<u>119,688</u>			<u>128,897</u>		

Sources: Kalamazoo County Chamber of Commerce, Harris Michigan Industrial and Services Directories 2010 and 2000
Michigan Department of Labor and Economic Growth, 2010 and 2000

¹Includes the major employers within the School District and Kalamazoo County

Operating Information

PORTAGE PUBLIC SCHOOLS
Full-time Equivalent School District Employees
Last Ten Fiscal Years (Unaudited)

Function/ program	2001	2002	2003	2004
General government:				
Instructional services	552.86	559.78	566.98	568.26
Supporting services	349.46	352.86	340.48	336.49
Community service	50.50	51.40	53.50	52.50
Athletics	2.60	2.60	2.60	2.60
Food service	41.33	41.52	41.42	42.06
Total	996.75	1,008.16	1,004.98	1,001.91

Sources:

Portage Public Schools Human Resources Department
Portage Public Schools Internal Budget Documentation
Michigan Department of Education Staffing Reports 1996-2001

Note:

The District began contracting some employee services during the year ended June 30, 2004 in order to save fringe benefit costs.
The FTE equivalents include contracted administrative positions, but do not include contracted childcare workers, playground and cafeteria supervisors, which were previously included in Supporting services, Community service and Food service, respectively.

2005	2006	2007	2008	2009	2010
564.81	575.13	577.75	564.97	572.20	574.79
335.78	336.57	337.11	325.76	308.20	270.94
9.50	9.50	10.50	9.50	9.50	9.50
2.60	2.60	2.60	2.60	2.60	2.60
41.50	44.47	44.26	39.36	39.81	40.03
954.19	968.27	972.22	942.19	932.31	897.86

PORTAGE PUBLIC SCHOOLS
Operating Indicators
Last Ten Fiscal Years (Unaudited)

Year Ended June 30	Enrollment ¹	Governmental Funds Operating Expenditures ²	Cost per Pupil	Operating Revenues	Revenue per Pupil	Total Teaching Staff ³
2001	8,975	\$ 62,902,293	\$ 7,009	\$ 67,724,796	\$ 7,546	580
2002	8,965	69,898,601	7,797	75,402,783	8,411	582
2003	9,101	71,667,774	7,875	76,787,535	8,437	583
2004	9,147	71,096,272	7,773	77,877,926	8,514	585
2005	9,048	72,952,664	8,063	79,432,896	8,779	567
2006	9,082	76,769,759	8,453	83,321,808	9,174	572
2007	8,868	80,540,686	9,082	85,093,698	9,596	569
2008	8,802	80,338,153	9,127	84,899,973	9,646	557
2009	8,766	81,822,763	9,334	96,387,117	10,996	554
2010	8,668	82,535,444	9,522	90,976,677	10,496	550

Sources: Portage Public Schools Audit Report
Michigan Department of Education Bulletin 1014
Portage Public Schools October lunch reimbursement claims
Portage Public Schools Human Resources Department

*Information not available

¹Enrollment is September headcount

²Operating expenditures are Total Government Funds Expenditures less Debt Service, Capital Outlay, and Other transactions for 2001-2002; Operating expenditures are Total Government-wide Expenditures less interest on long-term debt and unallocated depreciation for 2003-2010.

³Total Teaching Staff includes all Instruction, Pupil Support, and Instructional Support

⁴Average Teacher Salary and Pupil-Teacher Ratio is for Basic Instructional levels only.

Percentage of Students Qualifying for Free/reduced Meals	Average Teacher Salary ⁴	Pupil- Teacher Ratio ⁴
13%	\$ 49,414	20
15%	52,028	20
14%	54,820	21
15%	51,547	20
17%	52,477	20
18%	52,469	20
19%	54,957	20
20%	56,755	20
20%	58,050	20
22%	59,645	20

PORTAGE PUBLIC SCHOOLS
Capital Asset Information (Unaudited)
Last Ten Fiscal Years

Building	As of June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary:										
Amberly (1960)										
Acreage	20	20	20	20	20	20	20	20	20	20
Square feet	75,957	75,957	75,957	75,957	75,957	75,957	75,957	75,957	75,957	75,957
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	620	608	587	618	593	598	610	557	560	560
Angling Road (1963)										
Acreage	12	12	12	12	12	12	12	12	12	12
Square feet	61,660	61,660	61,660	63,710	63,710	63,710	63,710	63,710	63,710	63,710
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	453	448	455	434	431	422	407	403	432	404
Central Elementary (1969)										
Acreage ¹	48	48	48	48	48	48	48	48	48	48
Square feet	57,700	57,700	57,700	60,175	60,175	60,175	60,175	60,175	60,175	60,175
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	450	442	432	398	389	414	414	426	431	446
Haverhill (1962)										
Acreage	11	11	11	11	11	11	11	11	11	11
Square feet	57,098	57,098	57,098	57,098	57,098	57,098	57,098	57,098	57,098	57,098
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	447	449	476	452	431	469	436	430	427	402
Lake Center (1928) (2010)										
Acreage	11	11	11	12	12	12	12	12	12	12
Square feet	57,390	57,390	57,390	57,390	57,390	57,390	57,390	57,390	57,390	75,026
Capacity	625	625	625	625	625	625	625	625	625	640
Enrollment	489	490	510	537	532	540	597	581	551	580
Moorsbridge (1994)										
Acreage ²	-	-	-	-	-	-	-	-	-	-
Square feet	66,868	66,868	66,868	66,868	66,868	66,868	66,868	66,868	66,868	66,868
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	545	549	577	600	618	631	592	599	582	450
Waylee (1955)										
Acreage	3	3	3	3	3	3	3	3	3	3
Square feet	52,780	52,780	52,780	52,780	52,780	52,780	52,780	52,780	52,780	52,780
Capacity	500	500	500	500	500	500	500	500	500	-
Enrollment	455	453	439	440	431	418	400	398	364	-
12th Street Elementary (2009)										
Acreage	-	-	-	-	-	-	-	-	-	55.9
Square feet	-	-	-	-	-	-	-	-	-	72,000
Capacity	-	-	-	-	-	-	-	-	-	640
Enrollment	-	-	-	-	-	-	-	-	-	513
Woodland (1968)										
Acreage	9	9	9	9	9	9	9	9	9	9
Square feet	60,400	60,400	60,400	64,000	64,000	64,000	64,000	64,000	64,000	64,000
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	529	484	476	472	466	485	469	455	486	413

¹Site acreage includes McCamley Field

²Site acreage includes Moorsbridge Elementary

³Site acreage includes Central Middle School, Administration, Maintenance & Operations, and Transportation

⁴Site acreage includes North Middle School and Community Education Center

⁵Includes 1 Multipurpose Building at each high school

⁶Enrollment for PEP included in individual buildings

Sources:

Portage Public Schools building blueprints

Deyo/Stone Associates Appraisal Report June 30, 2010

September unofficial Head count

DS-4573, TMP Associates

(Continued)

PORTAGE PUBLIC SCHOOLS
Capital Asset Information (Unaudited)
Last Ten Fiscal Years
(Continued)

Building	As of June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Middle:										
Central Middle (1957)										
Acreage ³	-	-	-	-	-	-	-	-	-	-
Square feet	120,656	120,656	120,656	120,656	120,656	120,656	120,656	120,656	120,656	120,656
Capacity	788	788	788	788	788	788	788	788	788	788
Enrollment	673	669	724	739	744	713	663	679	699	697
North Middle (1961)										
Acreage ⁴	-	-	-	-	-	-	-	-	-	-
Square feet	147,640	147,640	147,640	147,640	147,640	147,640	147,640	147,640	147,640	147,640
Capacity	810	810	810	810	810	810	810	810	810	810
Enrollment	599	599	616	611	619	581	590	581	587	635
West Middle (1972)										
Acreage ²	66	66	66	66	66	66	66	66	66	66
Square feet	128,159	128,159	128,159	128,159	128,159	128,159	128,159	128,159	128,159	128,159
Capacity	901	901	901	901	901	901	901	901	901	901
Enrollment	791	763	734	747	716	714	704	705	691	682
High:										
Central High (1949)										
Acreage ³	52	52	52	52	52	52	52	52	53	53
Square feet ⁵	241,260	241,260	291,260	291,260	291,260	291,260	291,260	291,260	291,260	291,260
Capacity	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446
Enrollment	1,385	1,462	1,462	1,499	1,494	1,491	1,466	1,437	1,415	1,344
Northern High (1965)										
Acreage ⁴	86	86	86	86	86	86	86	86	87	87
Square feet ⁵	210,220	210,220	295,201	295,401	295,401	296,001	296,001	296,001	296,001	296,001
Capacity	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424
Enrollment	1,267	1,301	1,401	1,355	1,353	1,382	1,300	1,347	1,308	1,286
Alternative School-										
Community Education Center (1951)										
Acreage ⁴	-	-	-	-	-	-	-	-	-	-
Square feet	52,286	52,286	52,286	52,286	52,286	52,286	52,286	52,286	52,286	52,286
Capacity	276	276	276	276	276	276	276	276	276	276
Enrollment	272	248	212	245	231	224	220	204	233	256

¹Site acreage includes McCamley Field

²Site acreage includes Moorsbridge Elementary

³Site acreage includes Central Middle School, Administration, Maintenance & Operations, and Transportation

⁴Site acreage includes North Middle School and Community Education Center

⁵Includes 1 Multipurpose Building at each high school

⁶Enrollment for PEP included in individual buildings

Sources:

Portage Public Schools building blueprints

Deyo/Stone Associates Appraisal Report June 30, 2010

September unofficial Head count

DS-4573, TMP Associates

(Continued)

PORTAGE PUBLIC SCHOOLS
Capital Asset Information (Unaudited)
Last Ten Fiscal Years
(Concluded)

Building	As of June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other:										
Administration (1922)										
Acreage ³	-	-	-	-	-	-	-	-	-	-
Square feet	49,816	49,816	49,816	49,816	49,816	49,816	49,816	49,816	49,816	49,816
Capacity	25	25	25	25	25	25	25	25	25	25
Enrollment ⁶	-	-	-	-	-	-	-	-	-	-
Zylman Maintenance & Transportation Facility (2009)										
Acreage ³	-	-	-	-	-	-	-	-	12.5	12.5
Square feet	-	-	-	-	-	-	-	-	27,544	27,544
Number of garages	-	-	-	-	-	-	-	-	1	1
Number of busses	-	-	-	-	-	-	-	-	60	62
Maintenance (1988) and Grounds (1950)										
Square feet	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	-	-
Transportation and Central Receiving (1950-1970)										
Square feet	39,047	39,047	39,047	39,047	39,047	39,047	39,047	39,047	-	-
Number of garages	1	1	1	1	1	1	1	1	-	-
Number of busses	60	59	59	60	60	60	60	60	-	-
Athletics:										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	2	2	2	2	2	2	2	2	2	2
Running tracks	5	5	7	7	7	7	7	7	7	7
Baseball/softball diamonds	13	13	13	13	13	13	13	13	13	13
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	3	3	3	3	3	3	3	3	3	3
Playgrounds	11	11	11	11	11	11	11	11	11	11
Other Acreage:										
12th Street	55.9	55.9	55.9	55.9	55.9	55.9	55.9	55.9	55.9	-
South Westnedge	20	20	20	20	20	20	20	20	20	20
West Centre Street	38	38	38	38	38	38	-	-	-	-

¹Site acreage includes McCamley Field

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⁵Includes 1 Multipurpose Building at each high school

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Sources:

Portage Public Schools building blueprints

Deyo/Stone Associates Appraisal Report June 30, 2009

September unofficial Head count

DS-4573, TMP Associates

SM-4107 School Bus Inventory Report