

**Bullock Creek School District**

**Midland, Michigan**

**Annual Financial Statements  
and  
Independent Auditors' Report**

**June 30, 2014**

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**Bullock Creek School District**  
**Members of the Board of Education and Administration**  
**June 30, 2014**

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Members of the Board of Education

James Nemeth	President
Nelson Terburgh	Vice President
Henry Mashue	Treasurer
Holly Miller	Secretary
Joel Beeck	Trustee
Scott Cain	Trustee
Jill Derry	Trustee

Administration

Charles Schwedler	Superintendent
Julie Pierce	Director of Business Services

## Independent Auditors' Report

Management and the Board of Education  
Bullock Creek School District

### 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 Bullock Creek School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School 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.

### *Auditors' 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 auditors' 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 Bullock Creek School District, as of June 30, 2014, 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.

## **Other Matters:**

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 the Bullock Creek School District's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplemental 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, other than the prior year information, the other supplemental information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Prior Year Information***

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Bullock Creek School District's financial statements as of and for the year ended June 30, 2013, which are not presented with the

accompanying financial statements. In our report dated October 16, 2013, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bullock Creek School District's financial statements as a whole. The 2013 information in the comparative supplemental schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 information in the comparative supplemental schedules are fairly stated in all material respects in relation to the financial statements from which they have been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014 on our consideration of Bullock Creek School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Bullock Creek School District's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

October 21, 2014  
Saginaw, Michigan

## MANAGEMENT'S DISCUSSION AND ANALYSIS



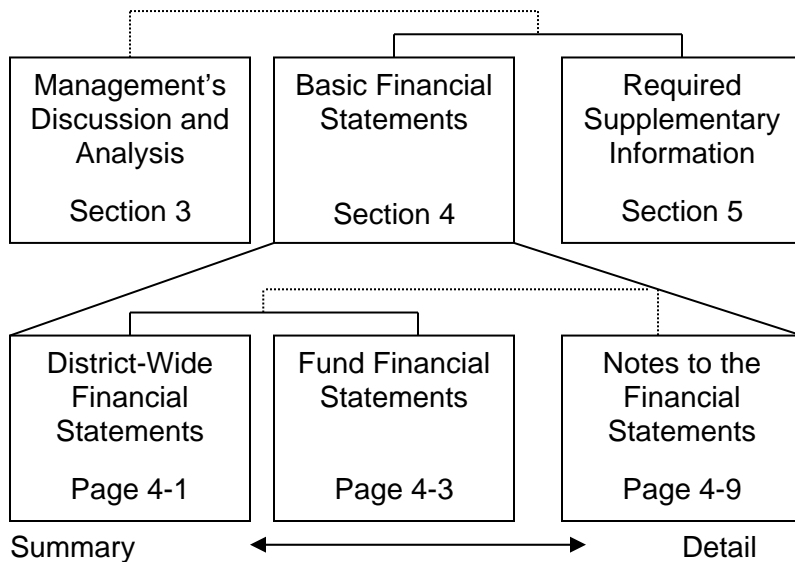
**Bullock Creek School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

The following discussion and analysis of the Bullock Creek School District's financial performance provides an overall review of the District's financial activities and position for the fiscal year ended June 30, 2014. Readers should also review the financial statements, the notes to the financial statements and the supplementary information to enhance their understanding of the District's financial performance.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplemental information. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The overall organization of this report is shown in Figure A-1.

**Figure A-1  
Bullock Creek School District  
Organization of Annual Financial Report**



The basic financial statements include two kinds of statements that present different views of the District: the district-wide financial statements and the fund financial statements.

**District-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

**Bullock Creek School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Bullock Creek School District include Capital Project Funds, Fiduciary Funds, Debt Service Funds and a Special Revenue Fund for Food Service.

Bullock Creek School District is the trustee, or fiduciary, for its student activity funds established for the benefit of our students. These fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Financial Analysis of the District as a Whole**

**Summary of Net Position**

	<b>Governmental Activities</b>		
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Change</b>
<b>Assets</b>			
Current assets	\$ 8,787,001	\$ 11,039,838	\$ (2,252,837)
Capital assets	32,697,865	30,640,150	2,057,715
Less accumulated depreciation	<u>(13,312,531)</u>	<u>(12,415,949)</u>	<u>(896,582)</u>
Capital assets			
net book value	<u>19,385,334</u>	<u>18,224,201</u>	<u>1,161,133</u>
Deferred outflows of resources	<u>416,463</u>	<u>463,156</u>	<u>(46,693)</u>
Total assets	<u>28,588,798</u>	<u>29,727,195</u>	<u>(1,138,397)</u>
<b>Liabilities</b>			
Current liabilities	5,505,213	5,797,166	(291,953)
Noncurrent liabilities	<u>13,278,072</u>	<u>14,716,469</u>	<u>(1,438,397)</u>
Total liabilities	<u>18,783,285</u>	<u>20,513,635</u>	<u>(1,730,350)</u>
<b>Net Position</b>			
Net investment in			
capital assets	6,866,694	6,933,430	(66,736)
Restricted	1,243,864	508,825	735,039
Unrestricted	<u>1,694,955</u>	<u>1,771,305</u>	<u>(76,350)</u>
Total net position	<u>\$ 9,805,513</u>	<u>\$ 9,213,560</u>	<u>\$ 591,953</u>

Unrestricted net position is similar but not identical to fund balance. Reserves for grants, deferred gifts and debt service within the fund balance are treated as restricted assets since they are not available for general operations. A reconciliation of the difference between increased net position and an increase in fund balance is on page 4-7.

The net position for the District increased by \$591,953 during the 2013-2014 year. The *Statement of Net Position from Operating Results* (below) shows the details of this change.

**Bullock Creek School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

The *Statement of Changes in Net Position from Operating Results* (below) shows the change from another perspective. As shown in the *Summary of Net Position*, the majority of the change in total assets is due to a decrease in assets, associated with a decrease in cash from the use of bond proceeds. The net change in total liabilities is a decrease, which is related to the decrease in bonds payable associated with the principal payments made by the District in 2013-2014.

**Statement of Changes in Net Position from Operating Results**

	Governmental Activities		
	Year ended 2014	Year ended 2013	Difference
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 334,160	\$ 431,007	\$ (96,847)
Operating Grants/Contributions	3,411,247	4,177,681	(766,434)
Capital Grants/Contributions	55,250	5,171	50,079
General Revenues			
Property Taxes	3,612,692	2,645,128	967,564
State Foundation Allowance	12,062,806	12,200,880	(138,074)
Other	711,985	208,190	503,795
<b>Total Revenues</b>	<u>20,188,140</u>	<u>19,668,057</u>	<u>520,083</u>
<b>Expenses</b>			
Instruction	12,181,647	11,996,194	185,453
Support Services	6,118,286	5,982,484	135,802
Food Services	806,237	767,516	38,721
Community Services	-	27	(27)
Other Transactions	490,017	525,006	(34,989)
<b>Total Expenses</b>	<u>19,596,187</u>	<u>19,271,227</u>	<u>324,960</u>
<b>Change in Net Position</b>	<u>\$ 591,953</u>	<u>\$ 396,830</u>	<u>\$ 195,123</u>

Approximately 81% of the District's revenues are received from State sources. The Net State Foundation Grant is based on three variables:

1. The State of Michigan State Aid Act per student foundation allowance.
2. Student enrollment calculated by blending 90 percent of the current year's fall count and 10 percent of the prior year's winter count.
3. The amount raised by the District's non principal residence exemption tax levy of 18 mills.

**The School District's Funds**

At June 30, 2014, the District's governmental funds reported a combined fund balance of \$3,350,016 which is a decrease of \$2,062,264 from last year. The primary reasons for the decrease are:

- In the General Fund, our principal operating fund, the fund balance decreased by \$223,638. The decrease is \$299,441 less than the budgeted decrease in fund balance. This is the result of conservative spending in the areas of insurance, supplies and purchased services from the original budget. In addition, overall revenue was slightly higher than expected due to the timing of Medicaid revenues passed thru from the Midland County Educational Service Agency. The reserves and designations of fund balance are identified on page 4-3. By law, the portion of the fund balance restricted for other purposes is unavailable for school operations.
- A 2012 Capital Projects Fund was created through the issuance of \$3.485 million in bonds which will be used for capital related projects. During 2013-2014, a total of \$2,007,815 of the bond proceeds were expended on the purchase of new busses and technology equipment as well as towards the building improvements completed during 2013-2014.
- In the Special Revenue Funds, the Food Service fund balance increased by \$19,038. This was part of a planned reduction in

**Bullock Creek School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

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in expenditures, mainly in food costs as adjustments were constantly made to find economical solutions to the increased regulations from the USDA. An increase in federal funding for reimbursable meals as well as conservative spending in the areas of supplies and purchased services also contributed to this gain.

- The Debt Service Funds showed an increase of \$150,860 in combined fund balances. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond-issue related debt service. The fund balance of the Debt Service is restricted since it can only be used for future debt service obligations.

**Per Student Foundation Allowance**

Annually, the State of Michigan establishes the per student foundation allowance. In 2013/14 the State was unable to fully fund the Bullock Creek School District foundation allowance of \$7,026 per pupil.

**Student Enrollment**

The District's student enrollment for the fall count of 2013-2014 was 1,880 students. This is a decrease of 53 students from the previous September. While the District has seen an overall decrease in students, it continues to have a strong school of choice population. This is due, in part, to the District offering some unique programs that other area schools do not offer such as Nature Kindergarten and a Young Fives program. The following summarizes fall student enrollments in the past five years:

**Enrollment History**

Year	Student FTE	FTE Change from Prior Year
2013-2014	1,880	(53)
2012-2013	1,933	(49)
2011-2012	1,982	(12)
2010-2011	1,994	6
2009-2010	1,988	(36)

Preliminary student enrollment projections for 2014-2015 indicate that enrollments are likely to decrease as compared to 2013-2014. The District uses county birthrates, current enrollment, and community factors as part of this forecast.

**Property Taxes Levied for General Operations**

The District levies 18.0 mills of property taxes on non principal residence exemption properties and 6.0 mills on Commercial personal property for operations (General Fund). Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at lesser of the rate of the prior year's Consumer Price Index increase or 5 percent. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value. The following summarizes the local tax revenues as a percent of all general fund revenues for the past five years:

**Bullock Creek School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

**Local Property Tax History**

Year	Local Property Tax Revenue	% of General Fund Revenue
2013-2014	\$ 853,744	4.9%
2012-2013	853,070	5.0%
2011-2012	838,848	4.9%
2010-2011	832,755	4.8%
2009-2010	879,095	5.1%

**Capital Assets**

At June 30, 2014, the District had \$19,385,334 invested in capital assets including land, construction in progress, buildings, furniture, and equipment.

<b>Assets</b>	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Land and construction in progress	\$ 212,611	\$ 505,103
Buildings and additions	29,316,252	27,218,179
Equipment and furniture	962,303	959,703
Buses and other vehicles	2,206,699	1,957,165
Subtotal	32,697,865	30,640,150
Less accumulated depreciation	(13,312,531)	(12,415,949)
<b>Total</b>	<b>\$ 19,385,334</b>	<b>\$ 18,224,201</b>

**Debt Administration**

At June 30, 2014, the District had \$12,610,000 in general obligation bonds outstanding for capital projects. During the 2013-2014 fiscal year, the District levied a debt millage of 7.0 mills that generated revenue of \$1,930,958 and was based on the taxable value of all properties within the District. The revenue raised by the debt levy is used to pay maturities on the general obligation bonds.

The School District's general obligation bond rating continues to be equivalent to the State's credit rating.

For more detailed information on debt, please see the accompanying Notes to the Financial Statements (page 4-16).

**Original versus Revised Budget**

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2013-2014 was approved on June 17, 2013 and amended in January and June of 2014.

**General Fund Revenues**

Total Revenues Revised Budget	\$ 17,373,791
Total Revenues Original Budget	<u>16,947,107</u>
Change	<u>\$ 426,684</u>

The District's actual general fund revenues were more than the revised budget by \$55,265, a variance of about than 0.32%.

Some of the significant revenue budget adjustments for the year include:

- An increase in Medicaid money passed through from the Midland County Education Service Agency of \$113,924 due to prior year claims being filed.
- An increase in State Aid of \$103,135, primary due to the receipt of the Best Practices revenue.
- An increase in local revenue of \$127,601 due to Consumers energy rebates based on energy improvements completed by the District.

**Bullock Creek School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

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**General Fund Expenditures**

Total Expenditures Revised Budget	\$ 17,884,507
Total Expenditures Original Budget	<u>18,233,377</u>
Change	<u>\$ (348,870)</u>

the money it receives. Questions concerning this report or requests for additional information should be addressed to: Director of Business Services, Bullock Creek School District, 1420 South Badour Road, Midland, MI 48640; telephone number 989-631-9022.

The District's actual general fund expenditures were less than the revised budget by \$265,892, a variance of 1.5%.

The significant expenditure budget adjustment for the year includes:

- A decrease in the Special Education Tuition billing and other charges from Midland County Educational Service Agency of \$104,451.
- The remaining items were related to either minor changes in programs or benefits costs based on personnel changes along with savings in supplies and contracted services.

**Economic Factors and Next Year's Budget and Rates**

Since most of the District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. The other key factor in determining revenue is the actual per pupil foundation allowance established in the State Aid Act. The Board of Education was required by law to approve the 2014-2015 budget by July 1, 2014. The District budget was based on a per pupil foundation allowance of \$7,126.

**Requests for Information**

This financial report is designed to give our citizens, taxpayers, parents, students, investors and creditors a general overview of the District's finances and to demonstrate the District's accountability for

## BASIC FINANCIAL STATEMENTS

**Bullock Creek School District**  
**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 5,536,203
Due from other governmental units	3,232,754
Prepaid items	18,044
Capital assets not being depreciated	212,611
Capital assets - net of accumulated depreciation	19,172,723
Total assets	28,172,335
 <b>Deferred Outflows of Resources</b>	
Deferred amount on debt refunding	416,463
Total assets and deferred outflows of resources	28,588,798
 <b>Liabilities</b>	
Accounts payable	342,460
State aid anticipation note payable	3,200,000
Payroll deductions and withholdings	26,220
Accrued expenditures	498,368
Accrued salaries payable	913,919
Unearned revenue	524,246
Noncurrent liabilities	
Due within one year	1,488,915
Due in more than one year	11,789,157
Total liabilities	18,783,285
 <b>Net Position</b>	
Net investment in capital assets	6,866,694
Restricted for:	
Debt service	425,562
Capital projects	633,369
Food service	184,933
Unrestricted	1,694,955
Total net position	\$ 9,805,513

See Accompanying Notes to Financial Statements



**Bullock Creek School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 12,181,647	\$ -	\$ 2,189,449	\$ 7,833	\$ (9,984,365)
Supporting services	6,118,286	86,582	651,925	47,417	(5,332,362)
Food services	806,237	247,578	569,873	-	11,214
Interest on long-term debt	490,017	-	-	-	(490,017)
Total governmental activities	\$ 19,596,187	\$ 334,160	\$ 3,411,247	\$ 55,250	(15,795,530)
General revenues					
Property taxes, levied for general purposes					1,681,734
Property taxes, levied for debt service					1,930,958
State aid - unrestricted					12,062,806
Interest and investment earnings					7,565
Other					704,420
Total general revenues					16,387,483
Change in net position					591,953
Net position - beginning					9,213,560
Net position - ending					\$ 9,805,513

See Accompanying Notes to Financial Statements

**Bullock Creek School District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2014**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 4,257,101	\$ 1,279,102	\$ 5,536,203
Due from other funds	-	155,641	155,641
Due from other governmental units	3,201,213	31,541	3,232,754
Prepaid items	18,044	-	18,044
Total assets	<u>\$ 7,476,358</u>	<u>\$ 1,466,284</u>	<u>\$ 8,942,642</u>
<b>Liabilities</b>			
Accounts payable	\$ 333,195	\$ 9,265	\$ 342,460
State aid anticipation note payable	3,200,000	-	3,200,000
Due to other funds	143,701	11,940	155,641
Payroll deductions and withholdings	26,220	-	26,220
Accrued expenditures	430,140	-	430,140
Accrued salaries payable	913,919	-	913,919
Unearned revenue	524,018	228	524,246
Total liabilities	<u>5,571,193</u>	<u>21,433</u>	<u>5,592,626</u>
<b>Fund Balance</b>			
Non-spendable:			
Prepaid items	18,044	-	18,044
Restricted for:			
Debt service	-	493,790	493,790
Capital projects	-	633,369	633,369
Food service	-	184,933	184,933
Committed for:			
Purchase of textbooks	100,000	-	100,000
PPACA implementation	200,000	-	200,000
Future year budget	745,059	-	745,059
Assigned for:			
Capital projects	-	132,759	132,759
Unassigned	842,062	-	842,062
Total fund balance	<u>1,905,165</u>	<u>1,444,851</u>	<u>3,350,016</u>
Total liabilities and fund balance	<u>\$ 7,476,358</u>	<u>\$ 1,466,284</u>	<u>\$ 8,942,642</u>

See Accompanying Notes to Financial Statements

**Bullock Creek School District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2014**

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<b>Total fund balances for governmental funds</b>	\$ 3,350,016
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets not being depreciated	212,611
Capital assets - net of accumulated depreciation	19,172,723
Deferred outflows of resources resulting from debt refunding	416,463
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(68,228)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(342,969)
Bonds payable	(12,723,787)
Capital lease payable	<u>(211,316)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 9,805,513</u></b>

**Bullock Creek School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Local sources	\$ 1,263,398	\$ 2,152,906	\$ 3,416,304
State sources	14,128,201	37,762	14,165,963
Federal sources	667,347	523,416	1,190,763
Interdistrict sources	<u>1,370,110</u>	<u>45,000</u>	<u>1,415,110</u>
Total revenues	<u>17,429,056</u>	<u>2,759,084</u>	<u>20,188,140</u>
<b>Expenditures</b>			
Current			
Education			
Instruction	11,765,842	-	11,765,842
Supporting services	5,737,125	-	5,737,125
Food services	-	796,173	796,173
Capital outlay	31,733	2,009,850	2,041,583
Debt service			
Principal	68,180	1,370,000	1,438,180
Interest and other expenditures	<u>15,735</u>	<u>455,766</u>	<u>471,501</u>
Total expenditures	<u>17,618,615</u>	<u>4,631,789</u>	<u>22,250,404</u>
Excess (deficiency) of revenues over expenditures	<u>(189,559)</u>	<u>(1,872,705)</u>	<u>(2,062,264)</u>

See Accompanying Notes to Financial Statements

**Bullock Creek School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	\$ 18,741	\$ 136,939	\$ 155,680
Transfers out	<u>(52,820)</u>	<u>(102,860)</u>	<u>(155,680)</u>
Total other financing sources (uses)	<u>(34,079)</u>	<u>34,079</u>	<u>-</u>
Net change in fund balance	(223,638)	(1,838,626)	(2,062,264)
Fund balance - beginning	<u>2,128,803</u>	<u>3,283,477</u>	<u>5,412,280</u>
Fund balance - ending	<u>\$ 1,905,165</u>	<u>\$ 1,444,851</u>	<u>\$ 3,350,016</u>

See Accompanying Notes to Financial Statements

**Bullock Creek School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2014**

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ (2,062,264)</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(897,802)
Capital outlay	2,076,015
Disposal of capital assets (net book value)	(17,080)
Expenses are recorded when incurred in the statement of activities.	
Interest	7,675
Benefit claims	93,705
Compensated absences	(20,285)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	1,438,180
Amortization of deferred amount on refunding	(46,693)
Amortization of bond premium	<u>20,502</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 591,953</u></b>

**Bullock Creek School District**  
**Fiduciary Funds**  
**Statement of Assets and Liabilities**  
**June 30, 2014**

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash	\$ <u>184,742</u>
<b>Liabilities</b>	
Accounts payable	\$ 8,398
Due to agency fund activities	<u>176,344</u>
Total liabilities	<u>\$ 184,742</u>

See Accompanying Notes to Financial Statements

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Reporting Entity**

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

**District-wide Financial Statements**

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

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

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

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

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

**Fund Financial Statements**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as



**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The School District reports the following major governmental funds:

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

Additionally, the School District reports the following fund types:

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

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Capital Projects Funds – Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring busses, technology equipment, and for building and site improvements and remodeling. The

funds are kept open until the purpose for which the fund was created has been accomplished.

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

**Assets, Liabilities and Equity**

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2014, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	7.00000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. All of the of the School District's tax roll lies within Midland County.

The property tax levy runs from July 1 to June 30 in the City of Midland and January 1 to December 31 in the County. Property taxes become a lien on the first day of the levy year and are due on

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Midland County and remitted to the School District by May 15.

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

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

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

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Compensated Absences – Sick days are earned at a rate determined by their job category, for most employees this is at the rate of twelve days per school year. Unlimited unused sick days may be accumulated by an employee. Retiring employees who meet certain criteria are paid for accumulated sick days at a rate determined by their job category. There is no contractual provision for payment of unused vacation days. They may be used for vacation only.

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

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

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

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

Non-spendable – amounts that are not available in a spendable form.

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

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Eliminations and Reclassifications**

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

**Compliance – Bond Proceeds**

The Capital Projects Funds include project activities funded with bonds issued after May 1, 1994. The following is a summary of the revenue and expenditures in the 2012 Capital Project Fund from the inception of the funds through the current fiscal year:

	2012 Capital Projects Fund
Revenues	\$ 3,057
Expenditures	(2,817,183)
Other Financing Sources	3,447,495
	\$ 633,369

**Upcoming Accounting and Reporting Changes**

The Government Accounting Standards Board ("The GASB") has issued Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability will be recorded on the government-wide statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

implementation of Statement 68 by employers and non-employer contributing entities. The District is evaluating the impact these standards will have on its financial reporting. Statements 68 and 71 are effective for the year ending June 30, 2015.

The GASB has also issued Statement 69, *Government Combinations and Disposals of Government Operations*. Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. Statement 69 is effective for the year ending June 30, 2015.

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

**Budgetary Information**

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

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

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

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

**Excess of Expenditures over Appropriations**

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 8,437,137	\$ 8,609,369	\$ 172,232
Instructional staff	710,301	715,128	4,827
Operations and maintenance	1,234,000	1,236,668	2,668
Central	103,429	146,261	42,832
Capital outlay	18,295	31,733	13,438

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 5,536,203	\$ 184,742	\$ 5,720,945

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	<u>\$ 5,720,945</u>
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*Interest rate risk* – The District will minimize this risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; and investing operating funds primarily in short-term securities, liquid asset funds, money market mutual funds, or similar investment pools limiting the average maturity in accordance with the District's cash requirements.

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

*Concentration of credit risk* – The District will minimize concentration of credit risk by diversifying the investment portfolio so that the

impact of potential losses from any 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 District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$ 6,129,690 of the District's bank balance of \$ 5,879,690 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTE 4 - CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 212,611	\$ -	\$ -	\$ 212,611
Construction in progress	292,492	-	(292,492)	-
Total capital assets not being depreciated	<u>505,103</u>	<u>-</u>	<u>(292,492)</u>	<u>212,611</u>
Capital assets being depreciated				
Buildings and additions	27,218,179	2,098,073	-	29,316,252
Equipment and furniture	959,703	20,900	(18,300)	962,303
Buses and other vehicles	1,957,165	249,534	-	2,206,699
Total capital assets being depreciated	<u>30,135,047</u>	<u>2,368,507</u>	<u>(18,300)</u>	<u>32,485,254</u>
Less accumulated depreciation for				
Buildings and additions	(10,721,397)	(618,307)	-	(11,339,704)
Equipment and furniture	(335,243)	(94,524)	1,220	(428,547)
Buses and other vehicles	(1,359,309)	(184,971)	-	(1,544,280)
Total accumulated depreciation	<u>(12,415,949)</u>	<u>(897,802)</u>	<u>1,220</u>	<u>(13,312,531)</u>
Net capital assets being depreciated	<u>17,719,098</u>	<u>1,470,705</u>	<u>(17,080)</u>	<u>19,172,723</u>
Net capital assets	<u>\$ 18,224,201</u>	<u>\$ 1,470,705</u>	<u>\$ (309,572)</u>	<u>\$ 19,385,334</u>

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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

<b>Governmental activities</b>	
Instruction	\$ 523,657
Support services	364,081
Food services	<u>10,064</u>
Total governmental activities	<u><u>\$ 897,802</u></u>

As of year end, the School District had the following construction contracts in progress:

Project	Remaining Construction		Contract Payable at Year End
	Total Contract	Commitment at Year End	
Construction project	\$ 3,447,495	\$ 568,465	<u>\$ -</u>

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

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General Fund	Other governmental funds	\$ 143,701
Other governmental funds	Other governmental funds	<u>11,940</u>
		<u><u>\$ 155,641</u></u>

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

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

Interfund transfers consist of the following:

	<u>Transfers Out</u>		
	General Fund	Other Governmental Funds	Total
<b>Transfers in</b>			
General Fund	\$ -	\$ 18,741	\$ 18,741
Other governmental funds	<u>52,820</u>	<u>84,119</u>	<u>136,939</u>
	<u><u>\$ 52,820</u></u>	<u><u>\$ 102,860</u></u>	<u><u>\$ 155,680</u></u>

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities and also to cover debt service payments.

**NOTE 6 - UNEARNED REVENUE**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

	<u>Unearned</u>
Grant, categorical aid, and food service payments received prior to meeting all eligibility requirements	<u><u>\$ 524,246</u></u>

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 7 - LEASES**

**Capital Leases**

The School District has a capital lease for copy machines. The future minimum lease payments are as follows:

<u>Year ending June 30,</u>		
2015	\$	83,915
2016		83,915
2017		<u>62,992</u>
Total minimum lease payments		230,822
Less amount representing interest		<u>19,506</u>
Present value of minimum lease payments		<u><u>\$ 211,316</u></u>

The assets acquired through capital leases are as follows:

Asset		
Equipment and furniture	\$	358,859
Less accumulated depreciation		<u>155,506</u>
Total	\$	<u><u>203,353</u></u>

**NOTE 8 - STATE AID ANTICIPATION NOTE**

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

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

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 2,900,000</u>	<u>\$ 3,200,000</u>	<u>\$ 2,900,000</u>	<u>\$ 3,200,000</u>

**NOTE 9 - LONG-TERM DEBT**

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

Long-term obligation activity is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Government obligation bonds	\$ 13,980,000	\$ -	\$ (1,370,000)	\$ 12,610,000	\$ 1,405,000
Capital lease	279,496	-	(68,180)	211,316	83,915
Compensated absences	322,684	20,285	-	342,969	-
Premium on bonds	134,289	-	(20,502)	113,787	-
Total	<u>\$ 14,716,469</u>	<u>\$ 20,285</u>	<u>\$ (1,458,682)</u>	<u>\$ 13,278,072</u>	<u>\$ 1,488,915</u>

Deferred amount on refunding activity is summarized as follows:

Deferred amount on refunding	<u>\$ (463,156)</u>	<u>\$ -</u>	<u>\$ 46,693</u>	<u>\$ (416,463)</u>	<u>\$ -</u>
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For governmental activities, compensated absences and the capital lease are primarily liquidated by the general fund.

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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

\$6,200,000 refunding bond due in annual installments of \$540,000 to \$595,000 through May 1, 2022, interest at 3.50% to 4.20%.	\$ 4,540,000
\$2,825,000 serial bond due in annual installments of \$435,000 to \$510,000 through May 1, 2016, interest at 3.00% to 3.05%.	945,000
\$2,640,000 refunding bond due in annual installments of \$15,000 to \$620,000 through May 1, 2026, interest at 3.625% to 4.250%.	2,515,000
\$330,000 energy conservation bond due in annual installments of \$40,000 through May 1, 2016, interest at 4.35% to 4.40%.	80,000
\$1,775,000 refunding bond due in annual installments of \$195,000 to \$230,000 through May 1, 2019, interest at 5.00%.	1,095,000
\$3,485,000 serial bond due in annual installments of \$125,000 to \$660,000 through May 1, 2021, interest at 0.65% to 1.75%.	<u>3,435,000</u>
Total general obligation bonded debt	<u><u>\$ 12,610,000</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,405,000	\$ 409,368	\$ 1,814,368
2016	1,545,000	362,396	1,907,396
2017	1,395,000	311,873	1,706,873
2018	1,420,000	273,418	1,693,418
2019	1,465,000	233,158	1,698,158
2020-2024	4,240,000	642,805	4,882,805
2025-2026	<u>1,140,000</u>	<u>71,100</u>	<u>1,211,100</u>
Total	<u><u>\$ 12,610,000</u></u>	<u><u>\$ 2,304,118</u></u>	<u><u>\$ 14,914,118</u></u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$425,562 to pay this debt. Future debt and interest will be payable from future tax levies.

**Compensated Absences**

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

**Defeased Debt**

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

The final payment date is May 1, 2022 and May 1, 2026 for the 2000 issue. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2000 Issue refunded in 2004	\$ 550,000
2000 Issue refunded in 2005	<u>550,000</u>
Total	<u><u>\$ 1,100,000</u></u>

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.



**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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**NOTE 10 - RISK MANAGEMENT**

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

The School District was no longer self insured for employee medical claims through Michigan Employee Health Insurance Pool (MieHIP) as of the current fiscal year. However, the School District continues to be a part of MieHIP in order to be eligible for a settlement through a joint lawsuit against MieHIP. There is currently no expected date for and no way to estimate the amount of the settlement.

The School District is self-insured for dental insurance. The School District has contracted with MEBS and NGS to process the dental claims and perform other administrative duties. According to the provisions of this program, the School District pays 70-100% of dental claims, up to \$800 for teachers and \$600 for all other eligible employees annually, to each covered employee and the remaining balance is paid by the employee. The School District evaluates the liability related to the dental claims at the end of each fiscal year. The liability is calculated, based upon claims already incurred and reported and an estimate of incurred but not reported claims, as provided by the administrator. For governmental activities, the liability for dental benefits is primarily liquidated by the general fund. The School District's balance of \$12,285 is deemed to be adequate to cover outstanding claims.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District had no

unemployment compensation expense for the year ended June 30, 2014. No provision has been made for possible future claims.

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

**Plan Description**

The School District has a group of defined benefit and defined contribution retirement plans covering substantially all employees. The plans are operated by the State of Michigan's Public School Employees' Retirement System (MPSERS), which is a cost-sharing multiple-employer public employee retirement system (PERS). The plans provide retirement, survivor and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive the benefits.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, under the authority established by the Michigan Public School Employees Retirement Act (Retirement Act), as enacted and amended by the Michigan Legislature. The Michigan Legislature has the authority to amend the Retirement Act. The Michigan Department of Technology, Management and Budget issues a publicly-available financial report that includes financial statements and required supplemental information for MPSERS. The report provides information for the plans as a whole and information helpful for understanding the scale of the information presented relative to the School District. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

Full details on each of these plans are available on the MPSERS website at the address provided above.

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Funding Policy**

Employer contributions to MPSERS result from the applying rules and applicable changes of the School Finance Reform Act. Accordingly, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. Depending on the plan selected, a plan member's contribution may range from 0% to 7% of their gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

For the period July 1, 2013 through September 30, 2013, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

For the period October 1, 2013 through June 30, 2014, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

The School District's required and actual contributions to the plans for the years ended June 30, 2014, 2013, and 2012 were approximately \$1,474,000, \$1,465,000, and \$1,388,000, respectively. Contributions made by the participants of the plan for the year ended June 30, 2014 were \$450,000.

**Post Employment Benefits**

In addition to the pension benefits described above, state law requires the District to provide post-retirement healthcare benefits for eligible retirees and beneficiaries through MPSERS.

The 2012 Retirement Reform included changes to retiree healthcare benefits. New employees hired after the effective date who elect this benefit are enrolled in the defined contribution Personal Healthcare Fund. This establishes a portable tax-deferred account in which the participant contributes 2% of their salary, and receives a 2% employer match. These funds can be used to pay for healthcare expenses in retirement.

Employees working prior to the enactment of the 2012 Retirement Reform have two options: (a) the Personal Healthcare Fund, or (b) the defined benefit Premium Subsidy benefit.

Employees electing the defined benefit Premium Subsidy benefit contribute 3% of their compensation, and the employer contributes

**Bullock Creek School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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an actuarially determined percent of payroll for all participants. Upon retirement members receive a premium subsidy towards health, dental and vision insurance. The subsidy is a percent of the premium cost, with the percentage varying based on several factors.

For the periods July 1, 2013 through September 30, 2013, and October 1, 2013 through June 30, 2014, the employer contribution rate ranged from 8.18% to 9.11% and 5.52% to 6.45%, respectively. See above two tables for rates.

The District's actual contributions match the required contributions for the years ended June 30, 2014, 2013, and 2012 and were approximately \$714,000, \$735,000, and \$739,000, respectively.

**Unfunded Accrued Actuarial Liability**

During the year ended June 30, 2014, the District had contributions in the amount of \$459,706 to the Michigan Public School Employee Retirement System (MPERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 4.56% for the year. These contributions are not included in the above tables.

**NOTE 12 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2014.

**NOTE 13 - SUBSEQUENT EVENT**

Subsequent to June 30, 2014, the School District has paid the balance of the \$3,200,000 and accrued interest on the short-term

state aid anticipation note borrowed on August 20, 2013 and has subsequently borrowed \$3,900,000 in short-term state aid anticipation notes through Chemical Bank with approval from the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the School District on August 20, 2015.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Bullock Creek School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 1,146,823	\$ 1,272,823	\$ 1,263,398	\$ (9,425)
State sources	14,049,882	14,200,568	14,128,201	(72,367)
Federal sources	707,747	699,098	667,347	(31,751)
Interdistrict sources	<u>1,042,655</u>	<u>1,201,302</u>	<u>1,370,110</u>	<u>168,808</u>
Total revenues	<u>16,947,107</u>	<u>17,373,791</u>	<u>17,429,056</u>	<u>55,265</u>
<b>Expenditures</b>				
Instruction				
Basic programs	8,551,930	8,437,137	8,609,369	172,232
Added needs	2,703,162	2,749,414	2,612,133	(137,281)
Adult and continuing education	579,273	557,773	544,340	(13,433)
Supporting services				
Pupil	1,073,535	1,008,535	744,103	(264,432)
Instructional staff	730,846	710,301	715,128	4,827
General administration	302,445	292,800	258,214	(34,586)
School administration	1,163,479	1,100,000	1,092,964	(7,036)
Business	304,901	304,901	285,360	(19,541)
Operations and maintenance	1,275,226	1,234,000	1,236,668	2,668
Pupil transportation services	1,044,141	1,000,000	992,923	(7,077)
Central	103,197	103,429	146,261	42,832
Athletics	268,219	242,000	224,123	(17,877)
Other	37,106	42,005	41,381	(624)
Capital outlay	12,000	18,295	31,733	13,438
Debt service				
Principal	64,010	64,010	68,180	4,170
Interest and fiscal charges	<u>19,907</u>	<u>19,907</u>	<u>15,735</u>	<u>(4,172)</u>
Total expenditures	<u>18,233,377</u>	<u>17,884,507</u>	<u>17,618,615</u>	<u>(265,892)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,286,270)</u>	<u>(510,716)</u>	<u>(189,559)</u>	<u>321,157</u>

**Bullock Creek School District  
 Required Supplemental Information  
 Budgetary Comparison Schedule - General Fund  
 For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 49,000	\$ 45,000	\$ 18,741	\$ (26,259)
Transfers out	<u>(57,363)</u>	<u>(57,363)</u>	<u>(52,820)</u>	<u>4,543</u>
Total other financing sources (uses)	<u>(8,363)</u>	<u>(12,363)</u>	<u>(34,079)</u>	<u>(21,716)</u>
Net change in fund balance	(1,294,633)	(523,079)	(223,638)	299,441
Fund balance - beginning	<u>2,128,803</u>	<u>2,128,803</u>	<u>2,128,803</u>	<u>-</u>
Fund balance - ending	<u>\$ 834,170</u>	<u>\$ 1,605,724</u>	<u>\$ 1,905,165</u>	<u>\$ 299,441</u>

## OTHER SUPPLEMENTAL INFORMATION

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**Bullock Creek School District  
Other Supplemental Information  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2014**

	Special	Debt Service Funds					Capital Projects Fund	2012	Total
	Revenue Funds	2004	2005	2009	2010	2012		Capital	
	Food Service	Refunding	Refunding	Debt	Refunding	Debt	Projects Fund	Projects Fund	Governmental Funds
<b>Assets</b>									
Cash	\$ 140,584	\$ 159,589	\$ 61,856	\$ 61,158	\$ 51,234	\$ 22,359	\$ 132,759	\$ 649,563	\$ 1,279,102
Due from other funds	18,047	61,861	9,224	40,001	19,241	7,267	-	-	155,641
Due from other governmental units	31,541	-	-	-	-	-	-	-	31,541
<b>Total assets</b>	<b>\$ 190,172</b>	<b>\$ 221,450</b>	<b>\$ 71,080</b>	<b>\$ 101,159</b>	<b>\$ 70,475</b>	<b>\$ 29,626</b>	<b>\$ 132,759</b>	<b>\$ 649,563</b>	<b>\$ 1,466,284</b>
<b>Liabilities and Fund Balance</b>									
<b>Liabilities</b>									
Accounts payable	\$ 5,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,254	\$ 9,265
Due to other funds	-	-	-	-	-	-	-	11,940	11,940
Unearned revenue	228	-	-	-	-	-	-	-	228
<b>Total liabilities</b>	<b>5,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,194</b>	<b>21,433</b>
<b>Fund Balance</b>									
Restricted for:									
Debt service	-	221,450	71,080	101,159	70,475	29,626	-	-	493,790
Capital projects	-	-	-	-	-	-	-	633,369	633,369
Food service	184,933	-	-	-	-	-	-	-	184,933
Assigned	-	-	-	-	-	-	132,759	-	132,759
<b>Total fund balance</b>	<b>184,933</b>	<b>221,450</b>	<b>71,080</b>	<b>101,159</b>	<b>70,475</b>	<b>29,626</b>	<b>132,759</b>	<b>633,369</b>	<b>1,444,851</b>
<b>Total liabilities and fund balance</b>	<b>\$ 190,172</b>	<b>\$ 221,450</b>	<b>\$ 71,080</b>	<b>\$ 101,159</b>	<b>\$ 70,475</b>	<b>\$ 29,626</b>	<b>\$ 132,759</b>	<b>\$ 649,563</b>	<b>\$ 1,466,284</b>



**Bullock Creek School District**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	Special	Debt Service Funds						Capital	2012	Total
	Revenue							Projects	Capital	Nonmajor
	Food	2004	2005	2009	2010	2012	Energy	Projects	Projects	Governmental
	Service	Refunding	Refunding	Debt	Refunding	Debt	Conservation	Fund	Fund	Funds
<b>Revenues</b>										
Local sources	\$ 220,154	\$ 868,446	\$ 130,280	\$ 561,320	\$ 270,133	\$ 101,247	\$ -	\$ -	\$ 1,326	\$ 2,152,906
State sources	37,762	-	-	-	-	-	-	-	-	37,762
Federal sources	523,416	-	-	-	-	-	-	-	-	523,416
Interdistrict sources	45,000	-	-	-	-	-	-	-	-	45,000
Total revenues	<u>826,332</u>	<u>868,446</u>	<u>130,280</u>	<u>561,320</u>	<u>270,133</u>	<u>101,247</u>	<u>-</u>	<u>-</u>	<u>1,326</u>	<u>2,759,084</u>
<b>Expenditures</b>										
Current										
Education										
Food services	796,173	-	-	-	-	-	-	-	-	796,173
Capital outlay	-	-	-	-	-	-	-	2,035	2,007,815	2,009,850
Debt service										
Principal	-	605,000	15,000	475,000	185,000	50,000	40,000	-	-	1,370,000
Interest and other expenditures	-	195,540	105,371	42,380	64,000	43,275	5,200	-	-	455,766
Total expenditures	<u>796,173</u>	<u>800,540</u>	<u>120,371</u>	<u>517,380</u>	<u>249,000</u>	<u>93,275</u>	<u>45,200</u>	<u>2,035</u>	<u>2,007,815</u>	<u>4,631,789</u>
Excess (deficiency) of revenues over expenditures	<u>30,159</u>	<u>67,906</u>	<u>9,909</u>	<u>43,940</u>	<u>21,133</u>	<u>7,972</u>	<u>(45,200)</u>	<u>(2,035)</u>	<u>(2,006,489)</u>	<u>(1,872,705)</u>
<b>Other Financing Sources (Uses)</b>										
Transfers in	7,620	46,053	38,066	-	-	-	45,200	-	-	136,939
Transfers out	(18,741)	-	-	(78,448)	(5,671)	-	-	-	-	(102,860)
Total other financing sources (uses)	<u>(11,121)</u>	<u>46,053</u>	<u>38,066</u>	<u>(78,448)</u>	<u>(5,671)</u>	<u>-</u>	<u>45,200</u>	<u>-</u>	<u>-</u>	<u>34,079</u>
Net change in fund balance	19,038	113,959	47,975	(34,508)	15,462	7,972	-	(2,035)	(2,006,489)	(1,838,626)
Fund balance - beginning	165,895	107,491	23,105	135,667	55,013	21,654	-	134,794	2,639,858	3,283,477
Fund balance - ending	<u>\$ 184,933</u>	<u>\$ 221,450</u>	<u>\$ 71,080</u>	<u>\$ 101,159</u>	<u>\$ 70,475</u>	<u>\$ 29,626</u>	<u>\$ -</u>	<u>\$ 132,759</u>	<u>\$ 633,369</u>	<u>\$ 1,444,851</u>

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2014 and 2013**

	2014	2013
<b>Assets</b>		
Cash	\$ 4,257,101	\$ 4,315,091
Due from other funds	-	14,759
Due from other governmental units	3,201,213	3,035,333
Prepaid items	18,044	38,339
Total assets	\$ 7,476,358	\$ 7,403,522
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 333,195	\$ 279,610
State aid anticipation note payable	3,200,000	2,900,000
Due to other funds	143,701	18
Payroll deductions and withholdings	26,220	741,164
Accrued expenditures	430,140	169,199
Accrued salaries payable	913,919	950,062
Unearned revenue	524,018	234,666
Total liabilities	5,571,193	5,274,719
<b>Fund Balance</b>		
Non-spendable		
Prepaid items	18,044	38,339
Committed		
Purchase of textbooks	100,000	100,000
PPACA implementation	200,000	200,000
Future year budget	745,059	817,120
Assigned		
Insurance	-	93,705
Unassigned	842,062	879,639
Total fund balance	1,905,165	2,128,803
Total liabilities and fund balance	\$ 7,476,358	\$ 7,403,522

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Revenues**  
**For the Years Ended June 30, 2014 and 2013**

	<b>2014</b>	2013
<b>Revenue from local sources</b>		
Property tax levy	\$ 853,744	\$ 853,070
Student activities	86,582	95,397
Other local revenues	<u>323,072</u>	<u>77,758</u>
Total revenues from local sources	<u>1,263,398</u>	<u>1,026,225</u>
<b>Revenues from state sources</b>		
Grants - unrestricted	12,064,143	12,200,984
Grants - restricted	<u>2,064,058</u>	<u>1,803,667</u>
Total revenues from state sources	<u>14,128,201</u>	<u>14,004,651</u>
<b>Revenues from federal sources</b>		
Grants	<u>667,347</u>	<u>759,771</u>
<b>Interdistrict sources</b>		
Community service activity	386,071	187,304
ISD collected millage	<u>984,039</u>	<u>1,113,181</u>
Total interdistrict sources	<u>1,370,110</u>	<u>1,300,485</u>
<b>Other financing sources</b>		
Transfers in	<u>18,741</u>	<u>42,496</u>
Total revenue and other financing sources	<u>\$ 17,447,797</u>	<u>\$ 17,133,628</u>

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Basic program - elementary</b>		
Salaries	\$ 2,412,775	\$ 2,345,988
Employee benefits	1,511,543	1,381,680
Purchased services	113,405	67,951
Supplies and materials	<u>88,720</u>	<u>89,254</u>
Total elementary	<u>4,126,443</u>	<u>3,884,873</u>
<b>Basic program - middle school</b>		
Salaries	1,185,176	1,088,485
Employee benefits	701,190	623,279
Purchased services	21,761	21,124
Supplies and materials	33,253	21,642
Other	<u>515</u>	<u>685</u>
Total middle school	<u>1,941,895</u>	<u>1,755,215</u>
<b>Basic program - high school</b>		
Salaries	1,391,938	1,344,166
Employee benefits	876,773	748,723
Purchased services	179,611	148,848
Supplies and materials	81,428	56,638
Other	<u>816</u>	<u>852</u>
Total high school	<u>2,530,566</u>	<u>2,299,227</u>

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Basic program - summer school</b>		
Salaries	\$ 6,984	\$ 9,128
Employee benefits	2,338	2,921
Purchased services	1,143	1,379
Total summer school	<u>10,465</u>	<u>13,428</u>
Total basic programs	<u>8,609,369</u>	<u>7,952,743</u>
<b>Added needs - special education</b>		
Salaries	1,021,984	1,051,883
Employee benefits	533,315	506,427
Purchased services	529,728	296,135
Supplies and materials	3,817	3,696
Total special education	<u>2,088,844</u>	<u>1,858,141</u>
<b>Added needs - compensatory education</b>		
Salaries	226,096	222,663
Employee benefits	117,507	103,634
Purchased services	4,461	4,342
Supplies and materials	1,067	1,064
Other	-	1,371
Total compensatory education	<u>349,131</u>	<u>333,074</u>
<b>Added needs - career and technical education</b>		
Salaries	108,188	151,128
Employee benefits	47,482	62,556
Purchased services	14,703	23,590
Supplies and materials	3,785	7,447
Total career and technical education	<u>174,158</u>	<u>244,721</u>
Total added needs	<u>2,612,133</u>	<u>2,435,936</u>

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<b>2014</b>	2013
<b>Adult and continuing education - secondary</b>		
Purchased services	<b><u>\$ 544,340</u></b>	<u>\$ 593,102</u>
 <b>Pupil - truancy/absenteeism services</b>		
Salaries	14,269	9,588
Employee benefits	<u>5,172</u>	<u>3,063</u>
Total truancy/absenteeism services	<u>19,441</u>	<u>12,651</u>
 <b>Pupil - guidance services</b>		
Salaries	274,416	274,834
Employee benefits	165,654	146,605
Purchased services	3,136	110
Supplies and materials	<u>6,251</u>	<u>1,786</u>
Total guidance services	<u>449,457</u>	<u>423,335</u>
 <b>Pupil - psychological services</b>		
Purchased services	640	78,796
Supplies and materials	<u>332</u>	<u>1,127</u>
Total psychological services	<u>972</u>	<u>79,923</u>
 <b>Pupil - speech and hearing services</b>		
Salaries	81,669	83,239
Employee benefits	39,366	37,387
Purchased services	88	101,091
Supplies and materials	<u>1,053</u>	<u>304</u>
Total speech and hearing services	<u>122,176</u>	<u>222,021</u>

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Pupil - social work services</b>		
Salaries	\$ 50,500	\$ 50,766
Employee benefits	41,217	33,012
Purchased services	678	777
Supplies and materials	<u>315</u>	<u>487</u>
Total social work services	<u>92,710</u>	<u>85,042</u>
<b>Pupil - other support services</b>		
Salaries	43,349	37,284
Employee benefits	<u>15,998</u>	<u>12,056</u>
Total other pupil support services	<u>59,347</u>	<u>49,340</u>
Total pupil	<u>744,103</u>	<u>859,661</u>
<b>Instructional staff - improvement of education</b>		
Salaries	138,332	141,626
Employee benefits	79,282	75,039
Purchased services	33,303	42,524
Supplies and materials	963	1,620
Other	<u>-</u>	<u>1,098</u>
Total improvement of education	<u>251,880</u>	<u>261,907</u>

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Instructional staff - educational media services</b>		
Salaries	\$ 110,148	\$ 105,653
Employee benefits	57,468	51,132
Purchased services	312	372
Supplies and materials	2,960	3,331
Other	<u>9,035</u>	<u>9,260</u>
Total educational media services	<u>179,923</u>	<u>169,748</u>
<b>Instructional staff - technology assisted instruction</b>		
Salaries	78,584	76,216
Employee benefits	51,200	41,177
Purchased services	24,509	16,720
Supplies and materials	22,016	23,887
Other	<u>5,090</u>	<u>4,179</u>
Total technology assisted instruction	<u>181,399</u>	<u>162,179</u>
<b>Instructional staff - supervision and direction of instructional staff</b>		
Salaries	66,075	65,454
Employee benefits	33,466	30,564
Purchased services	2,060	817
Supplies and materials	<u>325</u>	<u>218</u>
Total supervision and direction of instructional staff	<u>101,926</u>	<u>97,053</u>
Total instructional staff	<u>715,128</u>	<u>690,887</u>



**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<b>2014</b>	2013
<b>General administration - board of education</b>		
Salaries	\$ 1,580	\$ 1,900
Purchased services	25,879	38,581
Supplies and materials	407	1,132
Other	2,565	3,665
Total board of education	30,431	45,278
<b>General administration - executive administration</b>		
Salaries	124,042	113,016
Employee benefits	93,485	90,996
Purchased services	4,904	5,751
Supplies and materials	290	52
Other	5,062	5,320
Total executive administration	227,783	215,135
Total general administration	258,214	260,413
<b>School administration - office of the principal</b>		
Salaries	612,583	629,344
Employee benefits	421,590	413,097
Purchased services	7,407	8,870
Supplies and materials	48,950	31,551
Other	217	-
Total office of the principal	1,090,747	1,082,862

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<b>2014</b>	2013
<b>School administration - other</b>		
Supplies and materials	<b>\$ 2,217</b>	\$ 2,130
Total school administration - other	<b>1,092,964</b>	1,084,992
<b>Business - fiscal services</b>		
Salaries	<b>109,727</b>	110,359
Employee benefits	<b>110,696</b>	75,826
Purchased services	<b>5,766</b>	5,632
Supplies and materials	<b>2,215</b>	3,149
Other	<b>3,040</b>	936
Total fiscal services	<b>231,444</b>	195,902
<b>Business - other</b>		
Purchased services	<b>19,519</b>	17,592
Other	<b>34,397</b>	62,463
Total other business	<b>53,916</b>	80,055
Total business	<b>285,360</b>	275,957
<b>Operations and maintenance - operating building services</b>		
Salaries	<b>438,630</b>	418,614
Employee benefits	<b>267,022</b>	270,125
Purchased services	<b>75,856</b>	74,031
Supplies and materials	<b>449,756</b>	366,304
Other	<b>5,404</b>	2,545
Total operating building services	<b>1,236,668</b>	1,131,619

**Bullock Creek School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures**  
**For the Years Ended June 30, 2014 and 2013**

	<b>2014</b>	2013
<b>Pupil transportation services</b>		
Salaries	\$ 482,595	\$ 446,291
Employee benefits	209,069	185,058
Purchased services	24,016	23,127
Supplies and materials	273,375	251,587
Other	<u>3,868</u>	<u>2,919</u>
Total transportation services	<u>992,923</u>	<u>908,982</u>
<b>Central - staff/personnel services</b>		
Salaries	27,760	32,271
Employee benefits	26,397	15,146
Purchased services	8,755	17,439
Supplies and materials	-	123
Other	<u>-</u>	<u>733</u>
Total staff/personnel services	<u>62,912</u>	<u>65,712</u>
<b>Central - support services technology</b>		
Purchased services	<u>83,349</u>	<u>35,524</u>
Total central	<u>146,261</u>	<u>101,236</u>
<b>Athletics</b>		
Salaries	89,381	102,871
Employee benefits	25,917	26,288
Purchased services	69,350	67,776
Supplies and materials	15,894	13,529
Other	<u>23,581</u>	<u>25,592</u>
Total athletics	<u>224,123</u>	<u>236,056</u>

**Bullock Creek School District  
Other Supplemental Information  
General Fund  
Schedule of Expenditures  
For the Years Ended June 30, 2014 and 2013**

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	<b>2014</b>	2013
<b>Other supporting services</b>		
Salaries	\$ 340	\$ 2,028
Employee benefits	130	681
Purchased services	37,056	36,655
Supplies and materials	3,855	(597)
Total other supporting services	<b>41,381</b>	38,767
<b>Community services - community activities</b>		
Supplies and materials	-	27

**Bullock Creek School District  
Other Supplemental Information  
General Fund  
Schedule of Expenditures  
For the Years Ended June 30, 2014 and 2013**

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	<b>2014</b>	2013
<b>Capital outlay</b>		
Basic program - elementary	\$ 10,125	\$ -
Instructional staff - technology assisted instruction	12,913	67,984
Operations and maintenance - operating building services	8,695	14,373
Total capital outlay	31,733	82,357
<b>Debt service</b>		
Principal	68,180	63,982
Interest and other expenditures	15,735	19,934
Total debt service	83,915	83,916
<b>Other financing uses</b>		
Transfers out	52,820	56,913
Total expenditures and other financing uses	\$ 17,671,435	\$ 16,806,215

**Bullock Creek School District**  
**Schedule of Outstanding Bonded Indebtedness - 2004 Issue**  
**June 30, 2014**

Date of issue: 2004

Original amount of issue: \$6,200,000

Purpose of this issue: Refund 2000 bonds maturing 5/1/2012 through 5/1/2022

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1st	Total Fiscal Year Requirements
		November 1st	May 1st		
3.500	2014-15	\$ 87,636	\$ 87,636	\$ 595,000	\$ 770,272
3.600	2015-16	77,224	77,224	590,000	744,448
3.700	2016-17	66,604	66,604	580,000	713,208
3.800	2017-18	55,874	55,874	570,000	681,748
3.900	2018-19	45,044	45,044	565,000	655,088
4.100	2019-20	34,026	34,026	555,000	623,052
4.150	2020-21	22,649	22,649	545,000	590,298
4.200	2021-22	11,340	11,340	540,000	562,680
		<u>\$ 400,397</u>	<u>\$ 400,397</u>	<u>\$ 4,540,000</u>	<u>\$ 5,340,794</u>

**Bullock Creek School District**  
**Schedule of Outstanding Bonded Indebtedness - 2005 Issue**  
**June 30, 2014**

Date of issue: 2005

Original amount of issue: \$2,640,000

Purpose of this issue: Refund 2000 bonds maturing 5/1/2022 through 5/1/2026

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1st	Total Fiscal Year Requirements
		November 1st	May 1st		
3.625	2014-15	\$ 52,311	\$ 52,311	\$ 15,000	\$ 119,622
3.750	2015-16	52,039	52,039	15,000	119,078
3.800	2016-17	51,757	51,757	15,000	118,514
4.000	2017-18	51,473	51,473	20,000	122,946
4.000	2018-19	51,072	51,072	20,000	122,144
4.100	2019-20	50,673	50,673	20,000	121,346
4.100	2020-21	50,262	50,262	20,000	120,524
4.100	2021-22	49,853	49,853	20,000	119,706
4.100	2022-23	49,442	49,442	620,000	718,884
4.150	2023-24	36,733	36,733	610,000	683,466
4.200	2024-25	24,075	24,075	600,000	648,150
4.250	2025-26	11,475	11,475	540,000	562,950
		<u>\$ 531,165</u>	<u>\$ 531,165</u>	<u>\$ 2,515,000</u>	<u>\$ 3,577,330</u>

**Bullock Creek School District**  
**Schedule of Outstanding Bonded Indebtedness - 2006 Energy Conservation Bonds**  
**June 30, 2014**

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Date of issue: 2006

Original amount of issue: \$330,000

Purpose of this issue: Middle and Elementary School roofs replacements/energy conservation

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1st	Total Fiscal Year Requirements
		November 1st	May 1st		
4.350	2014-15	\$ 1,750	\$ 1,750	\$ 40,000	\$ 43,500
4.400	2015-16	880	880	40,000	41,760
		<u>\$ 2,630</u>	<u>\$ 2,630</u>	<u>\$ 80,000</u>	<u>\$ 85,260</u>



**Bullock Creek School District**  
**Schedule of Outstanding Bonded Indebtedness - 2009 Issue**  
**June 30, 2014**

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Date of issue: 2009

Original amount of issue: \$2,825,000

Purpose of this issue: Construction of school educational facilities

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1st	Total Fiscal Year Requirements
		November 1st	May 1st		
3.000	2014-15	\$ 14,303	\$ 14,303	\$ 435,000	\$ 463,606
3.050	2015-16	<u>7,778</u>	<u>7,778</u>	<u>510,000</u>	<u>525,556</u>
		<u>\$ 22,081</u>	<u>\$ 22,081</u>	<u>\$ 945,000</u>	<u>\$ 989,162</u>

**Bullock Creek School District**  
**Schedule of Outstanding Bonded Indebtedness - 2010 Issue**  
**June 30, 2014**

Date of issue: 2010

Original amount of issue: \$1,775,000

Purpose of this issue: Refund 1998 bonds maturing 5/1/2011 through 5/1/2019

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1st	Total Fiscal Year Requirements
		November 1st	May 1st		
5.000	2014-15	\$ 27,375	\$ 27,375	\$ 195,000	\$ 249,750
5.000	2015-16	22,500	22,500	215,000	260,000
5.000	2016-17	17,125	17,125	225,000	259,250
5.000	2017-18	11,500	11,500	230,000	253,000
5.000	2018-19	5,750	5,750	230,000	241,500
		<u>\$ 84,250</u>	<u>\$ 84,250</u>	<u>\$ 1,095,000</u>	<u>\$ 1,263,500</u>

**Bullock Creek School District**  
**Schedule of Outstanding Bonded Indebtedness - 2012 Debt**  
**June 30, 2014**

Date of issue: 2012

Original amount of issue: \$3,485,000

Purpose of this issue: Construction of school educational facilities

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1st	Total Fiscal Year Requirements
		November 1st	May 1st		
0.650	2014-15	\$ 21,513	\$ 21,513	\$ 125,000	\$ 168,026
0.750	2015-16	21,105	21,105	175,000	217,210
0.900	2016-17	20,450	20,450	575,000	615,900
1.050	2017-18	17,863	17,863	600,000	635,726
1.250	2018-19	14,714	14,714	650,000	679,428
1.500	2019-20	10,649	10,649	650,000	671,298
1.750	2020-21	5,775	5,775	660,000	671,550
		<u>\$ 112,069</u>	<u>\$ 112,069</u>	<u>\$ 3,435,000</u>	<u>\$ 3,659,138</u>

**Bullock Creek School District**

**Midland, Michigan**

**Single Audit Report**

**June 30, 2014**

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

**Independent Auditors' Report**

To The Board of Education  
Bullock Creek School District

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullock Creek School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bullock Creek School District's basic financial statements, and have issued our report thereon dated October 21, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bullock Creek School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bullock Creek School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bullock Creek School District's internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 21, 2014

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

**Independent Auditors' Report**

To The Board of Education  
Bullock Creek School District  
Midland, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited Bullock Creek School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bullock Creek School District's major federal programs for the year ended June 30, 2014. Bullock Creek School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Bullock Creek School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bullock Creek School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bullock Creek School District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Bullock Creek School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Bullock Creek School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bullock Creek School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bullock Creek School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullock Creek School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bullock Creek School District's basic financial statements. We issued our report thereon October 21, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 21, 2014

**Bullock Creek School District**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2014**

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	Accrued (Unearned) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued (Unearned) Revenue June 30, 2014
U.S. Department of Agriculture							
Passed through Michigan Department of Education							
Non-cash assistance (commodities)							
National School Lunch Program	10.550	\$ 49,539	\$ -	\$ 38,243	\$ 49,539	\$ 49,539	\$ -
Nutrition Cluster							
131970 National School Lunch Breakfast	10.553	111,776	2,845	99,317	12,459	15,304	-
141970 National School Lunch Breakfast		101,278	-	-	101,278	98,143	3,135
			<u>2,845</u>	<u>99,317</u>	<u>113,737</u>	<u>113,447</u>	<u>3,135</u>
131960 National S/L Section 11 All Lunches	10.555	326,612	8,001	290,130	36,482	44,483	-
131980 National S/L Snacks		7,158	253	5,739	1,419	1,672	-
141960 National S/L Section 11 All Lunches		295,177	-	-	295,177	286,414	8,763
141980 National S/L Snacks		27,062	-	-	27,062	26,288	774
			<u>8,254</u>	<u>295,869</u>	<u>360,140</u>	<u>358,857</u>	<u>9,537</u>
Total U.S. Department of Agriculture			<u>11,099</u>	<u>433,429</u>	<u>523,416</u>	<u>521,843</u>	<u>12,672</u>
U.S. Department of Education							
Passed through Michigan Department of Career Development							
131120135997 Adult Ed - Engl Lit/Civics	84.002	16,000	667	16,000	-	667	-
131130131997 Adult Ed - ABE Instruction		310,000	22,236	300,000	-	22,236	-
131190131997 Adult Ed - Institutional Programs		30,000	27	30,000	-	27	-
141120145997 Adult Ed - Engl Lit/Civics		14,500	-	-	14,500	12,519	1,981
141130141997 Adult Ed - ABE Instruction		280,000	-	-	280,000	240,318	39,682
141190141997 Adult Ed - Institutional Programs		30,000	-	-	30,000	26,170	3,830
			<u>22,930</u>	<u>346,000</u>	<u>324,500</u>	<u>301,937</u>	<u>45,493</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Bullock Creek School District**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2014**

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	Accrued (Unearned) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued (Unearned) Revenue June 30, 2014
Passed through Michigan Department of Education							
121530 1112 Title I	84.010	\$ 233,509	\$ -	\$ 223,729	\$ -	\$ -	\$ -
131530 1213 Title I		256,995	105,713	242,865	1,888	107,601	-
141530 1314 Title I		258,281	-	-	228,789	-	228,789
			<u>105,713</u>	<u>466,594</u>	<u>230,677</u>	<u>107,601</u>	<u>228,789</u>
Passed through Midland County							
Carl Perkins Technology Grant	84.048	18,220	-	18,220	-	-	-
Carl Perkins Technology Grant		18,774	-	-	18,774	18,774	-
			<u>-</u>	<u>18,220</u>	<u>18,774</u>	<u>18,774</u>	<u>-</u>
Passed through Clare-Gladwin RESD							
McKinney-Vento Homeless Education Assistance Fund	84.196	2,624	-	2,359	2,624	2,624	-
Passed through Michigan Department of Education							
120520 1112 Improving Teacher Quality	84.367	134,617	-	108,479	-	-	-
130520 1213 Improving Teacher Quality		119,247	66,055	115,497	579	66,634	-
140520 1314 Improving Teacher Quality		94,098	-	-	90,193	-	90,193
			<u>66,055</u>	<u>223,976</u>	<u>90,772</u>	<u>66,634</u>	<u>90,193</u>
Total U.S. Department of Education			<u>194,698</u>	<u>1,057,149</u>	<u>667,347</u>	<u>497,570</u>	<u>364,475</u>
			<u>\$ 205,797</u>	<u>\$ 1,490,578</u>	<u>\$ 1,190,763</u>	<u>\$ 1,019,413</u>	<u>\$ 377,147</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Bullock Creek School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2014**

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1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2014.
3. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures Awards for U.S.D.A. donated food commodities.
4. The federal amounts reported on the "Grant Auditor Report" is in agreement with the Schedule of Expenditures of Federal Awards.
5. The financial statements federal revenues equal the total expenditures for federal awards.

**Bullock Creek School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2014**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  
 yes  none reported

Noncompliance material to financial statements notes?  
 yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  
 yes  none reported

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

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.002	Adult Education

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

Auditee qualified as low-risk auditee?  yes  no

**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no findings related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards for the year ended June 30, 2014.

**SECTION III - FEDERAL AWARD FINDINGS**

There were no findings or questioned costs related to federal awards for the year ended June 30, 2014.

**Bullock Creek School District  
Summary Schedule of Prior Audit Findings  
June 30, 2014**

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**SECTION IV – PRIOR AUDIT FINDINGS**

There were no audit findings for the year ended June 30, 2013.