

MARION PUBLIC SCHOOLS

MARION, MICHIGAN

JUNE 30, 2013



Baird, Cotter & Bishop, P.C.
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CERTIFIED PUBLIC ACCOUNTANTS

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MARION PUBLIC SCHOOLS
MARION, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditor's Report	i-iii
Management's Discussion and Analysis	iv-x
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position	8
Notes to Financial Statements	9-29
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	30-31
Combining Fund Financial Statements	
Nonmajor Governmental Fund Types	
Combining Balance Sheet	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	33
Financial Statements of Individual Funds	
Fiduciary Fund Types	
Combining Statement of Fiduciary Net Position	34
Combining Statement of Changes in Fiduciary Net Position	35
Agency Fund	
Statement of Cash Receipts and Disbursements	36-37

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MARION, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	<u>PAGES</u>
Other Information	
Schedule of Bonds Payable	
1998 Bond Issue – Durant Settlement	38
2005 Energy Conservation Improvement Bonds	39-40
2006 School Building and Site Bonds	41-42
2006 Refunding Bonds	43-44
2010 Refunding Bonds	45-46
2012 School Bus Bonds	47-48



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July 25, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Marion Public Schools
Marion, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Public Schools, Marion, Michigan as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Marion Public Schools, Marion, Michigan as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 3.K.2 to the financial statements, Marion Public Schools implemented Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iv through x and 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion Public Schools' basic financial statements. The combining and individual fund financial statements and other information 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2013, on our consideration of Marion Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion Public Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2013

This section of Marion Public Schools’ (the “District”) annual report presents our discussion and analysis of the District’s financial performance during the year ended June 30, 2013. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The basic financial statements consist of the following three components: the government-wide financial statements, fund financial statements, and the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

A. Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District’s overall financial status. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District’s assets and liabilities. All of the year’s revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District’s net position and how they have changed. Net position – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health or position.

Over time, increases and decreases in the District’s net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District’s activities are all shown in one category titled “Governmental Activities”. These activities, including regular and special education, transportation, administration, food services, athletic activities, and community services, are primarily financed with state and federal aids and property taxes.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called “non-major” funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2013

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

Fiduciary Funds – The District is a trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

C. Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30:

	<u>2013</u>	<u>2012</u> (as restated)
Assets		
Current Assets	\$ 1,375,534	\$ 1,957,411
Non Current Assets		
Capital Assets	10,085,400	9,988,271
Less Accumulated Depreciation	<u>(4,606,566)</u>	<u>(4,522,414)</u>
Total Non Current Assets	<u>5,478,834</u>	<u>5,465,857</u>
TOTAL ASSETS	<u>6,854,368</u>	<u>7,423,268</u>
Deferred Outflows of Resources	<u>86,391</u>	<u>97,887</u>

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2013

	<u>2013</u>	<u>2012</u> (as restated)
Liabilities		
Current Liabilities	1,026,685	1,562,460
Non Current Liabilities	<u>4,302,025</u>	<u>4,255,256</u>
TOTAL LIABILITIES	<u>5,328,710</u>	<u>5,817,716</u>
Net Position		
Net Investment in Capital Assets	1,054,884	1,162,449
Restricted for Food Service	37,177	25,304
Restricted for Debt Retirement	129,817	123,533
Restricted for Millie Jones Expenses	14,906	14,906
Unrestricted	<u>375,265</u>	<u>377,247</u>
TOTAL NET POSITION	<u>\$ 1,612,049</u>	<u>\$ 1,703,439</u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2013, the District's net position decreased by \$91,390. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

The District is required to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2013, \$376,915 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2013, \$389,892 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is an increase to capital assets in the amount of \$12,977 for the fiscal year ended June 30, 2013.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2013

3. Payment of Long-Term Debt

During the year ending June 30, 2013, the District increased its long-term debt by \$115,745.

E. Change in Net Position

For the fiscal year ended June 30, the results of operations, on a district-wide basis, were:

	<u>2013</u>	<u>2012</u> (as restated)
General Revenues		
Property Taxes	\$ 1,886,923	\$ 1,822,811
Investment Earnings	333	513
State Sources	2,508,468	2,323,588
Other	<u>70,116</u>	<u>63,129</u>
Total General Revenues	<u>4,465,840</u>	<u>4,210,041</u>
Program Revenues		
Charges for Services	87,459	90,527
Operating Grants	<u>1,346,613</u>	<u>1,607,107</u>
Total Program Revenues	<u>1,434,072</u>	<u>1,697,634</u>
Total Revenues	<u>5,899,912</u>	<u>5,907,675</u>
Expenses		
Instruction	3,504,929	3,558,807
Supporting Services	1,504,262	1,523,200
Community Activities	10,592	7,904
Food Service Activities	282,760	265,773
Athletic Activities	110,266	84,552
Interest on Long-Term Debt	190,685	193,294
Other Transactions	10,893	500
Unallocated Depreciation	<u>376,915</u>	<u>379,378</u>
Total Expenses	<u>5,991,302</u>	<u>6,013,408</u>
Change in Net Position	<u>\$ (91,390)</u>	<u>\$ (105,733)</u>

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2013

F. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Major Fund			
General Fund	\$ 493,103	\$ 493,103	\$ 0
Nonmajor Funds			
Food Service	37,177	25,304	11,873
2012 School Bus Bonds	10,989	0	10,989
2005 Energy Debt Retirement	66	66	0
2006 Debt Retirement	66,949	68,290	(1,341)
2006 Debt Refunding	49,432	59,424	(9,992)
2010 Debt Refunding	33,529	29,108	4,421
2012 Debt Retirement	8,781	0	8,781
	<u>\$ 700,026</u>	<u>\$ 675,295</u>	<u>\$ 24,731</u>

In 2012-2013, the General Fund balance remained the same. This was due to an agreement with the teachers to pay out a bonus based on any increases in fund balance.

G. 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 its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2013

For the 2012-2013 fiscal year, the District amended the general fund budget throughout the year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Total Revenues	\$ 4,818,700	\$ 5,295,909	\$ 5,169,907
 <u>EXPENDITURES</u>			
Instruction	\$ 3,132,432	\$ 3,574,528	\$ 3,503,560
Supporting Services	1,601,963	1,684,325	1,614,530
Community Activities	15,800	16,000	10,592
Debt Services	3,746	3,746	3,746
Total Expenditures	<u>\$ 4,753,941</u>	<u>\$ 5,278,599</u>	<u>\$ 5,132,428</u>

The change in the Total Revenue Original Budget to Final Budget was an increase of \$477,209 as a result of a change in pupil count. The District budgeted for a loss of 15 students but actually gained 19 students. This resulted in additional revenues of approximately \$192,000. In addition, the District had some large carryovers in federal grants, passed a bus bond allowing the sale of old busses, and qualified for best practice and performance money that was not in the original budget.

The change in the Total Expenditures Original Budget to Final Budget was an increase of \$524,658 due to increasing staff levels and settling contracts. Final budget and final actual differ because of conservative budgeting in most expenditure categories.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2013, the District has \$10,085,400 in a broad range of capital assets, including school buildings and facilities, school buses, and various types of equipment. Depreciation expense for the year amounted to \$376,915, bringing the accumulated depreciation to \$4,606,566 as of June 30, 2013.

2. Long-Term Debt

At June 30, 2013, the District has \$4,480,000 in bonded debt outstanding. This represents an increase of \$115,945 from the amount outstanding at the close of the prior fiscal year. Other long-term debt includes compensated absences of \$102,932 and a water connection loan in the amount of \$60,918.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2013

I. Factors Bearing on the District's Future

Retirement costs continue to rise while per pupil funding is remaining (at best) steady. The District is striving to control these costs while still providing a sound education for its students. In 2012/2013 the District paid \$658,000 in retirement, which is 12% of the budget.

Two of the union contracts have wage re-openers in August 2013. The District is negotiating with these groups to come to a reasonable solution for all parties.

The change in the pupil count days to the February of the school year rather than the prior February leaves the District not knowing the number of students they will be paid for during the 2013-2014 year. By the time the count days come, it is difficult to adjust staffing levels if the student numbers have seen large changes.

Marion Public Schools is striving to meet the challenges facing them while remaining a "great small school".

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Wexford-Missaukee Intermediate School District, 9907 East 13th Street, Cadillac, Michigan 49601.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash and Restricted Cash	\$ 331,041
Due from Other Governmental Units	730,965
Inventory	8,109
Investments	305,419
	<hr/>
Total Current Assets	1,375,534

NON CURRENT ASSETS

Capital Assets	10,085,400
Less Accumulated Depreciation	(4,606,566)
	<hr/>
Total Non Current Assets	5,478,834

TOTAL ASSETS

6,854,368

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding - Net	86,391
	<hr/>

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	68,152
Accrued Interest Payable	28,940
Salaries and Fringe Benefits Payable	553,209
Due to Other Governments	51,852
Unearned Revenue	2,295
Current Portion of Non Current Liabilities	322,237
	<hr/>
Total Current Liabilities	1,026,685

NON CURRENT LIABILITIES

Bonds Payable (Net of Deferred Charges of \$19,588)	4,460,412
Water Connection Loan	60,918
Compensated Absences	102,932
Less Current Portion of Non Current Liabilities	(322,237)
	<hr/>
Total Non Current Liabilities	4,302,025

TOTAL LIABILITIES

5,328,710

NET POSITION

Net Investment in Capital Assets	1,054,884
Restricted for Food Service	37,177
Restricted for Debt Retirement	129,817
Restricted for Millie Jones Expenses	14,906
Unrestricted	375,265
	<hr/>
TOTAL NET POSITION	<u>\$ 1,612,049</u>

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>GOVERNMENTAL</u>
		<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>ACTIVITIES</u>
		<u>SERVICES</u>	<u>GRANTS</u>	<u>NET (EXPENSE)</u>
				<u>REVENUE AND</u>
				<u>CHANGES IN</u>
				<u>NET POSITION</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction	\$ 3,504,929	\$ 0	\$ 924,624	\$ (2,580,305)
Supporting Services	1,504,262	10,800	174,648	(1,318,814)
Athletic Activities	110,266	19,432	0	(90,834)
Community Activities	10,592	0	10,591	(1)
Food Service Activities	282,760	57,227	236,750	11,217
Interest on Long-Term Debt	190,685	0	0	(190,685)
Other Transactions	10,893	0	0	(10,893)
Unallocated Depreciation	376,915	0	0	(376,915)
Total Governmental Activities	<u>\$ 5,991,302</u>	<u>\$ 87,459</u>	<u>\$ 1,346,613</u>	<u>(4,557,230)</u>
<u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				1,455,151
Property Taxes - Debt Service				431,772
Investment Earnings				333
State Sources				2,508,468
Other				70,116
Total General Revenues				<u>4,465,840</u>
Change in Net Position				(91,390)
<u>NET POSITION</u> - Beginning of Year - as restated				<u>1,703,439</u>
<u>NET POSITION</u> - End of Year				<u>\$ 1,612,049</u>

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>GENERAL</u> <u>FUND</u>	<u>OTHER</u> <u>NONMAJOR</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<u>ASSETS</u>			
Cash and Restricted Cash	\$ 122,606	\$ 208,435	\$ 331,041
Due from Other Funds	18,435	1,678	20,113
Due from Other Governmental Units	726,566	4,399	730,965
Inventory	0	8,109	8,109
Investments	300,115	5,304	305,419
	<hr/>		
TOTAL ASSETS	\$ 1,167,722	\$ 227,925	\$ 1,395,647
<hr/>			
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 66,855	\$ 1,297	\$ 68,152
Due to Other Funds	1,678	18,435	20,113
Due to Other Governments	51,852	0	51,852
Salaries and Fringe Benefits Payable	553,209	0	553,209
Unearned Revenue	1,025	1,270	2,295
	<hr/>		
Total Liabilities	674,619	21,002	695,621
<hr/>			
<u>FUND BALANCES</u>			
Nonspendable			
Inventory	0	8,109	8,109
Restricted for:			
Food Service	0	29,068	29,068
Capital Projects	0	10,989	10,989
Debt Retirement	0	158,757	158,757
Millie Jones Expenditures	14,906	0	14,906
Assigned for Subsequent Year Budget Shortfall	118,552	0	118,552
Unassigned	359,645	0	359,645
	<hr/>		
Total Fund Balances	493,103	206,923	700,026
<hr/>			
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,167,722	\$ 227,925	\$ 1,395,647
<hr/>			

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION

JUNE 30, 2013

Total Governmental Fund Balances \$ 700,026

Amounts reported for governmental activities in the
Statement of Net Position are different because:

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

The cost of the capital assets is	\$ 10,085,400	
Accumulated depreciation is	<u>(4,606,566)</u>	5,478,834

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

Bonds Payable	(4,480,000)	
Water Connection Loan	(60,918)	
Compensated Absences	(102,932)	
Bond Discount	35,780	
Amortization of Bond Discount	(16,192)	
Bond Deferred Loss on Refunding	154,691	
Amortization of Bond Deferred Loss on Refunding	<u>(68,300)</u>	(4,537,871)

Long-term accrued interest is not included as a liability in government funds,
it is recorded when paid. (28,940)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,612,049

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources	\$ 1,555,824	\$ 489,007	\$ 2,044,831
State Sources	2,945,852	13,571	2,959,423
Federal Sources	516,104	227,427	743,531
Other Transactions	152,127	0	152,127
Total Revenues	<u>5,169,907</u>	<u>730,005</u>	<u>5,899,912</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	2,799,396	0	2,799,396
Added Needs	704,164	0	704,164
Supporting Services			
Pupil	58,815	0	58,815
Instructional Staff	81,695	0	81,695
General Administration	104,499	0	104,499
School Administration	259,259	0	259,259
Business	60,009	0	60,009
Operation and Maintenance	414,035	0	414,035
Pupil Transportation Services	376,157	388,892	765,049
Support Services - Central	137,391	0	137,391
Support Services - Athletics	122,670	0	122,670
Community Activities	10,592	0	10,592
Food Service Activities	0	283,145	283,145
Debt Service			
Principal	2,182	294,055	296,237
Interest	1,564	175,768	177,332
Bond Issuance Costs	0	10,146	10,146
Other Transactions	0	747	747
Total Expenditures	<u>5,132,428</u>	<u>1,152,753</u>	<u>6,285,181</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,479</u>	<u>(422,748)</u>	<u>(385,269)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Face Value of Debt	0	410,000	410,000
Transfers In (Out)	(37,479)	37,479	0
Total Other Financing Sources (Uses)	<u>(37,479)</u>	<u>447,479</u>	<u>410,000</u>
Net Change in Fund Balance	0	24,731	24,731
<u>FUND BALANCE</u> - Beginning of Year	<u>493,103</u>	<u>182,192</u>	<u>675,295</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 493,103</u>	<u>\$ 206,923</u>	<u>\$ 700,026</u>

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

Net Change in Fund Balances Total Governmental Funds	\$ 24,731
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(376,915)
Capital Outlay	389,892
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued Interest Payable - Beginning of Year	29,107
Accrued Interest Payable - End of Year	(28,940)
Under the modified accrual basis of accounting used in the governmental funds, the issuance of long-term debt provides a current financial resource to governmental funds, and expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.	
Issuance of Bus Bonds	(410,000)
Amortization of Bond Discount	(2,024)
Amortization of Bond Deferred Loss on Refunding	(11,496)
Repayment of Bond Principal	294,055
Repayment of Principal on Long-Term Debt	2,182
Employees Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated Absences - Beginning of Year	100,950
Compensated Absences - End of Year	<u>(102,932)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (91,390)</u>

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2013

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUND</u>
<u>ASSETS</u>		
Cash	\$ 298,409	\$ 63,000
Interest Receivable	6,999	0
Scholarship Loans	22,224	0
Investments	3	0
	<hr/>	<hr/>
TOTAL ASSETS	327,635	63,000
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Due to Groups and Organizations	0	63,000
	<hr/>	<hr/>
<u>NET POSITION</u>		
Reserved for		
Endowments	289,687	0
Student Scholarships	37,948	0
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 327,635	\$ 0
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2013

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS</u>	
Earnings on Investments and Deposits	\$ 2,386
<u>DEDUCTIONS</u>	
Scholarships	<u>2,550</u>
Changes in Net Position	(164)
<u>NET POSITION</u> - Beginning of Year	<u>327,799</u>
<u>NET POSITION</u> - End of Year	<u>\$ 327,635</u>

The notes to the financial statements are an integral part of this statement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Marion Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to 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 of the District's accounting policies are described below.

A. Reporting Entity

The School District (the "District") is located in Osceola and Clare Counties with its administrative offices located in Marion, Michigan. The District operates under an elected 7-member board of education and provides services to its students in elementary, high school, special education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The School District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

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

Other Non-Major Funds:

The *special revenue (School Service) fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service activities in a special revenue fund.

The *capital projects fund* accounts for the acquisition of fixed assets or construction of major capital projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Additionally, the District reports the following fund type:

Fiduciary funds are accounted for using the accrual method of accounting. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following fiduciary funds:

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity.

The *private purpose trust funds* are accounted for using the accrual method of accounting. Private purpose trust funds account for assets where the principal is considered to be either expendable or non-expendable and the earnings may be spent. These funds are not reported on the District financial statements as they are not used to support District operations or programs.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

In the government-wide statement of net position, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

Property taxes, state and federal aid 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) In June, the superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- (b) A public hearing is conducted during June to obtain taxpayer comments.
- (c) Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
- (d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- (e) For purposes of meeting emergency needs of the District, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- (f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- (g) Budgeted amounts are as originally adopted on June 25, 2012, or as amended by the School Board of Education on June 25, 2013.

2. *Excess of Expenditures Over Appropriations*

General Fund:

School Administration:

Office of the Principal expenditures of \$259,259 exceeded appropriations of \$257,062.

Supporting Services - Other:

Athletic expenditures of \$122,670 exceeded appropriations of \$99,998.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash and Investments*

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The Board policy on investment of funds authorizes the District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.
- (b) Certificates of deposit issued by any state or national bank 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.
- (e) United States government or federal agency obligation repurchase agreements.
- (f) Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- (g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (h) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The Schools' deposits and investments are held separately by several of the District's funds.

2. *Inventory and Prepaid Items*

Inventory is valued at cost. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year end to indicate the portion of the governmental fund balances that are nonspendable.

3. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and Additions	25 - 50 years
Furniture and Other Equipment	5 - 20 years

The District's capitalization policy is to capitalize individual amounts exceeding \$1,000.

4. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or funding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

5. *Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. *Fund Balance Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

7. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing board has authorized the superintendent to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

8. *Use of Estimates*

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

9. *Restricted Cash*

Certain resources (\$10,989) of the Capital Projects Fund which are set aside for capital outlay are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2013 the foundation allowance was based on pupil membership counts taken in February and October of 2012. For fiscal year ended June 30, 2013, the per pupil foundation allowance was \$6,966 for Marion Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2012 to August 2013. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

2. Program Revenues

Amounts reported as program revenue 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. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

For the year ended June 30, 2013, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund – Non-Principal Residence Exemption (PRE)	18.0000
General Fund – Commercial Personal Property	6.0000
2010 Refunding Debt Retirement Fund – PRE, Non-PRE	0.7400
2006 Refunding Debt Retirement Fund – PRE, Non-PRE	1.0000
2006 Debt Retirement Fund – PRE, Non-PRE	0.8400
2012 Debt Retirement Fund – PRE, Non-PRE	0.4000

4. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused sick pay and vacation time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount. The District has opted to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums and discounts to be applied prospectively for all bonds issued after July 1, 2002

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *Violations of Legal or Contractual Provisions*

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes budgetary violations that occurred for the year ended June 30, 2013.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Investment Rate Risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Credit Risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of Credit Risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2013, the District's bank balance was \$818,981 and \$80,336 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the deposits.

Foreign Currency Risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

At year-end, the only investments were investment trust funds.

Investments not subject to categorization:

Investment Trust Funds	\$ 305,422
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The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2013, the fair value of the District's investments is the same as the value of the pool shares.

Balance sheet classifications:

	Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and Restricted Cash	\$ 331,041	\$ 361,409	\$ 692,450
Investments	305,419	3	305,422
	\$ 636,460	\$ 361,412	\$ 997,872

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor are as follows:

	General	Nonmajor and Other Funds	Total
Receivables			
Due from Other Governmental Units	\$ 726,566	\$ 4,399	\$ 730,965

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

The allowance for doubtful accounts is not considered to be material for disclosure.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

C. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets, Not Being Depreciated:				
Land	\$ 56,817	\$ 0	\$ 0	\$ 56,817
Capital Assets, Being Depreciated:				
Books	193,501	0	15,173	178,328
Buildings	3,436,495	0	0	3,436,495
Buses	575,424	389,892	233,937	731,379
Equipment and Furniture	1,738,146	0	43,653	1,694,493
Improvements	3,957,884	0	0	3,957,884
Other Vehicles	30,004	0	0	30,004
Total Capital Assets, Being Depreciated	9,931,454	389,892	292,763	10,028,583
Less Accumulated Depreciation for:				
Books	148,941	24,772	15,173	158,540
Buildings	1,447,053	39,688	0	1,486,741
Buses	520,220	23,394	233,937	309,677
Equipment and Furniture	1,065,872	90,257	43,653	1,112,476
Improvements	1,322,200	196,091	0	1,518,291
Other Vehicles	18,128	2,713	0	20,841
Total Accumulated depreciation	4,522,414	376,915	292,763	4,606,566
Total Capital Assets, Being Depreciated, Net	5,409,040	12,977	0	5,422,017
Governmental Activities Capital Assets, Net	\$5,465,857	\$ 12,977	\$ 0	\$ 5,478,834

Depreciation for the fiscal year ended June 30, 2013 amounted to \$376,915. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPSERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPSERS was established by Act 136 of 1945 and

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

operated under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (800) 381-5111.

Funding Policy. Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 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 joining the system on or after July 1, 2008 contribute at the following graduated rate: 3% of the first \$5,000, 3.6% of \$5,001 through \$15,000 and 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPSERS who became a member of MPSERS after June 30, 2010, is a Pension Plus Member. The Pension Plus Plan pairs a guaranteed retirement income (defined benefit pension) with a flexible and transferable retirement savings (defined contribution) account.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. For the period October 1 through September 30, the District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement.

The system ("MPSERS") is administered by the State of Michigan. These contributions are required by law and are calculated by using the contributions rates and periods provided in the table below of the employees' wages. In addition, the District is required to match 50% of the employees' contributions, up to 1% of the employees' compensation in the Pension Plus plan.

Additionally, Public Act 300 of 2012 was enacted on September 4, 2012. As a result, any employee that was hired after September 4, 2012, can choose to become a member of the MPSERS Pension Plus plan or a separate MPSERS Defined Contribution plan. For employees that elect to become a member of the MPSERS Defined Contribution plan, the District is required to match 50% of the employees' contributions, up to 4% of the employees' compensation.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The contribution requirements of plan members and the District are established and may be amended by the MPSERS board of Trustees. The District contributions to MPSERS were equal to the required contribution for those years.

The District's contributions to MPSERS are as follows:

Contribution Period	Basic MIP with Premium Subsidy	Pension Plus		From	From	Basic/ MIP with PHF
		with Premium Subsidy	with Pension Plus PHF	Basic/MIP and Pension Plus to Defined Contribution with PHF	Basic/MIP to Defined Contribution with Premium Subsidy	
7/1/12 - 9/30/12	24.46%	23.23%	N/A	N/A	N/A	N/A
10/1/12 - 1/31/13	25.36%	24.13%	23.20%	20.96%	N/A	N/A
2/1/13 - 6/30/13	24.32%	24.13%	23.20%	20.96%	21.89%	23.39%

Fiscal Year Ending June 30,	Contributions to MPSERS
2013	\$ 709,865
2012	630,385
2011	567,841

Other Post Employment Benefits Funding Policy. Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, established eligibility and benefit provisions. Retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premiums is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010, to contribute 3%. The District does not contribute 3% to employees hired after September 4, 2012 or for any employees that elected into the newly created Personal Healthcare Fund, as discussed below.

As noted above, Public Act 300 of 2012 was enacted on September 4, 2012. This legislature affects employees hired after September 4, 2012 or employees that elect out of the pre-existing postemployment healthcare plan and into a new Personal Healthcare Fund. The District is required to contribute 2% of each applicable employee's salary to this fund.

Pension recipients are generally eligible for Health Plan, Dental Plan, Vision Plan and Hearing coverage.

The District is not responsible for the payment of retirement benefits and post-employment benefits which is the responsibility of the State of Michigan.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

E. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2013 or any of the prior three years.

F. Lease Information

The District leases copy machines, digital duplicators, and a dishwasher. The total rental expense for the fiscal years ended June 30, 2013, and June 30, 2012, was \$13,659 and \$13,719 respectively. The future minimum payments are summarized below:

<u>YEAR-ENDING</u>	<u>AMOUNTS</u>
2014	\$ 13,463
2015	13,463
2016	10,071
2017	8,347
2018	3,249
	<u>\$ 48,593</u>

G. Long-Term Liabilities

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Self-Liquidating Bonds were issued by the State of Michigan in the name of the District as part of a state-wide lawsuit settlement.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The following is a summary of the governmental long-term liability transactions for the District for the year ended June 30, 2013:

	General Obligation Serial Bonds	Self Liquidating Bonds	Water Connection Loan	Compensated Absences Payable	Total
Balance July 1, 2012	\$ 4,360,000	\$ 4,055	\$ 63,100	\$ 100,950	\$ 4,528,105
Increases	410,000	0	0	1,982	411,982
Decreases	(290,000)	(4,055)	(2,182)	0	(296,237)
Balance June 30, 2013	4,480,000	0	60,918	102,932	4,643,850
Less current portion	(320,000)	0	(2,237)	0	(322,237)
Total due after one year	<u>\$ 4,160,000</u>	<u>\$ 0</u>	<u>\$ 58,681</u>	<u>\$ 102,932</u>	<u>\$ 4,321,613</u>

The District's liability obligations at June 30, 2013, are comprised of the following issues:

General Obligation Serial Bonds

2010 refunding bonds due in annual installments of \$85,000 to \$95,000 through May 1, 2021, interest at 2.75% to 4.50%. \$ 690,000

2005 energy conservation improvement bonds due in annual installments of \$25,000 to \$35,000 through May 1, 2020, interest at 4.55% to 4.95%. 215,000

2006 refunding bonds due in annual installments of \$120,000 to \$170,000 through May 1, 2020, interest at 3.60% to 4.00%. 1,055,000

2006 school building and site bonds due in annual installments of \$35,000 to \$400,000 through May 1, 2025, interest at 3.90% to 4.10%. 2,155,000

2012 school bus bonds due in annual installments of \$55,000 to \$65,000 through May 1, 2019, interest at 2.050%. 365,000

Water Connection Loan

\$78,734 loan from the Village of Marion dated March 1, 2005 to finance new water line connection at the High School. Semi-annual payments of \$1,873 including interest at 2.5% due March 1 and August 31 each year through March 1, 2034. 60,918

Compensated Absences Payable

Accumulated Sick and Vacation Pay 102,932

TOTAL LONG-TERM DEBT \$ 4,643,850

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The annual requirements to amortize debt outstanding as of June 30, 2013, including interest payments of \$1,190,101 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2014	\$ 322,237	\$ 172,094	\$ 494,331
2015	347,293	161,750	509,043
2016	372,351	150,320	522,671
2017	382,410	137,210	519,620
2018	402,471	123,444	525,915
2019-2023	1,888,319	391,124	2,279,443
2024-2028	805,080	52,440	857,520
2029-2033	17,075	1,655	18,730
2034	3,682	64	3,746
	<u>4,540,918</u>	<u>1,190,101</u>	<u>5,731,019</u>
Compensated Absences	102,932	0	102,932
	<u>\$ 4,643,850</u>	<u>\$ 1,190,101</u>	<u>\$ 5,833,951</u>

The annual requirements to amortize the accrued compensated absences are uncertain because it is unknown when the employees will use the benefit.

Compensated absences and early retirement benefits will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

H. Short-Term Debt

On August 20, 2012, the District issued a State Aid Anticipation Note in the amount of \$800,000. At June 30, 2013, the balance outstanding on this note was \$800,000, plus accrued interest at 0.400%. The District has \$803,200 set aside in an irrevocable, non-refundable account at The Bank of New York Mellon that will be used to pay off the \$800,000 State Aid Anticipation Note and related accrued interest, as such, at year-end the debt is considered to be defeased and not included in the District's financial statements. The District has approved a note payable in the amount of \$850,000 for the year ending June 30, 2014.

The following is a summary of the Short-Term Debt transactions for the District for the year ended June 30, 2013:

Short-Term Debt at July 1, 2012	\$ 750,000
New Debt Issued	800,000
Debt Retired and Paid	(1,550,000)
Short-Term Debt at June 30, 2013	<u>\$ 0</u>

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

I. Interfund Receivables and Payables

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 18,435	\$ 1,678
School Service Fund - Food Service Fund	1,678	0
2006 Debt Retirement Fund	0	5,196
2006 Refunding Debt Retirement Fund	0	6,186
2010 Refunding Debt Retirement Fund	0	4,578
2012 Debt Retirement Fund	0	2,475
	\$ 20,113	\$ 20,113

The outstanding balances between funds result mainly 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. All Interfund balances outstanding at June 30, 2013 are expected to be repaid within one year.

J. Interfund Transfers

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 37,479
School Service Fund - Food Service Fund	1,033	0
2005 Energy Debt Fund	36,446	0
	\$ 37,479	\$ 37,479

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

K. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. *New GASB Standards*

Effective July 1, 2012, the District adopted GASB Statement 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position” and GASB Statement 65, “Items Previously Recognized as Assets and Liabilities”. These statements establish and clarify new components of the statement of position, “Deferred Inflows of Resources” and “Deferred Outflows of Resources”. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or funding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

GASB Statement 65 also states that bond issuance costs should be expensed in the year which they are incurred. As a result, beginning net positions were restated and the remaining unamortized bond issuance costs were written off prior to July 1, 2012. The restatement of the beginning net position is as follows:

	<u>Governmental Activities</u>
Net position as previously stated June 30, 2012	\$ 1,767,619
Adoption of GASB 65	<u>(64,180)</u>
Net position as restated June 30, 2012	<u><u>\$ 1,703,439</u></u>

GASB 63 also changes the term “net assets”, which was previously made up of assets less liabilities, to “net position”, which is now made up of assets, deferred outflows of resources, liabilities and deferred inflows of resources. Accordingly any reference to “net assets” has been changed to “net position”.

3. *Proposed Refunding Bond Issue – 2006 School Building and Site Bonds*

The District passed a resolution on June 11, 2013 to investigate the potential savings related to refunding the 2006 School Building and Site Bonds. If the figures result in favorable savings to the District, the District would anticipate a potential sale date of November 2013.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

L. 2012 School Bus Bonds Capital Projects Fund

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

NOTE 4 – UPCOMING ACCOUNTING PRONOUCEMENTS

The District is currently evaluating the impact these standards will have on the financial statements when adopted.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued by the GASB in June 2012 and will be effective for the District's 2015 fiscal year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 1,528,450	\$ 1,551,232	\$ 1,555,824
State Sources	2,688,936	2,953,960	2,945,852
Federal Sources	481,005	637,867	516,104
Other Transactions	120,309	152,850	152,127
 Total Revenues	 4,818,700	 5,295,909	 5,169,907
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	1,041,796	1,226,543	1,221,231
High School	1,490,022	1,579,865	1,571,213
Summer School	1,539	14,719	6,952
Added Needs			
Special Education	398,688	412,317	405,067
Compensatory Education	200,387	341,084	299,097
Supporting Services			
Pupil			
Guidance	48,486	66,795	58,058
Other Pupil Services	1,000	1,000	757
Instructional Staff			
Improvement of Instruction	22,460	71,321	35,076
Educational Media Services	300	300	0
Computer-Assisted Instruction	2,900	64,366	46,619
General Administration			
Board of Education	37,700	28,000	25,236
Executive Administration	80,012	79,584	79,263
School Administration			
Office of the Principal	262,955	257,062	259,259
Business			
Fiscal Services	41,833	43,378	43,090
Other Business Services	21,630	18,668	16,919

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Operation and Maintenance	417,647	416,592	414,035
Pupil Transportation Services	428,307	388,613	376,157
Support Services - Central			
Staff Services	0	300	300
Non-Instructional Technology	135,994	148,348	137,091
Support Services - Athletics	100,739	99,998	122,670
Community Activities	15,800	16,000	10,592
Debt Service			
Principal	2,182	2,182	2,182
Interest	1,564	1,564	1,564
Total Expenditures	4,753,941	5,278,599	5,132,428
Excess (Deficiency) of Revenues Over Expenditures	64,759	17,310	37,479
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(39,476)	(36,476)	(37,479)
Net Change in Fund Balance	25,283	(19,166)	0
<u>FUND BALANCE</u> - Beginning of Year	362,214	493,103	493,103
<u>FUND BALANCE</u> - End of Year	\$ 387,497	\$ 473,937	\$ 493,103

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2013

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT RETIREMENT FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE FUND	2012 SCHOOL BUS BONDS FUND	1998 DEBT RETIREMENT FUND	2005 ENERGY DEBT RETIREMENT FUND	2006 DEBT RETIREMENT FUND	2006 REFUNDING DEBT RETIREMENT FUND	2010 REFUNDING DEBT RETIREMENT FUND	2012 DEBT RETIREMENT FUND	
<u>ASSETS</u>									
Cash and Restricted Cash	\$ 20,254	\$ 10,989	\$ 0	\$ 66	\$ 72,145	\$ 55,618	\$ 38,107	\$ 11,256	\$ 208,435
Due from Other Funds	1,678	0	0	0	0	0	0	0	1,678
Due from Other Governments	4,399	0	0	0	0	0	0	0	4,399
Inventory	8,109	0	0	0	0	0	0	0	8,109
Investments	5,304	0	0	0	0	0	0	0	5,304
TOTAL ASSETS	\$ 39,744	\$ 10,989	\$ 0	\$ 66	\$ 72,145	\$ 55,618	\$ 38,107	\$ 11,256	\$ 227,925
<u>LIABILITIES AND FUND BALANCES</u>									
<u>LIABILITIES</u>									
Accounts Payable	\$ 1,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,297
Unearned Revenue	1,270	0	0	0	0	0	0	0	1,270
Due to Other Funds	0	0	0	0	5,196	6,186	4,578	2,475	18,435
Total Liabilities	2,567	0	0	0	5,196	6,186	4,578	2,475	21,002
<u>FUND BALANCES</u>									
Nonspendable									
Inventory	8,109	0	0	0	0	0	0	0	8,109
Restricted for:									
Food Service	29,068	0	0	0	0	0	0	0	29,068
Capital Projects	0	10,989	0	0	0	0	0	0	10,989
Debt Retirement	0	0	0	66	66,949	49,432	33,529	8,781	158,757
Total Fund Balances	37,177	10,989	0	66	66,949	49,432	33,529	8,781	206,923
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,744	\$ 10,989	\$ 0	\$ 66	\$ 72,145	\$ 55,618	\$ 38,107	\$ 11,256	\$ 227,925

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT RETIREMENT FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS		
			FOOD SERVICE FUND	2012 SCHOOL BUS BONDS FUND	1998 DEBT RETIREMENT FUND	2005 ENERGY DEBT RETIREMENT FUND	2006 DEBT RETIREMENT FUND	2006 REFUNDING DEBT RETIREMENT FUND		2010 REFUNDING DEBT RETIREMENT FUND	2012 DEBT RETIREMENT FUND
<u>REVENUES</u>											
Local Sources	\$ 57,235	\$ 27	\$ 0	\$ 0	\$ 121,691	\$ 144,864	\$ 107,206	\$ 57,984	\$ 489,007		
State Sources	9,323	0	4,248	0	0	0	0	0	13,571		
Federal Sources	227,427	0	0	0	0	0	0	0	227,427		
Total Revenues	293,985	27	4,248	0	121,691	144,864	107,206	57,984	730,005		
<u>EXPENDITURES</u>											
Food Service Activities	283,145	0	0	0	0	0	0	0	283,145		
Pupil Transportation Services	0	388,892	0	0	0	0	0	0	388,892		
Debt Service											
Principal	0	0	4,055	25,000	35,000	110,000	75,000	45,000	294,055		
Interest	0	0	193	11,446	87,750	44,553	27,623	4,203	175,768		
Bond Issuance Costs	0	10,146	0	0	0	0	0	0	10,146		
Other Transactions	0	0	0	0	282	303	162	0	747		
Total Expenditures	283,145	399,038	4,248	36,446	123,032	154,856	102,785	49,203	1,152,753		
Excess (Deficiency) of Revenues Over Expenditures	10,840	(399,011)	0	(36,446)	(1,341)	(9,992)	4,421	8,781	(422,748)		
<u>OTHER FINANCING SOURCES</u>											
Face Value of Debt	0	410,000	0	0	0	0	0	0	410,000		
Transfers In (Out)	1,033	0	0	36,446	0	0	0	0	37,479		
Total Other Financing Sources	1,033	410,000	0	36,446	0	0	0	0	447,479		
Net Change in Fund Balance	11,873	10,989	0	0	(1,341)	(9,992)	4,421	8,781	24,731		
FUND BALANCE - Beginning of Year	25,304	0	0	66	68,290	59,424	29,108	0	182,192		
FUND BALANCE - End of Year	\$ 37,177	\$ 10,989	\$ 0	\$ 66	\$ 66,949	\$ 49,432	\$ 33,529	\$ 8,781	\$ 206,923		

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MARION PUBLIC SCHOOLS
MARION, MICHIGAN

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	PRIVATE PURPOSE TRUST FUNDS				TOTALS	
	WHITE-HELFRICH CONTINUING EDUCATION SCHOLARSHIP	DORALD L. GIDDINGS SCHOLARSHIP TRUST	MILLIE JONES SCHOLARSHIP TRUST	JENNIE P. OPPER SCHOLARSHIP	2013	2012
<u>ASSETS</u>						
Cash	\$ 173,466	\$ 10,242	\$ 20,215	\$ 94,486	\$ 298,409	\$ 298,574
Interest Receivable	4,552	0	0	2,447	6,999	6,999
Scholarship Loans	12,224	0	0	10,000	22,224	22,224
Investments	1	0	0	2	3	2
TOTAL ASSETS	190,243	10,242	20,215	106,935	327,635	327,799
<u>LIABILITIES</u>	0	0	0	0	0	0
<u>NET POSITION</u>						
Reserved for						
Endowments	167,272	9,000	18,500	94,915	289,687	289,687
Student Scholarships	22,971	1,242	1,715	12,020	37,948	38,112
TOTAL NET POSITION	\$ 190,243	\$ 10,242	\$ 20,215	\$ 106,935	\$ 327,635	\$ 327,799

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2012

PRIVATE PURPOSE TRUST FUNDS

	<u>WHITE-HELFRICH</u>	<u>DORALD L.</u>	<u>MILLIE</u>	<u>JENNIE P.</u>	<u>TOTALS</u>	
	<u>CONTINUING</u>	<u>GIDDINGS</u>	<u>JONES</u>	<u>OPPER</u>	<u>2013</u>	<u>2012</u>
	<u>EDUCATION</u>	<u>SCHOLARSHIP</u>	<u>SCHOLARSHIP</u>	<u>SCHOLARSHIP</u>		
	<u>SCHOLARSHIP</u>	<u>TRUST</u>	<u>TRUST</u>	<u>SCHOLARSHIP</u>		
<u>ADDITIONS</u>						
Earnings on						
Investments and Deposits	\$ 1,313	\$ 91	\$ 33	\$ 949	\$ 2,386	\$ 4,086
<u>DEDUCTIONS</u>						
Scholarships	1,700	0	0	850	2,550	3,750
Bank Charges	0	0	0	0	0	15
Total Deductions	1,700	0	0	850	2,550	3,765
Changes in Net Position	(387)	91	33	99	(164)	321
<u>NET POSITION</u> - Beginning of Year	190,630	10,151	20,182	106,836	327,799	327,478
<u>NET POSITION</u> - End of Year	\$ 190,243	\$ 10,242	\$ 20,215	\$ 106,935	\$ 327,635	\$ 327,799

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AGENCY FUND

YEAR ENDED JUNE 30, 2013

	BALANCE 7/1/2012	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2013
<u>Elementary and Administrative</u>				
Band Resale-Elementary	\$ 322	\$ 453	\$ 267	\$ 508
Book Store	818	0	530	288
Elementary Book Fair	467	2,304	2,304	467
Paper and Administration	11,503	1,619	3,382	9,740
Elementary Pop Account	776	90	113	753
Girls on the Run	401	1,001	1,346	56
Field Trips	4,888	572	1,747	3,713
Interest Account	150	27	125	52
General Mills Grant	57	0	0	57
Library Book Donation	0	1,990	1,565	425
Osceola Community Foundation	12,705	14,188	12,472	14,421
Total Elementary and Administrative	32,087	22,244	23,851	30,480
<u>High School</u>				
Alex Harrison Memorial Scholarship	1,000	1,000	2,000	0
Art	75	32	0	107
Band	130	4,520	4,080	570
Chess	11	0	0	11
Choir	0	925	501	424
Class of 2011	195	0	0	195
Class of 2012	498	0	0	498
Class of 2013	1,321	2,697	3,992	26
Class of 2014	440	2,748	1,980	1,208
Class of 2015	122	2,040	1,267	895
Class of 2016	0	15	0	15
Cross Country	565	2,904	2,043	1,426
Junior High Boys' Basketball	87	700	787	0
Junior High Girls' Basketball	0	163	0	163
Junior High Football	0	2,500	0	2,500
Lowe's Grant	199	1	0	200
Middle School Student Council	216	0	0	216
Miscellaneous Account	484	145	162	467
NHS	292	524	523	293
Shop	2,556	4,073	3,407	3,222
Spanish Club	0	319	287	32

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AGENCY FUND

YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u>
	<u>7/1/2012</u>	<u>(Including Transfers)</u>		<u>6/30/2013</u>
Stuco	755	1,205	1,232	728
Student Activities	695	760	440	1,015
Students Against Drunk Driving	420	1,530	1,721	229
Varsity and Junior Varsity Boys' Basketball	694	799	662	831
Varsity and Junior Varsity Football	1,497	3,607	3,419	1,685
Varsity and Junior Varsity Girls' Basketball	211	921	1,132	0
Varsity and Junior Varsity Baseball	448	801	666	583
Varsity and Junior Varsity Softball	258	626	120	764
Varsity and Junior Varsity Track	204	101	293	12
Varsity and Junior Varsity Volleyball	935	1,175	433	1,677
Varsity Cheerleaders	294	6,236	6,185	345
Pencil and Paper HS	91	61	0	152
General Mills Grant	2,480	9,550	4,026	8,004
MASB	0	4,000	0	4,000
HS Sunshine Fund	27	0	0	27
Total High School	17,200	56,678	41,358	32,520
Total Elementary, Administrative and High School	\$ 49,287	\$ 78,922	\$ 65,209	\$ 63,000
Represented By				
Assets				
Elementary and Administrative				
Cash	\$ 32,087			\$ 30,480
High School				
Cash	17,200			32,520
	\$ 49,287			\$ 63,000
Liabilities				
Due to Groups and Organizations	\$ 49,287			\$ 63,000

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
1998 BOND ISSUE - DURANT SETTLEMENT

JUNE 30, 2013

<u>TITLE OF ISSUE</u>	1998 School Improvement Bond	
<u>PURPOSE</u>	For purposes permitted in Section 1352(1) of Act-451, Public Acts of Michigan	
<u>DATE OF ISSUE</u>	November 24, 1998	
<u>INTEREST PAYABLE</u>	May 15th of each year	
<u>AMOUNT OF ISSUE</u>		\$ 60,497
<u>AMOUNT REDEEMED</u>		
Prior to Current Year	\$ 56,442	
During Current Year	4,055	60,497
		<hr/>
<u>BALANCE OUTSTANDING</u> - June 30, 2013		<u>\$ 0</u>

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2005 ENERGY CONSERVATION IMPROVEMENT BONDS

JUNE 30, 2013

<u>TITLE OF ISSUE</u>	2005 Energy Conservation Improvement Bonds		
<u>PURPOSE</u>	The bonds are issued for the purpose of paying the cost of certain energy conservation projects for the District's facilities.		
<u>DATE OF ISSUE</u>	April 15, 2005		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>			\$ 375,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$ 135,000	
During Current Year		25,000	160,000
<u>BALANCE OUTSTANDING - June 30, 2013</u>			<u><u>\$ 215,000</u></u>

<u>DUE DATES</u>	INTEREST	Requirements		
	RATE	Principal	Interest	Total
November 1, 2013			\$ 5,161	\$ 5,161
May 1, 2014	4.550 %	\$ 25,000	5,161	30,161
November 1, 2014			4,592	4,592
May 1, 2015	4.600 %	25,000	4,592	29,592
November 1, 2015			4,017	4,017
May 1, 2016	4.750 %	30,000	4,017	34,017
November 1, 2016			3,304	3,304
May 1, 2017	4.850 %	30,000	3,304	33,304
November 1, 2017			2,577	2,577
May 1, 2018	4.875 %	35,000	2,577	37,577
November 1, 2018			1,724	1,724
May 1, 2019	4.900 %	35,000	1,724	36,724
November 1, 2019			866	866
May 1, 2020	4.950 %	35,000	866	35,866
		<u>\$ 215,000</u>	<u>\$ 44,482</u>	<u>\$ 259,482</u>

MARION PUBLIC SCHOOLS

MARION, MICHIGAN

BOND PAYMENT SCHEDULE

2005 ENERGY CONSERVATION IMPROVEMENT BONDS

JUNE 30, 2013

DENOMINATIONS

\$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

The bonds or portions of bonds in multiples of \$5,000, maturing on or after May 1, 2016 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2015, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied within the constitutional and statutory tax limitations of the District.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2006 SCHOOL BUILDING AND SITE BONDS

JUNE 30, 2013

<u>TITLE OF ISSUE</u>	2006 School Building and Site Bonds		
<u>PURPOSE</u>	Partially remodeling school facilities; and developing and improving sites related to the remodeling.		
<u>DATE OF ISSUE</u>	January 26, 2006		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>		\$	2,365,000
Amount Redeemed Prior Years	\$	175,000	
Amount Redeemed During Current Year		35,000	210,000
<u>BALANCE OUTSTANDING - June 30, 2013</u>		\$	<u>2,155,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2013			\$ 43,192	\$ 43,192
May 1, 2014	3.900 %	\$ 35,000	43,193	78,193
November 1, 2014			42,510	42,510
May 1, 2015	3.900 %	35,000	42,510	77,510
November 1, 2015			41,828	41,828
May 1, 2016	3.900 %	40,000	41,828	81,828
November 1, 2016			41,048	41,048
May 1, 2017	3.900 %	45,000	41,048	86,048
November 1, 2017			40,170	40,170
May 1, 2018	3.900 %	50,000	40,170	90,170
November 1, 2018			39,195	39,195
May 1, 2019	3.900 %	60,000	39,195	99,195
November 1, 2019			38,025	38,025
May 1, 2020	3.900 %	80,000	38,025	118,025
November 1, 2020			36,465	36,465
May 1, 2021	3.900 %	260,000	36,465	296,465
November 1, 2021			31,395	31,395

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2006 SCHOOL BUILDING AND SITE BONDS

JUNE 30, 2013

<u>DUE DATES</u>	<u>INTEREST</u>	<u>Requirements</u>		
	<u>RATE</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2022	4.000 %	375,000	31,395	406,395
November 1, 2022			23,895	23,895
May 1, 2023	4.000 %	385,000	23,895	408,895
November 1, 2023			16,195	16,195
May 1, 2024	4.100 %	390,000	16,195	406,195
November 1, 2024			8,200	8,200
May 1, 2025	4.100 %	400,000	8,200	408,200
		<u>\$ 2,155,000</u>	<u>\$ 804,237</u>	<u>\$ 2,959,237</u>

DENOMINATIONS

\$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTIONS PRIOR TO MATURITY

The bonds or portions of bonds in multiples of \$5,000, maturing in the year 2020 and thereafter, shall be subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any payment occurring on or after May 1, 2015, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the school District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2006 REFUNDING BONDS

JUNE 30, 2013

<u>TITLE OF ISSUE</u>	2006 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds		
<u>DATE OF ISSUE</u>	January 26, 2006		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>		\$	1,410,000
Amount Redeemed Prior Years	\$	245,000	
Amount Redeemed During Current Year		110,000	355,000
			355,000
<u>BALANCE OUTSTANDING - June 30, 2013</u>		\$	1,055,000

<u>DUE DATES</u>	<u>INTEREST</u>	<u>Requirements</u>		
	<u>RATE</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2013			\$ 20,324	\$ 20,324
May 1, 2014	3.600 %	\$ 120,000	20,324	140,324
November 1, 2014			18,164	18,164
May 1, 2015	3.650 %	135,000	18,164	153,164
November 1, 2015			15,700	15,700
May 1, 2016	3.800 %	145,000	15,700	160,700
November 1, 2016			12,945	12,945
May 1, 2017	3.800 %	155,000	12,945	167,945
November 1, 2017			10,000	10,000
May 1, 2018	4.000 %	165,000	10,000	175,000
November 1, 2018			6,700	6,700
May 1, 2019	4.000 %	170,000	6,700	176,700
November 1, 2019			3,300	3,300
May 1, 2020	4.000 %	165,000	3,300	168,300
			\$ 1,055,000	\$ 1,229,266

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2006 REFUNDING BONDS

JUNE 30, 2013

DENOMINATIONS

\$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTIONS PRIOR TO MATURITY

The bonds or portions of bonds in multiples of \$5,000, maturing in the year 2017 and thereafter, shall be subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any payment occurring on or after May 1, 2015, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the school District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2010 REFUNDING BONDS

JUNE 30, 2013

<u>TITLE OF ISSUE</u>	2010 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	March 11, 2010		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>		\$	900,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$	135,000
During Current Year			210,000
			210,000
<u>BALANCE OUTSTANDING - June 30, 2013</u>		\$	690,000

<u>DUE DATES</u>	<u>INTEREST</u>	<u>Requirements</u>		
	<u>RATE</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2013			\$ 12,874	\$ 12,874
May 1, 2014	2.750 %	\$ 85,000	12,874	97,874
November 1, 2014			11,705	11,705
May 1, 2015	3.000 %	90,000	11,705	101,705
November 1, 2015			10,355	10,355
May 1, 2016	3.500 %	95,000	10,355	105,355
November 1, 2016			8,693	8,693
May 1, 2017	3.750 %	90,000	8,692	98,692
November 1, 2017			7,005	7,005
May 1, 2018	4.000 %	85,000	7,005	92,005
November 1, 2018			5,305	5,305
May 1, 2019	4.200 %	85,000	5,305	90,305
November 1, 2019			3,520	3,520
May 1, 2020	4.300 %	80,000	3,520	83,520
November 1, 2020			1,800	1,800
May 1, 2021	4.500 %	80,000	1,800	81,800
			\$ 690,000	\$ 122,513
			\$ 690,000	\$ 812,513

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2010 REFUNDING BONDS

JUNE 30, 2013

DENOMINATIONS

\$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

The bonds or portions of bonds in multiples of \$5,000, maturing on or after May 1, 2020 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2019, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the school District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2012 SCHOOL BUS BONDS

JUNE 30, 2013

<u>TITLE OF ISSUE</u>	2012 School Bus Bonds		
<u>PURPOSE</u>	Purchasing school buses and radio equipment for the new school buses.		
<u>DATE OF ISSUE</u>	November 1, 2012		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>		\$	410,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$	0
During Current Year			45,000
			<u>45,000</u>
<u>BALANCE OUTSTANDING - June 30, 2013</u>		\$	<u>365,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2013			\$ 3,741	\$ 3,741
May 1, 2014	2.050 %	\$ 55,000	3,741	58,741
November 1, 2014			3,178	3,178
May 1, 2015	2.050 %	60,000	3,177	63,177
November 1, 2015			2,563	2,563
May 1, 2016	2.050 %	60,000	2,562	62,562
November 1, 2016			1,948	1,948
May 1, 2017	2.050 %	60,000	1,947	61,947
November 1, 2017			1,333	1,333
May 1, 2018	2.050 %	65,000	1,332	66,332
November 1, 2018			667	667
May 1, 2019	2.050 %	65,000	666	65,666
		<u>\$ 365,000</u>	<u>\$ 26,855</u>	<u>\$ 391,855</u>

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2012 SCHOOL BUS BONDS

JUNE 30, 2013

DENOMINATIONS

\$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

The bonds of this issue shall not be subject to redemption prior to maturity.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

