

Saugatuck Public  
Schools



Year Ended  
June 30, 2014

Financial  
Statements

# SAUGATUCK PUBLIC SCHOOLS

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## INDEPENDENT AUDITORS' REPORT

August 13, 2014

Board of Education  
Saugatuck Public Schools  
Douglas, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Saugatuck Public Schools* (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Independent 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 Saugatuck Public Schools as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2014 on our consideration of Saugatuck Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Rehmann Loborn LLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

As management of Saugatuck Public Schools (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014.

### Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities at the close of the most recent fiscal year by \$5,423,896 (net position). Of this amount, \$1,519,768 (unrestricted net position) may be used to meet the District's ongoing obligations for District programs.
- The District's total net position increased by \$583,752.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,137,518, a decrease of \$67,240 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,616,091 or 19 percent of total general fund expenditures. None in current year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements including the management's discussion and analysis, budgetary schedules and combining and individual fund financial statements and schedules.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, and liabilities, with the difference being net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated leave).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The activities of the District include instruction, supporting services, athletics, food services and community and recreation. The District has no business-type activities as of and for the year ended June 30, 2014.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains numerous individual governmental funds and one agency fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, the bond debt service fund, and the 2013 capital projects fund, each of which is considered to be a major fund. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining and individual fund financial statements referred to earlier are presented immediately following the notes to the financial statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$5,423,896 at the close of the most recent fiscal year. The timing of debt service payments and depreciation of capital assets has a significant impact on this balance.

A portion of the District's net position reflects its net investment in capital assets (e.g., land, buildings, vehicles, and equipment, less any related debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

An additional portion of the District's net position represents resources that are subject to other external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the District's ongoing obligations to its general programs.

	Net Position	
	Governmental Activities	
	2014	2013
Current and other assets	\$ 3,983,738	\$ 4,144,450
Capital assets, net	21,383,081	21,856,912
Total assets	<u>25,366,819</u>	<u>26,001,362</u>
Deferred outflows of resources	<u>357,799</u>	<u>386,283</u>
Other liabilities	973,785	1,072,052
Long-term liabilities	19,326,937	20,475,449
Total liabilities	<u>20,300,722</u>	<u>21,547,501</u>
Net position:		
Net investment in capital assets	3,060,419	3,173,945
Restricted	843,709	552,418
Unrestricted	1,519,768	1,113,781
Total net position	<u>\$ 5,423,896</u>	<u>\$ 4,840,144</u>



# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

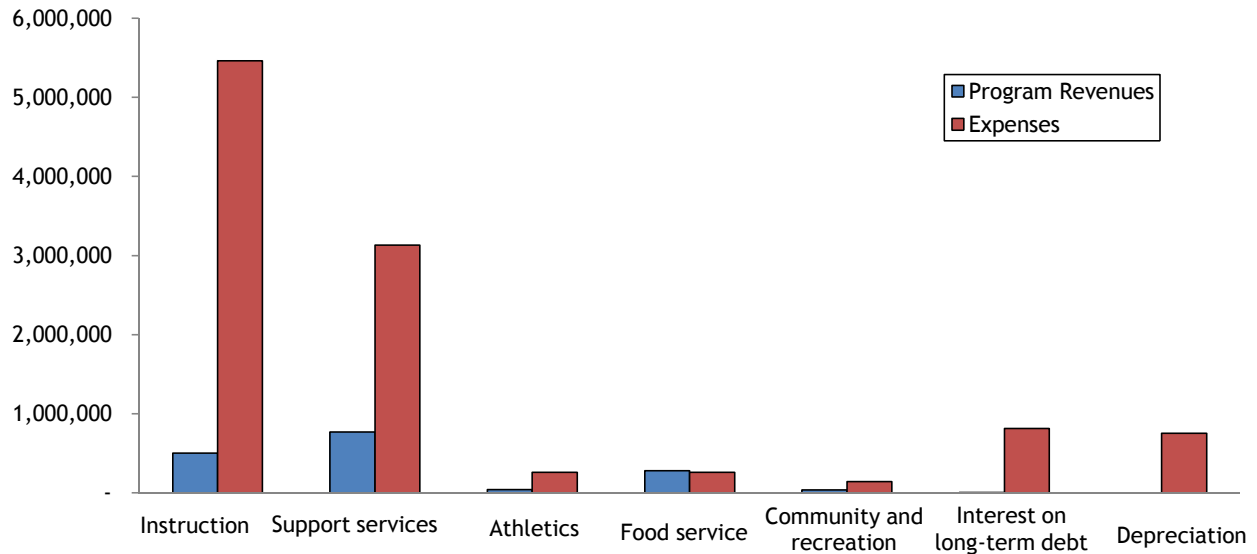
	Change in Net Position	
	Governmental Activities	
	2014	2013
Program revenues:		
Charges for services	\$ 244,234	\$ 280,553
Operating grants and contributions	1,397,783	1,307,175
General revenues:		
Property taxes	7,731,964	7,042,846
Unrestricted State school aid	2,028,607	1,604,421
Unrestricted investment earnings	4,043	3,559
Other revenues	4,900	4,907
<b>Total revenues</b>	<b>11,411,531</b>	<b>10,243,461</b>
Expenses:		
Instruction	5,462,178	5,260,652
Supporting services	3,131,194	2,780,781
Athletics	260,742	256,238
Food service	260,397	314,548
Community and recreation	144,435	148,499
Interest on long-term debt	815,185	859,265
Unallocated depreciation	753,648	756,009
<b>Total expenses</b>	<b>10,827,779</b>	<b>10,375,992</b>
<b>Change in net position</b>	<b>583,752</b>	<b>(132,531)</b>
<b>Net position, beginning of year</b>	<b>4,840,144</b>	<b>4,972,675</b>
<b>Net position, end of year</b>	<b>\$ 5,423,896</b>	<b>\$ 4,840,144</b>

Governmental Activities. Net position increased by \$583,752. Property tax revenue increased due to various factors, including (1) approval of a building and site sinking fund millage. This millage resulted in additional property tax revenue of approximately \$265,000, (2) an increase in the debt service millage for repayment of bond principal and interest, and (3) overall increases in taxable value. State aid revenue increased by approximately \$424,000 due to enrollment increase of 3.8% over the prior year, which makes up 80% of the increase. The District also qualified for several state categorical funding for Best Practices, Academic Performance Funding, and Technology Grant Infrastructure incentive payments. Expenditures increased approximately 4% over the prior fiscal year, primarily due to higher labor costs including state retirement and healthcare. In addition, the District purchased a variety of technology items and musical instruments, each individually under the capitalization threshold, that contributed to the increase.

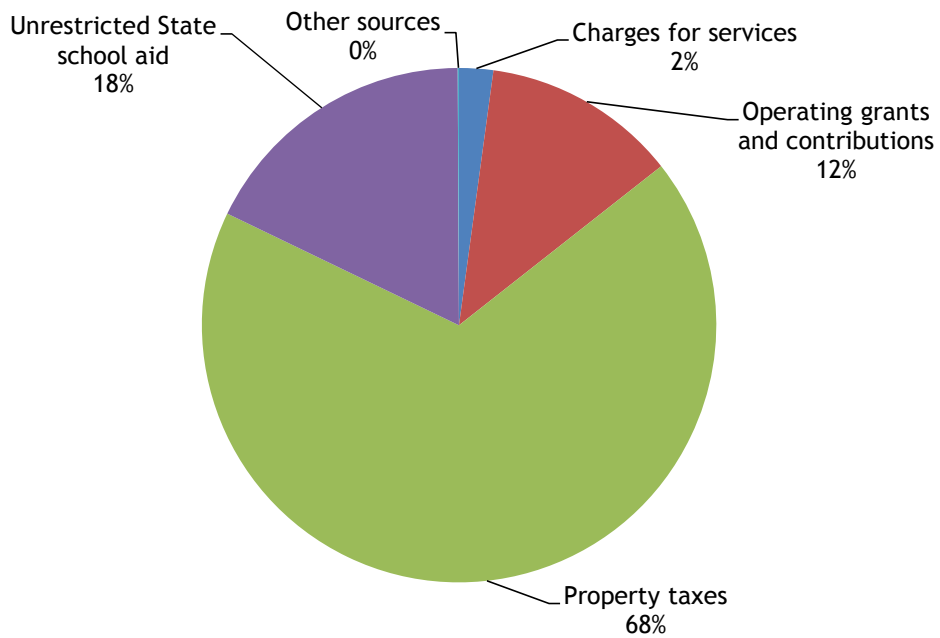
# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

### Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, 96.5 percent of fund balance in the general fund, or \$1,616,091, was unassigned. As a measure of the general fund's liquidity, it may be useful to compare the fund balance to total fund expenditures and transfers out. Fund balance represents 19 percent of total general fund expenditures and transfers out. Board policy recommends a minimum fund balance of not less than 15 percent of general fund expenditures and transfers out.

The District's general fund balance increased by \$315,662 during the fiscal year. Factors impacting the change in fund balance include higher than estimated ACT 18 revenue for special education services and transportation, and lower than budgeted costs for Health Insurance, FICA and Retirement costs.

The fund balance of the bond debt service fund increased by \$76,457. The District's bonds are being repaid with voter-approved property tax millages. These rates are adjusted annually to approximate the actual needs of the District for repayment of principal and interest. The property tax revenues recognized in excess of current year debt service needs will be used to offset taxes levied in the following year.

The fund balance of the 2013 bond capital projects fund decreased by \$669,398. This decrease is due to continued progress on construction projects funded by the 2013 bonds. The remaining fund balance of \$492,353 is expected to be substantially utilized in FY 2015.

### General Fund Budgetary Highlights

Amendments to the original adopted budget are passed in order to reflect changes in information and circumstances. Some of the more significant changes between the original adopted and final amended budgets were:

- The original budget for State School aid was budgeted conservatively for enrollment growth. Actual student growth was 3.8% higher than the previous school year.
- The budget for basic programs (a component of instruction expenditures) was increased \$59,908 from \$4,716,512 to \$4,776,420. This was due to the settlement of the labor contract with the teachers union and to reflect the final agreement for wages and benefits.
- The budget for instructional staff (a component of supporting services expenditures) was increased \$64,190 from \$116,215 to \$180,405. This was due in part to state and federal grant expenditure adjustments for the Technology Incentive Grant and Title II. Added costs for contracted teachers substitutes, staff professional development and shared staffing for special education director with the OAISD.
- The original budget for operation and maintenance expenditures was increased from \$633,620 to \$724,020 to account for higher than anticipated utilities and snow removal due to an exceptionally severe winter season.

# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

The District is not permitted to amend the budget after June 30, 2014 in accordance with State law. Therefore, the budget is estimated as close to actual as possible, with the understanding that small variances are expected. Variances between the final amended budget and the actual expenditures were:

- The variance in local revenue was due to ACT 18 Special Education Revenue transferred from the OAISD for special education services and transportation of students with special needs to other programs outside of the District. The District experienced a higher than normal use of special needs transportation services.
- Basic programs were less than final budget by approximately \$37,066, or 0.8%, due to lower costs for District health care and retirement costs. Overall, total District expenditures came in at 1.6% lower than the final budget estimate for the general fund.

### Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2014 amounted to \$21,383,081 (net of accumulated depreciation). This investment in capital assets included land, buildings, vehicles and equipment. Significant purchases during the year included busses and network infrastructure. Capital assets at fiscal year-end included the following:

	Capital Assets (Net of Depreciation)	
	2014	2013
Land	\$ 555,563	\$ 555,563
Construction in progress	7,366	-
Buildings and improvements	19,149,876	19,679,576
Buses and vehicles	270,612	96,257
Furniture and equipment	1,399,664	1,525,516
Total capital assets, net	<u>\$ 21,383,081</u>	<u>\$ 21,856,912</u>

Additional information on the District's capital assets can be found in Note 4.

Long-term Debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$19,326,937. Long-term debt at fiscal year-end included the following:

	Long-term Debt	
	2014	2013
Bonds payable	\$18,965,000	\$19,995,000
Installment purchase agreements	90,000	108,000
Unamortized discounts/premiums	117,814	128,001
Compensated absences and early retirement incentives	154,123	244,448
Total long-term debt	<u>\$ 19,326,937</u>	<u>\$ 20,475,449</u>

The District's total debt decreased by \$1,148,512 during the current fiscal year due to the District making scheduled debt payments. Additional information on the District's long term debt can be found in Note 6.

# SAUGATUCK PUBLIC SCHOOLS

## Management's Discussion and Analysis

### Factors Bearing on the District's Future

- Student enrollments for fiscal year 14-15 are projected to remain at the same levels as the previous school year.
- State Aid Foundation Allowance increased by \$30 per student. However the District still remains 9% lower than 2009-2010 funding levels.
- The District replaced two retiring teachers, and added one additional teacher at the elementary school to reduce class sizes.
- On-going contract negotiations with the teachers union to settle the labor contract for the fiscal year 14-15 is partially settled. Teachers agreed in May to move to Aetna health insurance, along with all other District staff. This was a substantial cost savings for both the District, and teachers, as they are able to stay under the State-mandated insurance cap.
- The District is extending its contracted service initiatives for Food Service Director, Bus Mechanic Services, and Technology Consortium for fiscal year 2014-2015. These shared service positions have a proven track record of reducing operational costs in those departments.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Business and Human Resources  
Saugatuck Public Schools  
201 Randolph Street  
P.O. Box 818  
Douglas, MI 49406

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## BASIC FINANCIAL STATEMENTS

# SAUGATUCK PUBLIC SCHOOLS

## Statement of Net Position

June 30, 2014

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,510,384
Investments	1,847,679
Receivables	565,140
Inventories	2,735
Prepays	57,800
Capital assets not being depreciated	562,929
Capital assets being depreciated, net	<u>20,820,152</u>
<b>Total assets</b>	<u>25,366,819</u>
<b>Deferred outflows of resources</b>	
Loss on advance bond refundings, net	<u>357,799</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	953,814
Unearned revenue	19,971
Current portion of long-term debt	1,123,599
Long-term debt, net of current portion	<u>18,203,338</u>
<b>Total liabilities</b>	<u>20,300,722</u>
<b>Net position</b>	
Net investment in capital assets	3,060,419
Restricted for:	
Food service operations	103,016
Community recreation programs	165,105
Capital improvements	191,515
Debt service	384,073
Unrestricted	<u>1,519,768</u>
<b>Total net position</b>	<u><u>\$ 5,423,896</u></u>

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



# SAUGATUCK PUBLIC SCHOOLS

## Statement of Activities

For the Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
Instruction	\$ 5,462,178	\$ 8,212	\$ 496,170	\$ (4,957,796)
Supporting services	3,131,194	32,903	738,222	(2,360,069)
Athletics	260,742	43,238	-	(217,504)
Food service	260,397	120,940	159,334	19,877
Community and recreation	144,435	38,941	635	(104,859)
Interest on long-term debt	815,185	-	3,422	(811,763)
Unallocated depreciation	753,648	-	-	(753,648)
<b>Total governmental activities</b>	<u>\$ 10,827,779</u>	<u>\$ 244,234</u>	<u>\$ 1,397,783</u>	<u>(9,185,762)</u>
<b>General revenues</b>				
Property taxes				7,731,964
Unrestricted State school aid				2,028,607
Unrestricted investment earnings				4,043
Other revenues				4,900
<b>Total general revenues</b>				<u>9,769,514</u>
<b>Change in net position</b>				583,752
<b>Net position, beginning of year</b>				<u>4,840,144</u>
<b>Net position, end of year</b>				<u>\$ 5,423,896</u>

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

# SAUGATUCK PUBLIC SCHOOLS

## Balance Sheet

Governmental Funds

June 30, 2014

	General Fund	Bond Debt Service	2013 Bond Capital Projects
<b>Assets</b>			
Cash and cash equivalents	\$ 33,355	\$ 511,638	\$ 492,353
Investments	1,847,679	-	-
Accounts receivable	1,706	-	-
Due from other governments	563,434	-	-
Inventories	-	-	-
Prepaid items	57,800	-	-
<b>Total assets</b>	<b>\$ 2,503,974</b>	<b>\$ 511,638</b>	<b>\$ 492,353</b>
<b>Liabilities</b>			
Accounts payable	\$ 14,319	\$ -	\$ -
Due to other governments	41,473	-	-
Accrued liabilities	756,468	-	-
Unearned revenue	17,823	-	-
<b>Total liabilities</b>	<b>830,083</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
Nonspendable	57,800	-	-
Restricted	-	511,638	492,353
Unassigned	1,616,091	-	-
<b>Total fund balances</b>	<b>1,673,891</b>	<b>511,638</b>	<b>492,353</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,503,974</b>	<b>\$ 511,638</b>	<b>\$ 492,353</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 473,038	\$ 1,510,384
-	1,847,679
-	1,706
-	563,434
2,735	2,735
-	57,800
<u>\$ 475,773</u>	<u>\$ 3,983,738</u>
\$ 13,989	\$ 28,308
-	41,473
-	756,468
2,148	19,971
<u>16,137</u>	<u>846,220</u>
2,735	60,535
456,901	1,460,892
-	1,616,091
<u>459,636</u>	<u>3,137,518</u>
<u>\$ 475,773</u>	<u>\$ 3,983,738</u>

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# SAUGATUCK PUBLIC SCHOOLS

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2014

Fund balances - total governmental funds	\$ 3,137,518
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.	
Capital assets not being depreciated	562,929
Capital assets being depreciated, net	20,820,152
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and installment purchase agreements	(19,055,000)
Unamortized discounts/premiums on bonds	(117,814)
Unamortized deferred loss on bond refunding	357,799
Accrued interest on bonds and installment purchase agreements	(127,565)
Compensated absences	(154,123)
Net position of governmental activities	<u>\$ 5,423,896</u>

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

# SAUGATUCK PUBLIC SCHOOLS

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2014

	General Fund	Bond Debt Service	2013 Bond Capital Projects
<b>Revenues</b>			
Local sources	\$ 6,202,049	\$ 1,905,206	\$ 599
State sources	2,311,552	-	-
Federal sources	273,795	-	-
<b>Total revenues</b>	<b>8,787,396</b>	<b>1,905,206</b>	<b>599</b>
<b>Expenditures</b>			
Current:			
Instruction	5,340,284	-	-
Supporting services	2,889,785	-	-
Athletics	260,742	-	-
Food service	-	-	-
Community and recreation	-	-	-
Debt service:			
Principal	18,000	1,030,000	-
Interest and fiscal charges	2,723	798,337	211
Taxes abated and written off	-	412	-
Capital outlay	-	-	669,786
<b>Total expenditures</b>	<b>8,511,534</b>	<b>1,828,749</b>	<b>669,997</b>
<b>Revenues over (under) expenditures</b>	<b>275,862</b>	<b>76,457</b>	<b>(669,398)</b>
<b>Other financing sources (uses)</b>			
Transfers in	30,000	-	-
Transfers out	-	-	-
Proceeds from sale of capital assets	9,800	-	-
<b>Total other financing sources (uses)</b>	<b>39,800</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>315,662</b>	<b>76,457</b>	<b>(669,398)</b>
<b>Fund balances, beginning of year</b>	<b>1,358,229</b>	<b>435,181</b>	<b>1,161,751</b>
<b>Fund balances, end of year</b>	<b>\$ 1,673,891</b>	<b>\$ 511,638</b>	<b>\$ 492,353</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 558,996	\$ 8,666,850
15,688	2,327,240
143,646	417,441
<u>718,330</u>	<u>11,411,531</u>
-	5,340,284
-	2,889,785
-	260,742
260,397	260,397
144,435	144,435
-	1,048,000
-	801,271
-	412
73,459	743,245
<u>478,291</u>	<u>11,488,571</u>
<u>240,039</u>	<u>(77,040)</u>
-	30,000
(30,000)	(30,000)
-	9,800
<u>(30,000)</u>	<u>9,800</u>
210,039	(67,240)
249,597	3,204,758
<u>\$ 459,636</u>	<u>\$ 3,137,518</u>

# SAUGATUCK PUBLIC SCHOOLS

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (67,240)

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

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

Capital assets purchased/constructed	318,807
Depreciation expense	(753,648)
Proceeds from sale of capital assets	(9,800)
Loss on sale of capital assets	(29,190)

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

Principal payments on long-term debt	1,048,000
Amortization of bond premiums and discounts, net	10,187
Amortization of deferred loss on bond refunding	(28,484)

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

Change in accrued interest payable on long-term debt	4,795
Change in the accrual for early retirement incentives	70,000
Change in the accrual for compensated absences	20,325

Change in net position of governmental activities	\$ 583,752
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The accompanying notes are an integral part of these financial statements.



# SAUGATUCK PUBLIC SCHOOLS

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 6,149,800	\$ 6,125,857	\$ 6,202,049	\$ 76,192
State sources	1,842,578	2,310,900	2,311,552	652
Federal sources	276,795	277,747	273,795	(3,952)
<b>Total revenues</b>	<b>8,269,173</b>	<b>8,714,504</b>	<b>8,787,396</b>	<b>72,892</b>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	5,364,355	5,376,586	5,340,284	(36,302)
Supporting services	2,721,672	2,983,073	2,889,785	(93,288)
Athletics	262,411	265,502	260,742	(4,760)
<b>Debt service:</b>				
Principal	22,900	18,000	18,000	-
Interest and fiscal charges	-	2,723	2,723	-
Capital outlay	30,000	-	-	-
<b>Total expenditures</b>	<b>8,401,338</b>	<b>8,645,884</b>	<b>8,511,534</b>	<b>(134,350)</b>
<b>Revenues over (under) expenditures</b>	<b>(132,165)</b>	<b>68,620</b>	<b>275,862</b>	<b>207,242</b>
<b>Other financing sources</b>				
Transfers in	30,000	30,000	30,000	-
Proceeds on sale of capital assets	9,500	9,800	9,800	-
<b>Total other financing sources</b>	<b>39,500</b>	<b>39,800</b>	<b>39,800</b>	<b>-</b>
<b>Net changes in fund balance</b>	<b>(92,665)</b>	<b>108,420</b>	<b>315,662</b>	<b>207,242</b>
Fund balance, beginning of year	1,358,229	1,358,229	1,358,229	-
<b>Fund balance, end of year</b>	<b>\$ 1,265,564</b>	<b>\$ 1,466,649</b>	<b>\$ 1,673,891</b>	<b>\$ 207,242</b>

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

# SAUGATUCK PUBLIC SCHOOLS

## Statement of Fiduciary Assets and Liabilities

Agency Fund  
June 30, 2014

	Student Activities Fund
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 171,117</u>
<b>Liabilities</b>	
Due to student groups	<u>\$ 171,117</u>

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

## NOTES TO FINANCIAL STATEMENTS

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of *Saugatuck Public Schools* (the “District”), consistently applied in the preparation of the accompanying financial statements, is as follows:

#### The Reporting Entity

As required by generally accepted accounting principles, these financial statements present the reporting entity of Saugatuck Public Schools. The criteria identified in GASB Statements 39 and 61, including financial accountability, have been utilized in identifying the District’s reporting entity which includes no component units.

#### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2014.

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

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund follows the accrual basis of accounting, but does not have a measurement focus.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, State school aid, expenditure-driven grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

The *bond debt service fund* accounts for financial resources restricted for principal and interest payments on bonds payable. Revenues are generated primarily through a dedicated property tax millage.

The *2013 bond capital projects fund* accounts for the proceeds and related expenditure of general obligation bonds. The bonds are restricted to use for technology upgrades and new buses as approved by the taxpayers.

Additionally, the government reports the following fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *agency fund* accounts for resources held on the behalf of other individuals and governments.

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### *Budgets and Budgetary Accounting*

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District considers the debt service payment schedule to be an adequate budgetary control. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
5. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2014. Expenditures may not exceed appropriations at the function level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

### Encumbrances

The District does not formally record encumbrances in the accounting records during the year as a normal practice. Appropriations lapse at year-end and amounts are reappropriated for expenditures to be incurred in the next fiscal year.

### Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2013 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within sixty days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

### Cash and Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

### Investments

Investments consist of mutual funds and are recorded in the District's records at fair value.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### Receivables

The District follows the practice of recording receivables for revenues change that have been earned but not yet received. Receivables consist primarily of State School Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management, and therefore, no amount has been recorded as a provision for bad debts.

### Inventories and Prepaid Items

Inventories consist of food items. Inventories are stated at cost (first in, first out).

Payments to vendors for services that will benefit periods beyond a fund’s fiscal year-end are recorded as prepaid items in both the government-wide and fund financial statements.

### Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-45
Furniture and equipment	5-20
Buses and vehicles	8

### Deferred Outflows of Resources

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

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

### Vested Termination Benefits

Most employees of the District are compensated for leaves of absence chargeable to sick days. Each school year, the covered employees are credited with a number of sick days and any unused portion of such allowances can accumulate. Upon retirement, those employees who meet certain age and years of service requirements will be paid for a portion of sick days accumulated to a maximum number of days and at a rate determined by their job category.

The liability for the sick leave has been computed using the vesting method in accordance with Governmental Accounting Standards Board Statement No. 16. This liability is shown on the statement of net position.

### Bonded Construction Costs and Sinking Funds

The 2013 capital projects fund includes activities funded with bonds issued on June 27, 2013. For these capital projects, the District has complied with the applicable provisions of §1351a of the Michigan Revised School Code.

The building and site sinking fund accounts for capital project activities funded with a sinking fund millage. For this fund, the District has complied with the applicable provisions of §1212(1) of the Michigan Revised School Code.



# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The authority to assign fund balance has not been delegated by the Board of Education. Unassigned fund balance is the residual classification for the general fund.

The Board of Education has adopted a minimum fund balance policy in which the total fund balance of the general fund will be equal to at least 15 percent of the general fund expenditures and transfers out.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

### Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 2. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 26 percent of the District's general fund revenue during the 2014 fiscal year.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	Governmental Activities	Fiduciary Fund	Total
Cash and cash equivalents	\$ 1,510,384	\$ 171,117	\$ 1,681,501
Investments	1,847,679	-	1,847,679
<b>Total</b>	<b>\$ 3,358,063</b>	<b>\$ 171,117</b>	<b>\$ 3,529,180</b>

Cash and investments are comprised of the following at year-end:

Checking and savings accounts	\$ 1,679,851
Investments - mutual funds	1,847,679
Cash on hand	<u>1,650</u>
<b>Total</b>	<b>\$ <u>3,529,180</u></b>

State statutes authorize the District to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Cash and cash equivalents are comprised of deposits in one (1) financial institution located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account. They are recorded in District records at fair value.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### *Investment and Deposit Risk*

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The District's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. None of the District's deposits or investments had fixed maturities at year end.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of District's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified above. The investment policy does not have specific limits in excess of state law on investment credit risk. The District's investments were rated AAAM by Standard & Pools.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, \$1,576,393 of the District's bank balance of \$1,826,393 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimized this risk by prequalifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirement set forth in the District's investment policy. Of the above investments, the District's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### 4. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 555,563	\$ -	\$ -	\$ -	\$ 555,563
Construction in progress	-	7,366	-	-	7,366
	<u>555,563</u>	<u>7,366</u>	<u>-</u>	<u>-</u>	<u>562,929</u>
Capital assets, being depreciated:					
Buildings and improvements	25,589,766	77,255	-	5,240	25,672,261
Buses and vehicles	560,502	228,771	(192,963)	132,180	728,490
Furniture and equipment	2,781,834	5,415	(136,037)	12,414	2,663,626
	<u>28,932,102</u>	<u>311,441</u>	<u>(329,000)</u>	<u>149,834</u>	<u>29,064,377</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,910,190)	(583,528)	-	(28,667)	(6,522,385)
Buses and vehicles	(464,245)	(54,779)	184,698	(123,552)	(457,878)
Furniture and equipment	(1,256,318)	(115,341)	105,312	2,385	(1,263,962)
	<u>(7,630,753)</u>	<u>(753,648)</u>	<u>290,010</u>	<u>(149,834)</u>	<u>(8,244,225)</u>
Total capital assets being depreciated, net	<u>21,301,349</u>	<u>(442,207)</u>	<u>(38,990)</u>	<u>-</u>	<u>20,820,152</u>
Governmental activities capital assets, net	<u>\$ 21,856,912</u>	<u>\$ (434,841)</u>	<u>\$ (38,990)</u>	<u>\$ -</u>	<u>\$ 21,383,081</u>

Depreciation expense is reported as unallocated in the statement of activities.

The amount in construction in progress relates to preliminary costs for a new security system. The District has an outstanding construction commitment for the completion of the project in the amount of approximately \$199,000.

### 5. TRANSFERS AND INTERFUND BALANCES

Transfers relate to indirect charges from the general fund to the food service and community recreation special revenue funds.

Transfers in	Transfers Out
	Nonmajor Governmental Funds
General fund	<u>\$ 30,000</u>

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### 6. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2014:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 19,995,000	\$ -	\$ (1,030,000)	\$ 18,965,000	\$ 1,080,000
Installment purchase agreement	108,000	-	(18,000)	90,000	18,000
Total installment debt	20,103,000	-	(1,048,000)	19,055,000	1,098,000
Unamortized discounts / premiums on bonds	128,001	-	(10,187)	117,814	10,187
Early retirement incentive	70,000	-	(70,000)	-	-
Compensated absences	174,448	26,340	(46,665)	154,123	15,412
Total long-term debt	<u>\$ 20,475,449</u>	<u>\$ 26,340</u>	<u>\$ (1,174,852)</u>	<u>\$ 19,326,937</u>	<u>\$ 1,123,599</u>

The District's installment debt consists of the following items:

	Ending Balance	Due Within One Year
\$9,035,000 2005 general obligation unlimited tax refunding bonds for the purpose of refunding the 1999 school building and site bonds, due in annual installments of \$195,000 to \$835,000 plus interest ranging from 3.000 to 4.105%, payable semi-annually through May 1, 2024.	\$ 7,160,000	\$ 595,000
\$11,905,000 2008 building site general obligation unlimited tax bonds for the purpose of defraying all or part of the cost of constructing remodeling and equipping, or reequipping, school facilities, due in annual installments of \$200,000 to \$1,625,000 plus interest ranging from 3.500 to 4.500%, payable semi-annually through May 1, 2028.	10,855,000	250,000
\$1,185,000 2013 school improvement and bus obligation unlimited tax bonds for the purpose of acquiring, installing and equipping educational technology for school facilities, and purchasing equipment, furnishings, and school buses, due in annual installments of \$235,000 to \$240,000 plus interest ranging from 0.750 to 1.300%, payable semi-annually through May 1, 2018.	950,000	235,000
\$128,000 installment purchase agreement for new boiler in Saugatuck High School, due in annual installments of \$18,000 to \$20,000 plus interest at 2.490%, payable annually through May 1, 2019.	90,000	18,000
Total installment debt	<u>\$ 19,055,000</u>	<u>\$ 1,098,000</u>

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

Following is a summary of future principal and interest payments on installment debt:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 1,098,000	\$ 459,966	\$ 1,557,966
2016	1,173,000	413,716	1,586,716
2017	1,263,000	368,197	1,631,197
2018	1,353,000	320,288	1,673,288
2019	1,208,000	269,694	1,477,694
2020-2024	6,665,000	862,838	7,527,838
2025-2028	6,295,000	271,100	6,566,100
	<u>\$ 19,055,000</u>	<u>\$ 2,965,799</u>	<u>\$ 22,020,799</u>

The early retirement incentive was offered in 2010. Eligible employees electing to participate in the incentive program receive 4 annual payments of \$10,000 as a contribution to their 403(b) plan. The final payment was made in July 2013. Compensated absences are expected to be liquidated by the general fund.

## 7. RETIREMENT PLAN

### Plan Description

The District contributes to the Michigan Public School Employees Retirement System (MPSERS), a collection of several retirement plans administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPSERS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by state statute. The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees' Retirement System, 7150 Harris Drive, P.O. Box 30026, Lansing, Michigan, 48909 or by calling (517) 322-5103.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### Funding Policy

#### *Defined Benefit Plans*

Member contribution rates vary based on date of hire and certain voluntary elections. Member Investment Plan ("MIP") members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 through June 30, 2008 contribute at the following graduated permanently fixed contribution rates: 3 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 4.3 percent of all wages over \$15,000. Members first hired July 1, 2008 through June 30, 2010 contribute at the following graduated permanently fixed contribution rates: 3.0 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 6.4 percent of all wages over \$15,000. Basic Plan members make no contributions. Members first enrolled on or after July 1, 2010 are enrolled in the MIP Plus Plan. Member contributions are matched at a rate of 50 percent by the employer, up to a maximum of one percent. Basic 4% and MIP 7% members contribute 4 percent and 7 percent of pretax salary, respectively. Based on the option selected at enrollment, these individuals contribute at a fixed rate until termination of employment or until reaching 30 years of service. At that time, based on the option selected, employee contributions are no longer required or revert to the contribution requirements under the MIP plan in which the employee initially enrolled.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree healthcare benefits on a cash disbursement basis. The rates for the year ended June 30, 2014 as a percentage of payroll ranged from 24.32 to 24.79 percent.

#### *Hybrid Plans*

Effective February 1, 2013, members that initially enrolled in the defined benefit plan were provided the option to convert to a defined contribution plan. In these instances, any service credit accumulated under the defined benefit plan before February 1, 2013 is retained. For service performed after this date, the converted plan member receives 4 percent employer contributions to a personal 401(k) account. Voluntary employee contributions are permitted in accordance with IRS guidelines. Employer contributions and earnings thereon vest based on the following schedule: 50 percent at 2 years of service, 75 percent at 3 years of service, and 100 percent at 4 years of service. Any voluntary contributions vest with the employee immediately. If a member participating in the hybrid plan retires with certain age and service requirements, he or she will receive a monthly pension based on compensation received before February 1, 2013.

#### *Defined Contribution Plan*

A member first enrolling in MPSERS on or after September 4, 2012 is automatically enrolled in the defined contribution plan. Employer and employee contribution rates and vesting requirements are consistent with the defined contribution component of the hybrid plan as described above.

The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature. The District's contributions to MPSERS under all plans for the years ended June 30, 2014, 2013, and 2012 were \$1,331,598, \$1,212,020, and \$1,057,999, respectively, equal to the required contributions for each year.

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### Other Postemployment Benefits

Retirees enrolled in MPSERS before September 4, 2012 have the option of participating in the Premium Subsidy plan, a defined benefit postemployment healthcare plan, which is funded by employers on a cash disbursement basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension. Plan participants contribute 3 percent of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that cover up to 80 percent of cost.

Plan members enrolled on or after September 4, 2012 participate in the Personal Healthcare Fund. This defined contribution other postemployment benefits plan includes a required 2 percent employee contribution into a personal tax-deferred account, which is matched by an additional 2 percent employer contribution. Employees are fully vested in these contributions which can be used, along with earnings thereon, to pay for postemployment healthcare expenses. Plan members working prior to September 4, 2012 were given the option to convert from the Premium Subsidy plan to the Personal Healthcare Fund option. Effective February 1, 2013, these members are no longer required to make the 3 percent employee contribution. Amounts paid into the Retiree Healthcare Fund between September 4, 2012 and February 1, 2013 were credited to each individual's Personal Healthcare Fund account. Any contributions made prior to September 4, 2012 are pending a Supreme Court resolution.

The District's contributions to MPSERS for other postemployment benefits are not separately identified and are included in the contribution amounts disclosed above.



# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### 8. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classified fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Bond Debt Service	2013 Capital Projects	Nonmajor Governmental Funds	Total
<b>Nonspendable</b>					
Inventories	\$ -	\$ -	\$ -	\$ 2,735	\$ 2,735
Prepaid items	57,800	-	-	-	57,800
<b>Total nonspendable</b>	<u>57,800</u>	<u>-</u>	<u>-</u>	<u>2,735</u>	<u>60,535</u>
<b>Restricted</b>					
Debt service	-	511,638	-	-	511,638
Food service operations	-	-	-	100,281	100,281
Community recreation programs	-	-	-	165,105	165,105
Capital improvements	-	-	492,353	191,515	683,868
<b>Total restricted</b>	<u>-</u>	<u>511,638</u>	<u>492,353</u>	<u>456,901</u>	<u>1,460,892</u>
<b>Unassigned</b>	<u>1,616,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,616,091</u>
<b>Total fund balances - governmental funds</b>	<u>\$ 1,673,891</u>	<u>\$ 511,638</u>	<u>\$ 492,353</u>	<u>\$ 459,636</u>	<u>\$ 3,137,518</u>

### 9. NET INVESTMENT IN CAPITAL ASSETS

The composition of the District's net investment in capital assets as of June 30, 2014, was as follows:

	Governmental Activities
<b>Capital assets:</b>	
Capital assets not being depreciated	\$ 562,929
Capital assets being depreciated, net	<u>20,820,152</u>
	<u>21,383,081</u>
<b>Related debt:</b>	
Total bonds and installment purchase agreements	19,055,000
Less unexpended bond proceeds	(492,353)
Unamortized bond premiums/discounts, net	117,814
Deferred loss on bond refunding	<u>(357,799)</u>
	<u>18,322,662</u>
<b>Net investment in capital assets</b>	<u>\$ 3,060,419</u>

# SAUGATUCK PUBLIC SCHOOLS

## Notes to Financial Statements

### 10. CONTINGENCIES

#### Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

#### Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2014, the District carried commercial insurance and participated in a public entity risk pool. The District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

### 11. EFFECT OF UPCOMING CHANGE IN ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be effective for the District's fiscal year ending June 30, 2015. This statement will require the recognition of a "net pension liability" on the statement of net position, equal to the unfunded portion of the District's defined benefit pension plan, as defined and calculated in accordance with the new standard. While the exact amount of this liability is not readily determinable at this time, management estimates that it may approximate \$12,000,000. GASB 68 will require the net pension liability to be recorded for the year ending June 30, 2015, by restating beginning net position as of July 1, 2014.



**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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## GENERAL FUND

# SAUGATUCK PUBLIC SCHOOLS

## Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources:				
Property taxes	\$ 5,470,500	\$ 5,432,564	\$ 5,432,804	\$ 240
Act 18	590,000	604,075	677,652	73,577
Tuition	44,800	31,850	32,522	672
Rentals	-	3,050	5,956	2,906
Earnings on investments	3,000	2,600	2,340	(260)
Other local sources	41,500	51,718	50,775	(943)
<b>Total local sources</b>	<b>6,149,800</b>	<b>6,125,857</b>	<b>6,202,049</b>	<b>76,192</b>
State sources:				
State School Aid	1,842,578	2,310,900	2,311,552	652
Federal sources:				
Title I	91,213	91,691	91,691	-
Title II-A	17,718	18,236	14,201	(4,035)
Special education (IDEA)	166,964	166,859	166,859	-
Other federal sources	900	961	1,044	83
<b>Total federal sources</b>	<b>276,795</b>	<b>277,747</b>	<b>273,795</b>	<b>(3,952)</b>
<b>Total revenues</b>	<b>8,269,173</b>	<b>8,714,504</b>	<b>8,787,396</b>	<b>72,892</b>
<b>Expenditures</b>				
Instruction:				
Basic programs:				
Elementary	2,251,956	2,099,030	2,059,417	(39,613)
Middle school	700,282	763,183	761,424	(1,759)
High school	1,713,774	1,867,164	1,872,241	5,077
Pre-kindergarten	45,542	47,043	45,414	(1,629)
Summer school	4,958	-	858	858
<b>Total basic programs</b>	<b>4,716,512</b>	<b>4,776,420</b>	<b>4,739,354</b>	<b>(37,066)</b>

continued...

# SAUGATUCK PUBLIC SCHOOLS

## Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
<b>Instruction (concluded):</b>				
Added needs:				
Special education	\$ 557,031	\$ 508,475	\$ 509,239	\$ 764
Compensatory education	90,812	91,691	91,691	-
Total added needs	<u>647,843</u>	<u>600,166</u>	<u>600,930</u>	<u>764</u>
Total instruction	<u>5,364,355</u>	<u>5,376,586</u>	<u>5,340,284</u>	<u>(36,302)</u>
<b>Supporting services:</b>				
Pupil services:				
Guidance services	141,553	146,969	144,485	(2,484)
Health services	25,100	25,100	17,540	(7,560)
Psychology services	30,800	30,800	23,400	(7,400)
Speech services	113,713	118,775	117,815	(960)
Social work services	78,362	84,199	82,109	(2,090)
Other pupil services	59,263	61,310	56,808	(4,502)
Total pupil services	<u>448,791</u>	<u>467,153</u>	<u>442,157</u>	<u>(24,996)</u>
Instructional staff:				
Improvement of instruction	50,532	103,807	97,579	(6,228)
Media center	34,783	34,018	30,643	(3,375)
Student assessment	7,300	7,300	3,519	(3,781)
Supervision and direction	-	11,680	11,680	-
Other staff services	23,600	23,600	23,600	-
Total instructional staff	<u>116,215</u>	<u>180,405</u>	<u>167,021</u>	<u>(13,384)</u>
General administration:				
Board of Education	30,900	31,731	28,134	(3,597)
Executive administration	226,295	239,728	237,406	(2,322)
Total general administration	<u>257,195</u>	<u>271,459</u>	<u>265,540</u>	<u>(5,919)</u>
School administration:				
Office of the Principal	<u>546,642</u>	<u>568,750</u>	<u>558,189</u>	<u>(10,561)</u>
Business services:				
Fiscal services	194,820	203,940	197,500	(6,440)
Other business services	70,041	87,995	87,995	-
Total business services	<u>264,861</u>	<u>291,935</u>	<u>285,495</u>	<u>(6,440)</u>

continued...

# SAUGATUCK PUBLIC SCHOOLS

## Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Supporting services (concluded):				
Operation and maintenance	\$ 633,620	\$ 724,020	\$ 712,853	\$ (11,167)
Pupil transportation	267,275	286,629	274,836	(11,793)
Other support services:				
Communications	24,973	28,902	29,466	564
Staff services	11,600	16,100	16,590	490
Technology	150,500	146,400	136,319	(10,081)
Pupil accounting	-	1,320	1,319	(1)
Total other support services	187,073	192,722	183,694	(9,028)
Total supporting services	2,721,672	2,983,073	2,889,785	(93,288)
Athletics	262,411	265,502	260,742	(4,760)
Debt service:				
Principal	22,900	18,000	18,000	-
Interest and fiscal charges	-	2,723	2,723	-
Total debt service	22,900	20,723	20,723	-
Capital outlay	30,000	-	-	-
Total expenditures	8,401,338	8,645,884	8,511,534	(134,350)
Revenues over (under) expenditures	(132,165)	68,620	275,862	207,242

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# SAUGATUCK PUBLIC SCHOOLS

## Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources				
Transfers in	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Proceeds from sale of capital assets	9,500	9,800	9,800	-
Total other financing sources	39,500	39,800	39,800	-
Net changes in fund balance	(92,665)	108,420	315,662	207,242
Fund balance, beginning of year	1,358,229	1,358,229	1,358,229	-
Fund balance, end of year	<u>\$ 1,265,564</u>	<u>\$ 1,466,649</u>	<u>\$ 1,673,891</u>	<u>\$ 207,242</u>

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## NONMAJOR GOVERNMENTAL FUNDS

# SAUGATUCK PUBLIC SCHOOLS

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2014

	Special Revenue		Capital Projects	Total
	Food Service	Community Recreation	Building and Site Sinking Fund	
<b>Assets</b>				
Cash and investments	\$ 109,052	\$ 165,105	\$ 198,881	\$ 473,038
Inventories	2,735	-	-	2,735
<b>Total assets</b>	<u>\$ 111,787</u>	<u>\$ 165,105</u>	<u>\$ 198,881</u>	<u>\$ 475,773</u>
<b>Liabilities</b>				
Accounts payable	\$ 6,623	\$ -	\$ 7,366	\$ 13,989
Unearned revenue	2,148	-	-	2,148
<b>Total liabilities</b>	<u>8,771</u>	<u>-</u>	<u>7,366</u>	<u>16,137</u>
<b>Fund balances</b>				
Nonspendable	2,735	-	-	2,735
Restricted	100,281	165,105	191,515	456,901
<b>Total fund balances</b>	<u>103,016</u>	<u>165,105</u>	<u>191,515</u>	<u>459,636</u>
<b>Total liabilities and fund balances</b>	<u>\$ 111,787</u>	<u>\$ 165,105</u>	<u>\$ 198,881</u>	<u>\$ 475,773</u>

# SAUGATUCK PUBLIC SCHOOLS

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Special Revenue		Capital Projects	Total
	Food Service	Community Recreation	Building and Site Sinking Fund	
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ 132,519	\$ 264,857	\$ 397,376
Food sales	120,359	-	-	120,359
Charges	-	38,941	-	38,941
Earnings on investments	276	711	117	1,104
Other revenue	581	635	-	1,216
State sources	15,688	-	-	15,688
Federal sources	143,646	-	-	143,646
<b>Total revenues</b>	<b>280,550</b>	<b>172,806</b>	<b>264,974</b>	<b>718,330</b>
<b>Expenditures</b>				
Current:				
Food service	260,397	-	-	260,397
Community and recreation	-	144,435	-	144,435
Capital outlay	-	-	73,459	73,459
<b>Total expenditures</b>	<b>260,397</b>	<b>144,435</b>	<b>73,459</b>	<b>478,291</b>
Revenues over expenditures	20,153	28,371	191,515	240,039
<b>Other financing uses</b>				
Transfers out	(15,000)	(15,000)	-	(30,000)
Net change in fund balances	5,153	13,371	191,515	210,039
Fund balances, beginning of year	97,863	151,734	-	249,597
Fund balances, end of year	\$ 103,016	\$ 165,105	\$ 191,515	\$ 459,636

# SAUGATUCK PUBLIC SCHOOLS

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Food Service Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources:				
Food sales	\$ 155,200	\$ 121,180	\$ 120,359	\$ (821)
Earnings on investments	350	330	276	(54)
Other	1,000	600	581	(19)
Total local sources	<u>156,550</u>	<u>122,110</u>	<u>121,216</u>	<u>(894)</u>
State sources - State School Aid	<u>18,000</u>	<u>15,844</u>	<u>15,688</u>	<u>(156)</u>
Federal sources:				
Federal aid received through the State	140,000	130,000	131,595	1,595
USDA donated commodities	19,000	19,000	12,051	(6,949)
Total federal sources	<u>159,000</u>	<u>149,000</u>	<u>143,646</u>	<u>(5,354)</u>
Total revenues	333,550	286,954	280,550	(6,404)
<b>Expenditures</b>				
Current - food service	<u>333,472</u>	<u>281,231</u>	<u>260,397</u>	<u>(20,834)</u>
Revenues over expenditures	78	5,723	20,153	14,430
<b>Other financing uses</b>				
Transfers out	<u>(10,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net changes in fund balance	(9,922)	(9,277)	5,153	14,430
Fund balance, beginning of year	<u>97,863</u>	<u>97,863</u>	<u>97,863</u>	<u>-</u>
Fund balance, end of year	<u>\$ 87,941</u>	<u>\$ 88,586</u>	<u>\$ 103,016</u>	<u>\$ 14,430</u>

# SAUGATUCK PUBLIC SCHOOLS

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Recreation Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources:				
Property taxes	\$ 130,500	\$ 132,530	\$ 132,519	\$ (11)
Charges	33,975	32,100	38,941	6,841
Earnings on investments	1,000	650	711	61
Other	1,050	635	635	-
<b>Total revenues</b>	<b>166,525</b>	<b>165,915</b>	<b>172,806</b>	<b>6,891</b>
<b>Expenditures</b>				
Current - community and recreation	156,566	153,634	144,435	(9,199)
<b>Revenues over expenditures</b>	<b>9,959</b>	<b>12,281</b>	<b>28,371</b>	<b>16,090</b>
<b>Other financing uses</b>				
Transfers out	(15,000)	(15,000)	(15,000)	-
<b>Net changes in fund balance</b>	<b>(5,041)</b>	<b>(2,719)</b>	<b>13,371</b>	<b>16,090</b>
Fund balance, beginning of year	151,734	151,734	151,734	-
<b>Fund balance, end of year</b>	<b>\$ 146,693</b>	<b>\$ 149,015</b>	<b>\$ 165,105</b>	<b>\$ 16,090</b>

# SAUGATUCK PUBLIC SCHOOLS

## Schedule of Changes in Fiduciary Assets and Liabilities

Student Activities Fund by Club/Organization

For the Year Ended June 30, 2014

	July 1, 2013	Additions	Deductions	June 30, 2014
<b>Assets</b>				
Cash and cash equivalents	\$ 157,328	\$ 670,557	\$ (656,768)	\$ 171,117
<b>Liabilities</b>				
Douglas Elementary School:				
3rd grade	\$ -	\$ 2,510	\$ (2,410)	\$ 100
4th grade	-	1,351	(1,351)	-
5th grade	132	8,091	(7,703)	520
Art	1,695	12,000	(10,965)	2,730
Baking club	-	32	(32)	-
Dancing for the Arts IV	580	31,809	(32,389)	-
Dancing for the Arts - student needs	1,000	-	-	1,000
Dancing for the Arts - scholarships	1,500	-	(400)	1,100
Destination imagination	540	-	(540)	-
Elementary swimming	-	2,405	(2,405)	-
Field trips	-	1,200	(1,200)	-
General fund	774	46,785	(45,976)	1,583
Library	3,119	135	(426)	2,828
Lift	1,489	1,490	(1,304)	1,675
Music	2,250	12,536	(5,967)	8,819
Physical education	75	-	(75)	-
Preschool	741	256	(622)	375
Preschool scholarship	2,378	400	-	2,778
School store	306	1,331	(1,564)	73
STA scholarships	4,541	-	(1,800)	2,741
Student council	184	-	(184)	-
Summer school	210	345	(270)	285
Sunshine fund	193	501	(663)	31
Symphony	1,775	1,500	(1,202)	2,073
Todd Warren II Memorial	1,733	-	(20)	1,713
Writing fund	-	1,900	(1,270)	630
Middle School and High School:				
6th grade camp	1,033	8,416	(6,525)	2,924
8th grade trip	5,968	8,300	(8,362)	5,906
Academic boosters	-	3,127	(3,127)	-
American cancer society fundraiser	318	-	-	318
AP testing	1,853	3,178	-	5,031
Art a loan	5,855	5,798	(4,326)	7,327
Art department	141	625	(170)	596

continued...



# SAUGATUCK PUBLIC SCHOOLS

## Schedule of Changes in Fiduciary Assets and Liabilities

Student Activities Fund by Club/Organization

For the Year Ended June 30, 2014

	July 1, 2013	Additions	Deductions	June 30, 2014
Liabilities (continued)				
Middle School and High School (concluded):				
Athletic boosters	\$ 11,699	\$ 37,277	\$ (40,193)	\$ 8,783
Athletic fund	702	1,652	(749)	1,605
Athletic pavers	2,314	-	-	2,314
Audio books	243	-	-	243
Baseball	2,876	1,020	(915)	2,981
Boys basketball	1,247	7,548	(7,892)	903
Class of 2011	676	-	(676)	-
Class of 2013	1,507	-	(1,507)	-
Class of 2014	2,285	-	(356)	1,929
Class of 2015	1,770	2,940	(2,507)	2,203
Class of 2016	530	850	(370)	1,010
Class of 2017	-	1,210	-	1,210
Community recreation	1,786	-	(1,786)	-
Cross country	2,261	3,701	(5,049)	913
Drama club	3,218	4,464	(5,509)	2,173
Field maintenance - baseball	-	855	(532)	323
Field trips	10,563	17,775	(21,636)	6,702
Football	2,342	11,838	(12,929)	1,251
Girls basketball	978	5,055	(5,344)	689
Golf	321	1,882	(1,629)	574
Great expectations	535	-	-	535
Gym rental	1,871	25	-	1,896
In - out account	-	121,486	(121,486)	-
Interact	2,559	13,154	(12,320)	3,393
Interest account	662	96	(485)	273
Library	55	49	-	104
Logowear	1,249	5,623	(5,167)	1,705
Material deposit	15,586	7,490	(510)	22,566
Memorials	990	-	-	990
Middle school art	396	937	-	1,333
Middle school store	3,158	250	(2,866)	542
Miscellaneous	44	119,788	(116,869)	2,963
Music boosters	10,865	27,058	(26,700)	11,223
Middle school student council	1,343	205	(382)	1,166
Need to know	-	1,500	(1,406)	94
Outdoor learning center	-	871	-	871
Parking lot	-	14,321	(14,321)	-
Salmon account	339	-	(238)	101

continued...

# SAUGATUCK PUBLIC SCHOOLS

## Schedule of Changes in Fiduciary Assets and Liabilities

Student Activities Fund by Club/Organization

For the Year Ended June 30, 2014

	July 1, 2013	Additions	Deductions	June 30, 2014
Liabilities (concluded)				
Middle School and High School (concluded):				
Scholarship plaque	\$ 24	\$ -	\$ -	\$ 24
Score board fundraising	2,500	3,500	(5,920)	80
Senior parents Class of 2010	855	-	(855)	-
Senior parents Class of 2012	758	-	(758)	-
Senior parents Class of 2014	3,102	9,032	(12,046)	88
Senior parents Class of 2015	1,550	1,360	(15)	2,895
Senior parents Class of 2016	850	1,360	-	2,210
Senior parents Class of 2017	-	1,360	-	1,360
Shop	414	3,616	(3,210)	820
Soccer	169	1,870	(1,575)	464
Softball	1,309	3,298	(2,420)	2,187
Spanish club	51	-	-	51
Student teacher account	700	400	-	1,100
STA	150	-	-	150
Student council	1,080	1,837	(1,032)	1,885
Student council scholarships	785	-	-	785
Summer school	250	-	(250)	-
Tournament account	2,819	5,831	(6,653)	1,997
Track	-	5,656	(4,437)	1,219
Vending	3,153	2,908	(2,389)	3,672
Vernon Christopher Memorial	1,426	-	-	1,426
Volleyball	1,485	5,763	(7,611)	(363)
Women who care	17	680	-	697
Yearbook and newspaper	558	3,404	(1,841)	2,121
Youth in government	482	13,477	(13,091)	868
Parking lot	5,488	38,264	(37,088)	6,664
<b>Total liabilities</b>	<b>\$ 157,328</b>	<b>\$ 670,557</b>	<b>\$ (656,768)</b>	<b>\$ 171,117</b>

concluded

## INTERNAL CONTROL AND COMPLIANCE

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INDEPENDENT AUDITORS' 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*

August 13, 2014

Board of Education  
Saugatuck Public Schools  
Douglas, Michigan

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 *Saugatuck Public Schools* (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 13, 2014.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 District'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.

*Rehmann Johnson LLC*