

**Alma Public Schools
Alma, Michigan**

**Annual Financial Statements
and
Auditors' Report**

June 30, 2013

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Alma Public Schools
Members of the Board of Education and Administration
June 30, 2013

Members of the Board of Education

Art McClintic, President

Mark Smoker, Vice President

Dr. C. Jeffrey Holmes, Treasurer

David Justin, Secretary

Steve Block, Trustee

Kendra Overla, Trustee

Kathy Grace, Trustee

Administration

Sonia Lark, Superintendent

Mark Jacobs, Director of Finance

Independent Auditors' Report

Management and the Board of Education
Alma Public Schools

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 Alma Public Schools, as of and for the year ended June 30, 2013, 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 Alma Public Schools, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2013, the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alma Public Schools' basic financial statements. The list of the Members of the Board of Education and Administration and 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.

The list of the Members of the Board of Education and Administration, which is the responsibility of management, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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, Alma Public Schools' financial statements as of and for the year ended June 30, 2012, which are not presented with the accompanying financial statements. In our report dated October 26, 2012, 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 Alma Public Schools' financial statements as a whole. The 2012 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 2012 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 2012 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 29, 2013 on our consideration of Alma 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 Alma Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Alma, MI
October 29, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alma Public Schools

Management's Discussion and Analysis

This section of the Alma Public School's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2013. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alma Public School's financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund – the General Fund with all other funds presented in one column as non-major funds. The remaining statements, the internal service fund, accounts for the activities of the district's partially self-insured health plan and the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

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

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Supplementary Information

Alma Public Schools

Management's Discussion and Analysis

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

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

These two statements report the School District's net position and how it has changed. Net position – the difference between assets, deferred outflows of resources and liabilities, as reported in the statement of net position – is one way to measure the School District's financial health, or position. Over time, increases or decreases in the School District's net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net position and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds – Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (the Food Service Fund for example) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Alma Public Schools

Management's Discussion and Analysis

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

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

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

Alma Public Schools
Management's Discussion and Analysis

The School District as a Whole

Net Position

The district's combined net position is reflected in Table 1. Construction activity during the year explains the decrease in current assets as cash and investments were converted into property and equipment as construction was completed. The increase in total net position is discussed in conjunction with Table 2.

TABLE 1	<u>Governmental Activities</u>	
	2013	<u>(Restated)</u> 2012
Assets		
Current and other assets	\$ 6,119,000	\$ 8,604,000
Property and equipment	39,766,000	39,827,000
Deferred outflows of resources	<u>850,000</u>	<u>851,000</u>
Total assets and deferred outflows of resources	<u>46,735,000</u>	<u>49,282,000</u>
Liabilities		
Current liabilities	6,316,000	7,101,000
Long-term liabilities	<u>29,312,000</u>	<u>31,196,000</u>
Total liabilities	<u>35,628,000</u>	<u>38,297,000</u>
Net Position		
Net investment in capital assets	10,702,000	10,261,000
Restricted	334,000	277,000
Unrestricted	<u>71,000</u>	<u>447,000</u>
Total net position	<u>\$11,107,000</u>	<u>\$10,985,000</u>

Alma Public Schools

Management's Discussion and Analysis

The School District's net position was \$11,107,000 at June 30, 2013. Net investment in capital assets totaling \$10,702,000 compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from enabling legislation that limit the School District's ability to use those assets for day-to-day operations. The remaining amount of net position of \$71,000 was unrestricted.

The \$71,000 in unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal year 2013.

Alma Public Schools
Management's Discussion and Analysis

TABLE 2	<u>Governmental Activities</u>	
	June 30, 2013	(Restated) June 30, 2012
Revenue		
Program revenue:		
Charges for services	\$649,000	\$714,000
Federal grants and entitlements	5,223,000	5,593,000
Capital grants and contributions	-0-	-0-
General revenue:		
Property taxes	4,177,000	4,119,000
State foundation allowance	12,848,000	13,051,000
Other	<u>44,000</u>	<u>72,000</u>
Total revenue	<u>22,941,000</u>	<u>23,549,000</u>
Functions/Professional Expenses		
Instruction	13,200,000	13,487,000
Support services	7,343,000	7,334,000
Food services	966,000	1,028,000
Community services	90,000	108,000
Interest on long-term debt	<u>1,220,000</u>	<u>1,643,000</u>
Total expenses	<u>22,819,000</u>	<u>23,600,000</u>
Increase (Decrease) in Net Position	<u>\$122,000</u>	<u>\$(51,000)</u>

Alma Public Schools

Management's Discussion and Analysis

Revenues for the district's governmental activities decreased 2.6 % while total expenses decreased 3.3 %

The School District experienced an increase in net position for the year of \$122,000. This was in contrast to a prior year decrease of \$51,000. The significant reason for this change was a decrease in interest on long-term debt due to refunding.

Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,069,000, which was a decrease of \$1,210,000 from last year. \$1,128,000 of this decrease was due to the 2010 capital project fund and reflects the expenditure of these funds on required building improvements.

In the General Fund, our principal operating fund, the fund balance decreased \$159,000 to \$1,752,000. The unassigned portion of the fund balance decreased \$121,000 to \$1,528,000, or approximately 7.9 % of budgeted expenses.

The General Fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Fund, fund balance, decreased by \$10,000 for the year. This decrease resulted from a reduction in federal revenue due to lower participation in the universal breakfast program.

The Debt Service Funds fund balance increased \$88,000 to an amount of \$184,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund balances are restricted since they can only be used to pay debt service obligations. Millage rates were set at 7.0 mills for 2013 to fund debt service on the 2003 Capital Bonds, the 2006 and 2012 Refunding Bonds and the 2010 Qualified School Construction Bonds.

Alma Public Schools

Management's Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements).

Changes to the General Fund original budget were as follows:

Budgeted revenues increased \$725,000 which is a 3.9% increase compared to the original budget. The net increase was due to additional Federal and State grant revenue approved during the year.

Budgeted expenditures increased \$648,000 which is a 3.4% increase compared to the original budget. The net increase was due to additional Federal and State grant expenditures approved during the year, employee contract adjustments and retirement rate increases.

Actual revenues were \$152,000 less than the final budgeted amounts, which is a 0.8% decrease over the final budgeted amount. This decrease was mostly from unspent federal grant sources which are carried forward to 2013-14. The overall difference was not significant.

Actual expenditures were \$184,000 less than the final budgeted amounts, which is a 0.9% decrease. This decrease was attributable to unspent federal grant funds and an effort to control expenditures during the school year in all departments. The overall difference was not significant.

Alma Public Schools
Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

At June 30, 2013, the School District had \$39,766,000 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$61,000, or 0.2%, from last year.

	June 30, 2013	June 30, 2012
Assets not being depreciated – Land	\$723,000	\$723,000
Construction in progress	-0-	8,445,000
Building and building improvements	52,242,000	42,751,000
Furniture and equipment	7,675,000	7,523,000
Buses and other vehicles	<u>1,327,000</u>	<u>1,327,000</u>
 Total capital assets	 61,967,000	 60,769,000
 Less accumulated depreciation	 <u>(22,201,000)</u>	 <u>(20,942,000)</u>
 Net capital assets	 <u>\$39,766,000</u>	 <u>\$39,827,000</u>

This year's additions of \$9,676,000 included primarily construction in progress of \$8,445,000 funded by 2010 Qualified School Construction bond proceeds. The other additions included equipment, technology, furniture and renovations funded from bond proceeds and general revenues.

Alma Public Schools Management's Discussion and Analysis

Debt

At the end of this year the School District's General Obligation Bonds outstanding decreased \$1,695,000 due to scheduled principal payments.

	June 30, 2013	June 30, 2012
2000 Energy Bonds	\$230,000	\$335,000
2003 Building & Site Bond	-0-	925,000
2006 Refunding Bonds	7,885,000	7,905,000
2010 Qualified School Construction Bonds	8,930,000	9,565,000
2012 Refunding Bonds	<u>10,825,000</u>	<u>10,835,000</u>
	<u>\$27,870,000</u>	<u>\$29,565,000</u>

Other obligations include capital leases, other bonds and contracts payable as well as accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2014 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2014 fiscal year is 90 percent and 10 percent of the October 2013 and February 2014 student counts, respectively. The 2014 budget was adopted in June 2013, based on an estimate of students that will be enrolled in October 2013. Approximately 68 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2014 school year, we anticipate that the fall student count will be in line with the estimates used in creating the 2014 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues to adjust current year appropriations and to set future years budgets.

Alma Public Schools

Management's Discussion and Analysis

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department at 1500 North Pine Avenue, Alma, Michigan 48801.

BASIC FINANCIAL STATEMENTS

Alma Public Schools
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,989,170
Accounts receivable	265,471
Due from other governmental units	3,099,049
Due from fiduciary funds	2,770
Inventory	65,168
Investments	652,525
Prepaid items	44,399
Capital assets not being depreciated	723,068
Capital assets - net of accumulated depreciation	<u>39,043,220</u>
 Total assets	 45,884,840
 Deferred Outflows of Resources	
Deferred amount on debt refunding	<u>850,233</u>
 Total assets and deferred outflows of resources	 <u>46,735,073</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Net Position
June 30, 2013

	Governmental Activities
Liabilities	
Accounts payable	\$ 227,185
State aid anticipation note payable	1,500,000
Due to other governmental units	54,462
Payroll deductions and withholdings	80,416
Accrued expenditures	1,368,355
Incurred but not report expenditures (IBNR)	162,226
Accrued salaries payable	982,824
Unearned revenue	174,364
Noncurrent liabilities	
Due within one year	1,765,913
Due in more than one year	29,312,372
	35,628,117
Total liabilities	35,628,117
Net Position	
Net investment in capital assets	10,702,230
Restricted for:	
Food service	19,123
Debt service	183,582
Contributions	130,709
Unrestricted	71,312
	71,312
Total net position	\$ 11,106,956

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities					
Instruction	\$ 13,199,995	\$ 252,374	\$ 3,863,919	\$ -	\$ (9,083,702)
Supporting services	7,343,029	187,529	574,314	-	(6,581,186)
Food services	965,717	184,701	763,456	-	(17,560)
Community services	90,754	24,204	21,233	-	(45,317)
Interest on long-term debt	1,219,687	-	-	-	(1,219,687)
	\$ 22,819,182	\$ 648,808	\$ 5,222,922	\$ -	(16,947,452)
General revenues					
Property taxes, levied for general purposes					1,910,280
Property taxes, levied for debt service					2,266,706
State aid - unrestricted					12,847,797
Interest and investment earnings					1,984
Gain on sale of capital assets					13,102
Other					29,737
					17,069,606
Change in net position					122,154
Net position - beginning					11,124,575
Prior period adjustment					(139,773)
Net position - beginning, as restated					10,984,802
Net position - ending					\$ 11,106,956

See Accompanying Notes to Financial Statements

Alma Public Schools
Governmental Funds
Balance Sheet
June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,448,331	\$ 193,702	\$ 1,642,033
Accounts receivable	262,661	2,810	265,471
Due from other funds	2,770	411	3,181
Due from other governmental units	3,099,049	-	3,099,049
Inventory	52,121	13,047	65,168
Investments	538,461	114,064	652,525
Prepaid items	41,811	2,588	44,399
	\$ 5,445,204	\$ 326,622	\$ 5,771,826
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts payable	\$ 95,639	\$ 381	\$ 96,020
State aid anticipation note payable	1,500,000	-	1,500,000
Due to other funds	247,115	9,596	256,711
Due to other governmental units	54,462	-	54,462
Payroll deductions and withholdings	80,416	-	80,416
Accrued expenditures	537,737	-	537,737
Accrued salaries payable	982,824	-	982,824
Unearned revenue	174,364	-	174,364
	3,672,557	9,977	3,682,534
Deferred Inflows of Resources			
Unavailable			
Grants received	20,168	-	20,168
	20,168	-	20,168

See Accompanying Notes to Financial Statements

**Alma Public Schools
Governmental Funds
Balance Sheet
June 30, 2013**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance			
Non-spendable			
Inventory	\$ 52,121	\$ 13,047	\$ 65,168
Prepaid items	41,811	2,588	44,399
Restricted for:			
Food service	-	3,488	3,488
Debt service	-	183,582	183,582
Capital projects	-	113,940	113,940
Contributions	130,709	-	130,709
Unassigned	1,527,838	-	1,527,838
Total fund balance	<u>1,752,479</u>	<u>316,645</u>	<u>2,069,124</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 5,445,204</u></u>	<u><u>\$ 326,622</u></u>	<u><u>\$ 5,771,826</u></u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

Total fund balances for governmental funds	\$ 2,069,124
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Grants	20,168
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	723,068
Capital assets - net of accumulated depreciation	39,043,220
Deferred outflows of resources resulting from debt refunding	850,233
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(616,718)
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	(1,050,054)
Bonds payable	(28,444,487)
School bond loan payable	(1,440,179)
Other loans payable and liabilities	(143,565)
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net position	<u>96,146</u>
Net position of governmental activities	<u><u>\$ 11,106,956</u></u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 2,212,030	\$ 2,485,914	\$ 4,697,944
State sources	15,109,786	35,307	15,145,093
Federal sources	975,691	1,099,766	2,075,457
Interdistrict sources	989,572	-	989,572
	<u>19,287,079</u>	<u>3,620,987</u>	<u>22,908,066</u>
Expenditures			
Current			
Education			
Instruction	11,926,956	-	11,926,956
Supporting services	6,996,759	-	6,996,759
Food services	-	946,411	946,411
Community services	90,754	-	90,754
Capital outlay	203,079	1,163,165	1,366,244
Debt service			
Principal	203,525	1,590,000	1,793,525
Interest and other expenditures	38,314	1,181,573	1,219,887
	<u>19,459,387</u>	<u>4,881,149</u>	<u>24,340,536</u>
Total expenditures			
Deficiency revenues over expenditures	<u>(172,308)</u>	<u>(1,260,162)</u>	<u>(1,432,470)</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources			
Proceeds from school bond loan fund	\$ -	\$ 209,000	\$ 209,000
Proceeds from sale of capital assets	13,102	-	13,102
Total other financing sources	13,102	209,000	222,102
Net change in fund balance	(159,206)	(1,051,162)	(1,210,368)
Fund balance - beginning	1,911,685	1,367,807	3,279,492
Fund balance - ending	<u>\$ 1,752,479</u>	<u>\$ 316,645</u>	<u>\$ 2,069,124</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - Total governmental funds \$ (1,210,368)

Total change in net position reported for governmental activities in the statement of activities is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Operating grants 20,168

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 (1,291,587)
Capital outlay 1,231,200

Expenses are recorded when incurred in the statement of activities.

Interest (44,863)
Compensated absences 91,570

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 deferred 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.

Debt issued (209,000)
Repayments of long-term debt 1,793,525
Amortization of premiums 61,605
Amortization of gain on debt defeasance (1,208)
Amortization of bond discount (15,334)

Internal Service Fund revenues and expenses are included in governmental activities in the statement of activities (303,554)

Change in net position of governmental activities \$ 122,154

See Accompanying Notes to Financial Statements

Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Net Position
June 30, 2013

Assets

Cash and cash equivalents	\$ 347,137
Due from other funds	<u>256,300</u>
 Total assets	 <u>603,437</u>

Liabilities

Current liabilities	
Accounts payable	131,165
Accrued expenditures	213,900
Incurred but not reported expenditures (IBNR)	<u>162,226</u>
 Total current liabilities	 <u>507,291</u>
 Total unrestricted net position	 <u><u>\$ 96,146</u></u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2013

Operating revenues	
Charges to other funds	\$ 1,629,070
Employee contributions	177,531
	<hr/>
Total revenues	1,806,601
	<hr/>
Operating expenses	
Medical	1,306,241
Prescriptions	347,812
Stop loss insurance	262,665
Management fees	138,250
HSA funding	57,500
Michigan health tax	18,886
	<hr/>
Total operating expenses	2,131,354
	<hr/>
Operating loss	(324,753)
	<hr/>
Nonoperating revenues (expenses)	
Interest income	940
Insurance recoveries and rebates	25,472
Interest expense	(5,213)
	<hr/>
Total nonoperating revenues (expenses)	21,199
	<hr/>
Net change in net position	(303,554)
	<hr/>
Net position - beginning of year	399,700
	<hr/>
Net position - end of year	\$ 96,146
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

**Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2013**

Cash flows from operating activities

Receipts from General Fund	\$ 1,635,509
Employee contributions	177,531
Claims paid	(1,790,840)
Stop loss insurance premiums paid	(262,665)
Management fees paid	(138,250)
HSA funding	(57,500)
Michigan health tax	<u>(18,886)</u>
 Net cash used by operating activities	 <u>(455,101)</u>

Cash flows from investing activities

Interest received	940
Interest paid	<u>(5,213)</u>
 Net cash used by investing activities	 <u>(4,273)</u>

Cash flows from noncapital financing activities

Insurance recoveries and rebates	<u>25,472</u>
 Net change in cash and cash equivalents	 (433,902)
 Cash and cash equivalents - beginning of year	 <u>781,039</u>
 Cash and cash equivalents - end of year	 <u><u>\$ 347,137</u></u>

**Reconciliation of operating loss
to net cash used by operating activities**

Operating loss	\$ (324,753)
Adjustments to reconcile operating loss to net cash used by operating activities - changes in assets and liabilities	
Decrease in due from other funds	6,439
Decrease in accounts payable	(63,835)
Decrease in accrued expenditures	(48,839)
Decrease in incurred but not reported expenditures (IBNR)	<u>(24,113)</u>

Net cash used by operating activities

\$ (455,101)

Alma Public Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	<u>\$ 21,551</u>	<u>\$ 183,311</u>
Liabilities		
Due to other funds	-	2,770
Due to agency fund activities	-	<u>180,541</u>
Total liabilities	<u>-</u>	<u><u>\$ 183,311</u></u>
Net Position		
Assets for scholarships and loans	<u><u>\$ 21,551</u></u>	

See Accompanying Notes to Financial Statements

Alma Public Schools
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 600
Interest and investment earnings	<u>106</u>
Total additions	<u>706</u>
Deductions	
Scholarships	<u>600</u>
Change in net position	106
Net position - beginning	<u>21,445</u>
Net position - ending	<u><u>\$ 21,551</u></u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Alma Public Schools (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 School District first utilizes restricted resources to finance qualifying activities.

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, proprietary 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

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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 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.

Proprietary fund and fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. The only proprietary fund maintained is an Internal Service Fund that is used to account for the financing of risk management services provided to other funds on a cost-reimbursement basis. The Internal Service Fund maintained by the School District is the Self-Insurance Fund, which includes transactions related to the School District's risk management programs for medical claims.

The School District reports the following major governmental fund:

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 the Food Service Fund. Operating deficits generated by these activities are generally covered by a transfer 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.

2010 Capital Projects Fund – The 2010 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, building, equipment, and for remodeling. The fund is kept open until the purpose for which the fund was created has been accomplished.

Internal Service Fund - The School District's Proprietary Fund is the Internal Service Fund. The purpose of the fund is to finance services provided to other funds of the School District on a cost-reimbursement basis. The Internal Service Fund maintained by the School District accounts for medical coverage. It is funded through transfers primarily from the General Fund in amounts equal to normal estimated risk management claims.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. 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.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

Assets, Liabilities and Net Position or Equity

Cash – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

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

All trade and property taxes receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2013, 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	
Homestead and Nonhomestead	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.

Property taxes are assessed as of December 31 and attach as an enforceable lien on July 1 of the following year. School property taxes are levied on December 1 and July 1 and are due on or before March 1 and October 31, respectively. Collections are forwarded to

the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Gratiot and remitted to the School District before the fiscal year end.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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.

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.

Compensated Absences – Sick days are earned by most employees at the rate of one day per school month (10 days per year). A maximum of 60 sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category.

Employees who are not teachers are awarded vacation days based on years of service, up to a maximum of 20 days. Retiring employees are paid for vacation days up to the maximum number of days accumulated.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave and vacation balances. The sick leave 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 termination, are included. The liability for vacation is calculated based on days earned and the current rate. The amount reported is salary related and includes 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.

Assigned – amounts intended to be used for specific purposes, as determined by the board of education, the budget or 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.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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.

Adoption of New Accounting Standards

The Government Accounting Standards Board issued Statements 63 and 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and *Items Previously Reported as Assets and Liabilities*, which the government adopted effective July 1, 2012. The new standards provide guidance for

reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of net position and related disclosures.

Upcoming Accounting and Reporting Changes

The Government Accounting Standards Board has issued *Statements 67, Financial Reporting for Pension Plans* and *68 Accounting and Financial Reporting for Pensions*. Statement 67 changes how public employee pension plans calculate and report their total pension liability. 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 effect of these changes has not been determined. Statement 67 is effective for the year ending June 30, 2014 and Statement 68 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 functional 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.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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			
Adult and continuing education	\$ 36,798	\$ 39,125	\$ 2,327
Operations and maintenance	2,158,428	2,218,011	59,583
Central	227,235	239,984	12,749
Athletic activities	424,776	444,845	20,069
Capital Outlay	173,851	203,079	29,228

Compliance – Bond Proceeds

The 2010 Capital Projects Fund includes project activities funded with bonds issued after May 1, 1994. The following is a summary of the revenue and expenditures in the 2010 Capital Projects Fund from the inception of the fund through the current fiscal year:

	2010 Fund
Revenues	\$ 9,820,403
Expenditures	9,706,463

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	\$ 1,989,170	\$ 204,862	\$ 2,194,032
Investments	652,525	-	652,525
	<u>\$ 2,641,695</u>	<u>\$ 204,862</u>	<u>\$ 2,846,557</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 2,193,382
Investments in securities, mutual funds, and similar vehicles	652,525
Petty cash and cash on hand	<u>650</u>
Total	<u><u>\$ 2,846,557</u></u>

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

Investment	Fair Value	Maturities	Rating
MILAF + MAX Class	<u>\$ 652,525</u>	6 months	AAAm

Interest rate risk – The District has a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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 has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the 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, \$1,808,044 of the District’s bank balance of \$2,308,044 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the district’s investments were exposed to custodial credit risk.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 723,068	\$ -	\$ -	\$ 723,068
Construction in progress	8,445,062	-	8,445,062	-
Total capital assets not being depreciated	<u>9,168,130</u>	<u>-</u>	<u>8,445,062</u>	<u>723,068</u>
Capital assets being depreciated				
Buildings and additions	37,551,913	8,377,207	-	45,929,120
Site improvements	5,199,287	1,113,915	-	6,313,202
Equipment and furniture	7,522,746	185,140	32,999	7,674,887
Buses and other vehicles	1,326,991	-	-	1,326,991
Total capital assets being depreciated	<u>51,600,937</u>	<u>9,676,262</u>	<u>32,999</u>	<u>61,244,200</u>
Less accumulated depreciation for				
Buildings and additions	11,999,406	802,881	-	12,802,287
Site improvements	1,333,328	273,889	-	1,607,217
Equipment and furniture	6,667,108	134,389	32,999	6,768,498
Buses and other vehicles	942,550	80,428	-	1,022,978
Total accumulated depreciation	<u>20,942,392</u>	<u>1,291,587</u>	<u>32,999</u>	<u>22,200,980</u>
Net capital assets being depreciated	<u>30,658,545</u>	<u>8,384,675</u>	<u>-</u>	<u>39,043,220</u>
Net capital assets	<u>\$ 39,826,675</u>	<u>\$ 8,384,675</u>	<u>\$ 8,445,062</u>	<u>\$ 39,766,288</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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

Governmental activities	
Instruction	\$ 1,038,969
Support services	245,239
Food services	<u>7,379</u>
 Total governmental activities	 <u>\$ 1,291,587</u>

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at year end were:

Due From	Due To			Total
	General Fund	Non Major Governmental Funds	Activity Fund	
Non Major Governmental Funds	\$ 411	\$ -	\$ -	\$ 411
Internal Service Fund	246,704	9,596	-	256,300
General Fund	-	-	2,770	2,770
Total	<u>\$ 247,115</u>	<u>\$ 9,596</u>	<u>\$ 2,770</u>	<u>\$ 259,481</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.

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 various components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 174,364</u>
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NOTE 7 - LEASES

Operating Leases

The School District leases two copiers under noncancelable operating leases. Total costs for such leases were \$22,784 for the year. The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2014	\$ 22,788
2015	22,788
2016	<u>22,788</u>
Total	<u>\$ 68,364</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2013

Capital Leases

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

Year ending June 30,	
2014	\$ 6,412
Less amount representing interest	<u>(978)</u>
Present value of minimum lease payments	<u><u>\$ 5,434</u></u>

The assets acquired through capital leases are as follows:

Assets	
Machinery and equipment	\$ 67,374
Less accumulated depreciation	<u>63,293</u>
Total	<u><u>\$ 4,081</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 30th. Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 29,565,000	\$ -	\$ 1,695,000	\$ 27,870,000	\$ 1,700,000
Other bonds	23,272	-	23,272	-	-
School Bond Loan	1,231,179	209,000	-	1,440,179	-
Capital lease	20,813	-	15,379	5,434	5,434
Compensated absences	1,141,624	-	91,570	1,050,054	-
Contracts payable	198,005	-	59,874	138,131	60,479
Premium on bonds	924,071	-	61,605	862,466	-
Discount on bonds	(303,313)	-	(15,334)	(287,979)	-
Total	\$ 32,800,651	\$ 209,000	\$ 1,931,366	\$ 31,078,285	\$ 1,765,913

Deferred amount of refunding activity is summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Deferred amount on debt refunding	\$ (851,441)	\$ -	\$ (1,208)	\$ (850,233)	\$ -

For governmental activities, compensated absences are primarily liquidated by the general fund.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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

2000 Energy Bonds due in annual installments of \$110,000 to \$120,000 through May 1, 2015, interest at 5.50% to 5.70%	\$ 230,000
2012 Refunding Bonds due in annual installments of \$30,000 to \$935,000 through May 1, 2026, interest at 2% to 5%	10,825,000
2006 Refunding Bonds due in annual installments of \$20,000 to \$975,000 through May 1, 2033, interest at 4.00% to 4.25%	7,885,000
2010 Building and Site Bonds due in annual installments of \$635,000 to \$640,000 through May 1, 2027, interest at 1.45% to 5.25%	<u>8,930,000</u>
Total general obligation bonded debt	<u>\$ 27,870,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,700,000	\$ 1,636,301	\$ 3,336,301
2015	1,700,000	1,551,016	3,251,016
2016	1,570,000	1,462,433	3,032,433
2017	1,555,000	1,386,677	2,941,677
2018	1,560,000	1,280,487	2,840,487
2019-2023	7,790,000	4,789,057	12,579,057
2024-2028	7,225,000	2,050,944	9,275,944
2029-2033	<u>4,770,000</u>	<u>597,792</u>	<u>5,367,792</u>
Total	<u>\$ 27,870,000</u>	<u>\$ 14,754,705</u>	<u>\$ 42,624,705</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$183,582 to pay this debt. Future debt and interest will be payable from future tax levies.

Contracts payable consist of the following:

2012 bus installment contract due in annual installments of \$24,038 to \$26,523 through March 20, 2017, interest rate of 2.49%	\$ 102,288
1999 66 acre installment contract due in monthly installments of \$2,829 to \$2,990 through June 25, 2014, variable interest due monthly	<u>35,843</u>
Total long-term contracts payable	<u>\$ 138,131</u>

Future principal and interest requirements for the contracts payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 60,479	\$ 3,057	\$ 63,536
2015	25,250	1,934	27,184
2016	25,879	1,305	27,184
2017	26,523	660	27,183
Total	<u>\$ 138,131</u>	<u>\$ 6,956</u>	<u>\$ 145,087</u>

State School Bond Loan

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed \$209,000 and had an outstanding balance at year end of \$1,440,179, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

Compensated Absences

Accrued compensated absences at year end, consists of \$47,356 of vacation hours earned and vested and \$1,002,698 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.

NOTE 10 - RISK MANAGEMENT

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

In addition to risks described above, the District is subject to risk of loss as a result of employee injuries (worker's compensation). To minimize such risk of loss, the District participates in a public entity risk pool through the School Employers Group. The District's contribution to the pool during fiscal year 2012-13 net of prior year rebates amounted to \$52,980. The possibility of additional liabilities in excess of current year contributions exists, however, these amounts are indeterminable and believed to be immaterial, and as such no contingent liabilities have been recognized on the District's financial statements for the year ended June 30, 2013.

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 unemployment compensation expense of \$30,636 for the year ended June 30, 2013. No provision has been made for possible future claims.

The School District is partially self-insured for health benefits paid on behalf of 88% of its employees. Payments are made to the insurance administrator each month based on actual claims and administration fees. The plan provides a stop-loss provision of \$75,000 per employee and \$2,195,256 aggregate. For governmental activities, the liability for health benefits is primarily liquidated by the general fund.

Change in estimated liabilities for claims for health benefits for the year is as follows:

	2013	2012
Estimated liability at the beginning of the year	\$ 186,339	\$ 123,213
Estimated claims incurred including changes in estimates	1,654,053	1,518,065
Claim payments	(1,678,166)	(1,454,939)
Estimated liability end of year	\$ 162,226	\$ 186,339

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.

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

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

In 2010 the Michigan legislature created a new Pension Plus plan under MPSERS. All eligible Michigan public school employees who began work on or after July 1, 2010, are enrolled in the Pension Plus plan. The Pension Plus plan includes two components: (a) a defined benefit pension component including an employee contribution, and (b) a defined contribution savings component.

In September 2012, the Michigan legislature enacted additional changes (2012 Retirement Reform) to the Retirement Act, with different aspects becoming effective in late 2012 and early 2013. With these changes MPSERS offers eight retirement plans: Basic, Member Investment Plan (MIP), Basic 4%, MIP 7%, Basic DC Converted, MIP DC Converted, Pension Plus, and the Defined Contribution (DC) plan. Multiple options exist within some of these plans.

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

Funding Policy

For the defined benefit plans the District is required by state law to contribute to MPSERS an actuarially determined percentage of payroll for all eligible participating employees. The District's actual contributions match the required contributions. Additionally,

employees participating in the various defined benefit pension plans contribute the following amounts of their pretax salaries: (a) Member Investment Plan participants contribute 3% to 6.4%; (b) Basic 4% participants contribute 4%; and (c) MIP 7% participants contribute 3.9% to 7%. The following table discloses pertinent information relative to MPSERS defined benefit pension retirement plan funding for the three-year period beginning July 1, 2010 through June 30, 2013:

	2013	2012	2011
Funding percentage range	12.78 - 16.25%	10.66 - 15.96%	8.63 - 12.16%
School district defined benefit pension contributions	\$ 1,634,394	\$ 1,721,092	\$ 1,319,671

Defined Contribution Savings Plans

For the Pension Plus savings plan, eligible participants are automatically enrolled and 2% of their pay is withheld and deposited into the account. Participants may elect to not contribute, or may elect to increase their personal contribution up to the annual limits established by the IRS. The District matches 50 percent of the employee contributions into the Pension Plus savings plan, up to 1 percent. Participants opting to not contribute receive no employer matching contribution. Participants in the Basic DC Converted and MIP DC Converted plans receive 4% employer contributions to a tax-deferred 401(k) plan. The Defined Contribution Plan provides a 50% employer match (up to 3% of salary) on employee contributions. Participants in any of these defined contribution options may elect to make contributions to a tax-deferred 457 account up to the maximum amounts permitted by the IRS.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

Contributions by the District and participants during the year ended June 30, 2013, were:

	School District	Participants
Contributions to the:		
Pension Plus Savings Plan	\$ 3,027	\$ 5,671
Basic DC Converted and MIP DC converted Plans	4,323	-
Defined Contribution Plan	492	983
Total	\$ 7,842	\$ 6,654

Post Employment Benefits

In addition to the pension benefits described above, state law requires the School District to provide post-retirement healthcare benefits for eligible retirees and beneficiaries through the Michigan Public School Employees Retirement System (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 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.

The District's actual contributions match the required contributions.

The following table discloses pertinent information relative to the District's MPSERS defined benefit post employment benefits funding for the three-year period beginning July 1, 2010 through June 30, 2013:

	2013	2012	2011
Funding percentage range	8.18 - 9.11%	8.50%	6.81% - 8.50%
School district defined benefit post employment benefit plan contributions	<u>\$ 976,436</u>	<u>\$ 893,357</u>	<u>\$ 901,997</u>

Contributions by the District and participants to the MPSERS defined contribution Personal Healthcare Fund during the year ended June 30, 2013, were:

	School District	Participants
Contributions to the Personal Healthcare Fund	<u>\$ 9,657</u>	<u>\$ 9,657</u>

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2013, the District had contributions in the amount of \$213,360 to the Michigan Public School Employee Retirement System (MPSERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was 4.56% for the year. These contributions are not included in the above tables.

Alma Public Schools
Notes to Financial Statements
June 30, 2013

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, 2013.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

As indicated in Note 1, the District has adopted Government Accounting Standards Board Statements 63 and 65. These statements require bond issuance costs to be expensed. Previously these costs were capitalized in the statement of net position and amortized. The standards require this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2012, by \$139,773, restating it from \$11,124,575 to \$10,984,802.

NOTE 14 - SUBSEQUENT EVENT

Subsequent to June 30, 2013, the School District has paid the balance of \$1,500,000 and accrued interest on the short-term state aid anticipation note borrowed in August of 2012 and has subsequently borrowed \$1,500,000 in short-term state aid anticipation notes with annual interest of 0.78%. Proceeds from the borrowing were distributed to the School District in August of 2013.

REQUIRED SUPPLEMENTAL INFORMATION

Alma Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 2,135,693	\$ 2,205,446	\$ 2,212,030	\$ 6,584
State sources	14,897,530	15,229,514	15,109,786	(119,728)
Federal sources	795,460	1,074,029	975,691	(98,338)
Interdistrict sources	885,000	930,100	989,572	59,472
	<u>18,713,683</u>	<u>19,439,089</u>	<u>19,287,079</u>	<u>(152,010)</u>
Expenditures				
Instruction				
Basic programs	8,912,055	9,097,405	9,013,766	(83,639)
Added needs	2,884,804	2,920,249	2,874,065	(46,184)
Adult and continuing education	36,234	36,798	39,125	2,327
Supporting services				
Pupil	1,027,328	1,086,456	1,078,933	(7,523)
Instructional staff	342,849	531,378	477,087	(54,291)
General administration	247,918	250,449	249,419	(1,030)
School administration	1,203,331	1,281,112	1,280,312	(800)
Business	506,028	470,928	407,160	(63,768)
Operations and maintenance	2,159,134	2,158,428	2,218,011	59,583
Pupil transportation services	593,148	618,908	598,714	(20,194)
Central	215,648	227,235	239,984	12,749
Bookstore activities	4,100	4,100	2,294	(1,806)
Athletic activities	392,405	424,776	444,845	20,069
Community services	90,806	109,765	90,754	(19,011)
Capital outlay	128,200	173,851	203,079	29,228
Debt service				
Principal	204,721	204,721	203,525	(1,196)
Interest and fiscal charges	46,706	46,706	38,314	(8,392)
	<u>18,995,415</u>	<u>19,643,265</u>	<u>19,459,387</u>	<u>(183,878)</u>
Total expenditures	<u>18,995,415</u>	<u>19,643,265</u>	<u>19,459,387</u>	<u>(183,878)</u>
Deficiency of revenues over expenditures	<u>(281,732)</u>	<u>(204,176)</u>	<u>(172,308)</u>	<u>31,868</u>

Alma Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources				
Proceeds from sale of capital assets	\$ 4,000	\$ 4,000	\$ 13,102	\$ 9,102
Transfers in	100,000	-	-	-
Total other financing sources	104,000	4,000	13,102	9,102
Net change in fund balance	(177,732)	(200,176)	(159,206)	40,970
Fund balance - beginning	1,911,685	1,911,685	1,911,685	-
Fund balance - ending	<u>\$ 1,733,953</u>	<u>\$ 1,711,509</u>	<u>\$ 1,752,479</u>	<u>\$ 40,970</u>

OTHER SUPPLEMENTAL INFORMATION

Alma Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special	Debt Service Funds			Capital	Total
	Revenue Funds	2003	2006	2010	Projects	Nonmajor
	Food Services	Debt Service	Debt Service	Debt Service	2010	Governmental
					Capital Projects	Funds
Assets						
Cash	\$ 10,531	\$ 152,692	\$ 16,238	\$ 14,241	\$ -	\$ 193,702
Accounts receivable	2,810	-	-	-	-	2,810
Due from other funds	-	267	64	80	-	411
Inventory	13,047	-	-	-	-	13,047
Investments	-	-	-	-	114,064	114,064
Prepaid items	2,588	-	-	-	-	2,588
Total assets	\$ 28,976	\$ 152,959	\$ 16,302	\$ 14,321	\$ 114,064	\$ 326,622
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$ 257	\$ -	\$ -	\$ -	\$ 124	\$ 381
Due to other funds	9,596	-	-	-	-	9,596
Total liabilities	9,853	-	-	-	124	9,977
Fund Balance						
Non-spendable						
Inventory	13,047	-	-	-	-	13,047
Prepaid items	2,588	-	-	-	-	2,588
Restricted for:						
Food service	3,488	-	-	-	-	3,488
Debt service	-	152,959	16,302	14,321	-	183,582
Capital projects	-	-	-	-	113,940	113,940
Total fund balance	19,123	152,959	16,302	14,321	113,940	316,645
Total liabilities and fund balances	\$ 28,976	\$ 152,959	\$ 16,302	\$ 14,321	\$ 114,064	\$ 326,622

Alma Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Services	2003 Debt Service	2006 Debt Service	2010 Debt Service	2010 Capital Projects	
Revenues						
Local sources	\$ 195,546	\$ 1,264,059	\$ 356,276	\$ 647,209	\$ 22,824	\$ 2,485,914
State sources	35,307	-	-	-	-	35,307
Federal sources	717,338	-	-	382,428	-	1,099,766
Total revenues	948,191	1,264,059	356,276	1,029,637	22,824	3,620,987
Expenditures						
Current						
Education						
Food services	946,411	-	-	-	-	946,411
Capital outlay	11,927	-	-	-	1,151,238	1,163,165
Debt service						
Principal	-	935,000	20,000	635,000	-	1,590,000
Interest and other expenditures	-	459,682	328,531	393,360	-	1,181,573
Total expenditures	958,338	1,394,682	348,531	1,028,360	1,151,238	4,881,149
Excess (deficiency) of revenues over expenditures	(10,147)	(130,623)	7,745	1,277	(1,128,414)	(1,260,162)
Other Financing Sources						
Proceeds from school bond loan fund	-	201,500	-	7,500	-	209,000
Net change in fund balance	(10,147)	70,877	7,745	8,777	(1,128,414)	(1,051,162)
Fund balance - beginning	29,270	82,082	8,557	5,544	1,242,354	1,367,807
Fund balance - ending	\$ 19,123	\$ 152,959	\$ 16,302	\$ 14,321	\$ 113,940	\$ 316,645

Alma Public Schools
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2013

	2013	2012
Assets		
Cash	\$ 1,448,331	\$ 1,851,303
Accounts receivable	262,661	269,088
Due from other funds	2,770	-
Due from other governmental units	3,099,049	2,783,451
Inventory	52,121	62,323
Investments	538,461	299,841
Prepaid items	41,811	49,190
Total assets	\$ 5,445,204	\$ 5,315,196
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 95,639	\$ 209,154
State aid anticipation note payable	1,500,000	1,500,000
Due to other funds	247,115	198,000
Due to other governmental units	54,462	68,162
Payroll deductions and withholdings	80,416	114,926
Accrued expenditures	537,737	314,168
Accrued salaries payable	982,824	963,332
Unearned revenue	174,364	35,769
Total liabilities	3,672,557	3,403,511
Deferred Inflows of Resources		
Unavailable		
Grants received	20,168	-
Fund Balance		
Non-spendable		
Inventory	52,121	62,323
Prepaid items	41,811	49,190
Restricted for contributions	130,709	151,631
Unassigned	1,527,838	1,648,541
Total fund balance	1,752,479	1,911,685
Total liabilities, deferred inflows of resources and fund balance	\$ 5,445,204	\$ 5,315,196

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Revenues
For the Year Ended June 30, 2013

	Actual
Revenue from local sources	
Property tax levy	\$ 1,910,280
Transportation fees	7,982
Earnings on investments	3,483
Student activities	140,299
Community service activities	13,156
Other local revenues	136,830
Total revenues from local sources	2,212,030
Revenues from state sources	
Grants - unrestricted	13,250,894
Grants - restricted	1,858,892
Total revenues from state sources	15,109,786
Revenues from federal sources	
Grants	975,691
Interdistrict sources	
ISD collected millage	686,696
Other	302,876
Total interdistrict sources	989,572
Other financing sources	
Proceeds from sale of capital assets	13,102
Total revenue and other financing sources	\$ 19,300,181

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
Basic program - elementary	
Salaries	\$ 2,481,182
Employee benefits	1,385,118
Purchased services	51,954
Supplies and materials	112,041
Other	8,085
	4,038,380
Total elementary	4,038,380
Basic program - middle school	
Salaries	1,217,382
Employee benefits	697,361
Purchased services	32,441
Supplies and materials	55,798
Other	683
	2,003,665
Total middle school	2,003,665
Basic program - high school	
Salaries	1,679,279
Employee benefits	951,873
Purchased services	77,134
Supplies and materials	59,651
Other	3,575
	2,771,512
Total high school	2,771,512

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	<u>Actual</u>
Basic program - pre-school	
Salaries	\$ 115,770
Employee benefits	54,767
Purchased services	926
Supplies and materials	238
Other	125
	<hr/>
Total pre-school	171,826
	<hr/>
Basic program - summer school	
Salaries	21,820
Employee benefits	6,274
Purchased services	123
Supplies and materials	166
	<hr/>
Total summer school	28,383
	<hr/>
Added needs - special education	
Salaries	961,721
Employee benefits	506,729
Purchased services	19,240
Supplies and materials	5,000
	<hr/>
Total special education	1,492,690
	<hr/>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
Added needs - compensatory education	
Salaries	\$ 551,395
Employee benefits	234,818
Purchased services	5,805
Supplies and materials	12,504
	804,522
Added needs - career and technical education	
Salaries	196,249
Employee benefits	80,802
Purchased services	10,291
Supplies and materials	16,771
Other	272,740
	576,853
Adult and continuing education - basic	
Salaries	15,185
Employee benefits	8,539
	23,724
Adult and continuing education - secondary	
Salaries	9,263
Employee benefits	4,919
Supplies and materials	1,219
	15,401

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
Pupil - guidance services	
Salaries	\$ 161,180
Employee benefits	112,517
Supplies and materials	7,325
	281,022
Total guidance services	281,022
Pupil - health services	
Salaries	18,079
Employee benefits	5,911
Purchased services	1,620
Supplies and materials	732
	26,342
Total health services	26,342
Pupil - speech services	
Salaries	120,055
Employee benefits	72,309
Purchased services	19
Supplies and materials	671
	193,054
Total speech services	193,054
Pupil - social work services	
Salaries	204,105
Employee benefits	104,126
Purchased services	355
	308,586
Total social work services	308,586

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
Pupil - other support services	
Salaries	\$ 162,116
Employee benefits	56,565
Purchased services	37,667
Supplies and materials	1,262
Other	12,319
	269,929
 Total other pupil support services	 269,929
 Instructional staff - improvement of education	
Salaries	65,318
Employee benefits	21,110
Purchased services	40,871
Supplies and materials	4,960
	132,259
 Total improvement of education	 132,259
 Instructional staff - educational media services	
Salaries	146,172
Employee benefits	77,544
Purchased services	618
Supplies and materials	19,335
	243,669
 Total educational media services	 243,669

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
Instructional staff - technology assisted instruction	
Salaries	\$ 11,369
Employee benefits	3,714
Purchased services	5,731
Supplies and materials	31,915
Total technology assisted instruction	52,729
Instructional staff - supervision and direction of instructional staff	
Salaries	24,751
Employee benefits	13,480
Purchased services	541
Supplies and materials	1,593
Total supervision and direction of instructional staff	40,365
Instructional staff - academic student assessment	
Purchased services	2,457
Supplies and materials	5,608
Total academic student assessment	8,065
General administration - board of education	
Salaries	2,100
Purchased services	35,315
Supplies and materials	2,535
Other	6,144
Total board of education	46,094

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
General administration - executive administration	
Salaries	\$ 133,291
Employee benefits	64,355
Purchased services	764
Supplies and materials	2,740
Other	2,175
	203,325
 School administration - office of the principal	
Salaries	803,585
Employee benefits	443,333
Purchased services	14,798
Supplies and materials	12,198
Other	3,227
	1,277,141
 School administration - other	
Supplies and materials	3,171
	3,171
 Business - fiscal services	
Salaries	153,041
Employee benefits	95,765
Purchased services	39,503
Supplies and materials	4,030
Other	3,041
	295,380

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	<u>Actual</u>
Business - internal services	
Salaries	\$ 49,911
Employee benefits	14,889
Purchased services	<u>5,626</u>
Total internal services	<u>70,426</u>
Business - other	
Employee benefits	127
Purchased services	18,207
Other	<u>23,020</u>
Total other business	<u>41,354</u>
Operations and maintenance - operating building services	
Salaries	643,248
Employee benefits	410,613
Purchased services	460,591
Supplies and materials	698,275
Other	<u>2,904</u>
Total operating building services	<u>2,215,631</u>
Operations and maintenance - security services	
Purchased services	<u>2,380</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
Pupil transportation services	
Salaries	\$ 253,160
Employee benefits	155,501
Purchased services	68,239
Supplies and materials	119,003
Other	2,811
	598,714
 Central - staff/personnel services	
Salaries	10,005
Employee benefits	4,101
Purchased services	27,886
Supplies and materials	3,361
Other	1,962
	47,315
 Central - support services technology	
Salaries	88,325
Employee benefits	59,178
Purchased services	41,565
Supplies and materials	3,448
Other	153
	192,669

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	<u>Actual</u>
Bookstore activities	
Supplies and materials	\$ 2,098
Other	196
	<hr/>
Total bookstore activities	2,294
	<hr/>
Athletic activities	
Salaries	212,302
Employee benefits	77,801
Purchased services	77,906
Supplies and materials	62,259
Other	14,577
	<hr/>
Total athletic activities	444,845
	<hr/>
Community services - direction	
Salaries	32,962
Employee benefits	10,681
Purchased services	19,775
Supplies and materials	2,698
Other	957
	<hr/>
Total direction	67,073
	<hr/>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	<u>Actual</u>
Community services - community recreation	
Salaries	\$ 4,625
Employee benefits	1,250
Purchased services	1,133
Supplies and materials	<u>1,731</u>
Total community recreation	<u>8,739</u>
 Community services - community activities	
Purchased services	3,481
Supplies and materials	<u>183</u>
Total community activities	<u>3,664</u>
 Community services - non-public school pupils	
Purchased services	9,535
Supplies and materials	<u>1,743</u>
Total non-public school pupils	<u>11,278</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2013

	Actual
Capital outlay	
Basic program - elementary	\$ 39,299
Basic program - middle school	3,237
Basic program - high school	5,627
Added needs - career and technical education	22,283
Instructional staff - technology assisted instruction	2,449
School administration - office of the principal	628
Business - fiscal services	282
Operations and maintenance - operating building services	20,665
Operations and maintenance - security services	2,530
Pupil transportation services	3,288
Central - support services technology	58,335
Athletic activities	18,985
Other support services	25,471
	203,079
Debt service	
Principal	203,525
Interest and other expenditures	38,314
	241,839
	\$ 19,459,387

Alma Public Schools
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2013

	Due to (From) Student Groups June 30, 2012	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2013
High School accounts	\$ 90,955	\$ 229,639	\$ 219,018	\$ 101,576
Intermediate School Accounts	17,081	22,465	23,338	16,208
General Office	13,405	330	1,542	12,193
Other Groups (music booster, PTO, Parent Involvement)	69,858	201,151	220,445	50,564
 Total	 \$ 191,299	 \$ 453,585	 \$ 464,343	 \$ 180,541

Alma Public Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2013

Year Ending June 30,	2006 Refunding Bonds	2012 Refunding Bonds	2000 Energy Bonds	2010 Building and Site Bonds	Total
2014	\$ 20,000	\$ 935,000	\$ 110,000	\$ 635,000	\$ 1,700,000
2015	20,000	925,000	120,000	635,000	1,700,000
2016	20,000	915,000	-	635,000	1,570,000
2017	25,000	895,000	-	635,000	1,555,000
2018	25,000	900,000	-	635,000	1,560,000
2019	25,000	905,000	-	635,000	1,565,000
2020	25,000	885,000	-	640,000	1,550,000
2021	25,000	890,000	-	640,000	1,555,000
2022	25,000	890,000	-	640,000	1,555,000
2023	30,000	895,000	-	640,000	1,565,000
2024	30,000	885,000	-	640,000	1,555,000
2025	30,000	875,000	-	640,000	1,545,000
2026	885,000	30,000	-	640,000	1,555,000
2027	955,000	-	-	640,000	1,595,000
2028	975,000	-	-	-	975,000
2029	970,000	-	-	-	970,000
2030	960,000	-	-	-	960,000
2031	955,000	-	-	-	955,000
2032	945,000	-	-	-	945,000
2033	940,000	-	-	-	940,000
Total	<u>\$ 7,885,000</u>	<u>\$ 10,825,000</u>	<u>\$ 230,000</u>	<u>\$ 8,930,000</u>	<u>\$ 27,870,000</u>
Principal payments due on	May 1st	May 1st	May 1st	May	
Interest payments due on	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	
Interest rate	4.00% - 4.25%	2.00 - 5.00%	5.50% - 5.70%	1.45% - 5.25%	
Original issue	<u>\$ 8,000,000</u>	<u>\$ 10,835,000</u>	<u>\$ 1,200,000</u>	<u>\$ 9,715,000</u>	