

**Alma Public Schools
Alma, Michigan**

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

June 30, 2014

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Alma Public Schools
Members of the Board of Education and Administration
June 30, 2014

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 Statement

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, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools, as of June 30, 2014, 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.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alma Public Schools' basic financial statements. The other supplementary 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 supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Alma Public Schools' financial statements as of and for the year ended June 30, 2013, which are not presented with the accompanying financial statements. In our report dated October 29, 2013, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alma Public Schools' financial statements as a whole. The 2013 information in the comparative supplementary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 information in the comparative supplementary schedule is 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 September 26, 2014 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
September 26, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alma Public School District
Management's Discussion and Analysis
June 30, 2014

This section of the Alma Public School District annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2014. 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 District 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 Supplementary Information)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for General Fund

Other Supplementary Information

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.

Alma Public School District
Management's Discussion and Analysis
June 30, 2014

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.

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 separate statements 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 School District
Management's Discussion and Analysis
June 30, 2014

The School District as a Whole

Net Position

The district's combined net position is reflected in Table 1. The reduction in property & equipment results from depreciation in excess of new capital additions. The reduction in long-term liabilities is from scheduled principle payments. The increase in total net position is discussed in conjunction with Table 2.

TABLE 1	<u>Governmental</u> <u>Activities</u>	
	<u>2014</u>	<u>2013</u>
Assets		
Current and other assets	\$ 6,118,000	\$ 6,119,000
Property and equipment	38,610,000	39,766,000
Deferred outflows of resources	<u>1,004,000</u>	<u>850,000</u>
Total assets and deferred outflows of resources	<u>45,732,000</u>	<u>46,735,000</u>
Liabilities		
Current liabilities	6,203,000	6,316,000
Long-term liabilities	<u>27,872,000</u>	<u>29,312,000</u>
Total liabilities	<u>34,075,000</u>	<u>35,628,000</u>
Net Position		
Net investment in capital assets	10,990,000	10,702,000
Restricted	120,000	334,000
Unrestricted	<u>547,000</u>	<u>71,000</u>
Total net position	<u>\$11,657,000</u>	<u>\$11,107,000</u>

Alma Public School District
Management's Discussion and Analysis
June 30, 2014

The School District's net position was \$11,657,000 at June 30, 2014. Net investment in capital assets totaling \$10,990,000 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 \$547,000 was unrestricted.

The \$547,000 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.

Alma Public School District
Management's Discussion and Analysis
June 30, 2014

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 2014.

TABLE 2	<u>Governmental</u> <u>Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenue		
Program revenue:		
Charges for services	\$600,000	\$649,000
Operating grants and contributions	5,952,000	5,223,000
Capital grants and contributions	-0-	-0-
General revenue:		
Property taxes	4,198,000	4,177,000
State foundation allowance	12,996,000	12,848,000
Other	<u>10,000</u>	<u>44,000</u>
Total revenue	<u>23,756,000</u>	<u>22,941,000</u>
Functions/Professional Expenses		
Instruction	13,187,000	13,200,000
Support services	7,640,000	7,343,000
Food services	965,000	966,000
Community services	111,000	90,000
Interest on long-term debt	<u>1,303,000</u>	<u>1,220,000</u>
Total expenses	<u>23,206,000</u>	<u>22,819,000</u>
Increase in Net Position	<u>\$550,000</u>	<u>\$122,000</u>

Revenues for the district's governmental activities increased 3.6 % while total expenses increased 1.7 %.

The School District experienced an increase in net position for the year of \$550,000. This was in contrast to a prior year increase of \$122,000. The significant reason for this change was an increase in operating grants.

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.

Alma Public School District
Management's Discussion and Analysis
June 30, 2014

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 \$2,005,000, which was a decrease of \$64,000 from last year. \$114,000 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 increased \$163,000 to \$1,915,000. The unassigned portion of the fund balance increased \$108,000 to \$1,636,000, or approximately 8.0 % 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 \$12,000 for the year. This decrease resulted from a declining participation in breakfast and lunch programs due to new nutrition standards.

The Debt Service Funds fund balance decreased \$102,000 to an amount of \$82,000. 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 2014 to fund debt service on the 2014 and 2012 Refunding Bonds and the 2010 Qualified School Construction Bonds.

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 \$1,037,000 which is a 5.3% increase compared to the original budget. The net increase was due to additional Federal and State grant revenue (\$333,000) approved during the year. A new vocational millage was also passed that generated new program and start up revenue (\$621,000). There was also an increase in expected special education millage funding from the RESD (\$80,000).

Alma Public School District
Management's Discussion and Analysis
June 30, 2014

Budgeted expenditures increased \$1,182,000 which is a 6.1% increase compared to the original budget. The net increase was due to additional Federal and State grant expenditures approved during the year, new program vocational start-up costs, employee contract adjustments and retirement rate increases.

Actual revenues were \$305,000 less than the final budgeted amounts, which is a 1.5% decrease over the final budgeted amount. This decrease was mostly from unreimbursed vocational millage start-up costs which are carried forward to 2014-15. The overall difference was not significant.

Actual expenditures were \$518,000 less than the final budgeted amounts, which is a 2.5% decrease. This decrease was attributable to unspent vocational start-up costs budgeted but not spent and an effort to control expenditures during the school year in all departments. The overall difference was not significant.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2014, the School District had \$38,610,000 invested in a broad range of capital assets, including land, buildings, furniture and equipment, and busses and other vehicles. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$1,156,000, or 2.9%, from last year.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Assets not being depreciated – Land	\$723,000	\$723,000
Building and building improvements	52,407,000	52,242,000
Furniture and equipment	7,715,000	7,675,000
Buses and other vehicles	<u>1,339,000</u>	<u>1,327,000</u>
Total capital assets	62,184,000	61,967,000
Less accumulated depreciation	<u>(23,574,000)</u>	<u>(22,201,000)</u>
Net capital assets	<u>\$38,610,000</u>	<u>\$39,766,000</u>

This year's additions of \$227,000 included primarily construction projects of \$114,000 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 School District
Management's Discussion and Analysis
June 30, 2014

Debt

At the end of this year the School District's General Obligation Bonds outstanding decreased \$1,890,000 due to scheduled principal payments and an advance refunding of the 2006 refunding bonds at a lower interest rate.

	June 30, 2014	June 30, 2013
2000 Energy Bonds	\$120,000	\$230,000
2014 Refunding Bonds	7,675,000	-0-
2006 Refunding Bonds	-0-	7,885,000
2010 Qualified School Construction Bonds	8,295,000	8,930,000
2012 Refunding Bonds	<u>9,890,000</u>	<u>10,825,000</u>
	<u>\$25,980,000</u>	<u>\$27,870,000</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 2015 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 2015 fiscal year is 90 percent and 10 percent of the October 2014 and February 2015 student counts, respectively. The 2015 budget was adopted in June 2014, based on an estimate of students that will be enrolled in October 2014. Approximately 67 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 2015 school year, we anticipate that the fall student count will be slightly higher than the estimates used in creating the 2015 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 School District
Management's Discussion and Analysis
June 30, 2014

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, 2014

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 2,143,650
Accounts receivable	5,981
Due from other governmental units	3,544,360
Due from fiduciary funds	642
Inventory	59,591
Investments	240,492
Prepaid items	123,049
Capital assets not being depreciated	723,068
Capital assets - net of accumulated depreciation	<u>37,886,588</u>
 Total assets	 44,727,421
 Deferred Outflows of Resources	
Deferred amount on debt refunding	<u>1,004,223</u>
 Total assets and deferred outflows of resources	 <u>45,731,644</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Net Position
June 30, 2014

	Governmental Activities
Liabilities	
Accounts payable	\$ 259,705
State aid anticipation note payable	1,500,000
Due to other governmental units	59,370
Payroll deductions and withholdings	91,453
Accrued expenditures	1,201,590
Incurred but not report expenditures (IBNR)	125,500
Accrued salaries payable	1,061,295
Unearned revenue	143,954
Noncurrent liabilities	
Due within one year	1,760,250
Due in more than one year	27,871,616
	34,074,733
Total liabilities	
Net Position	
Net investment in capital assets	10,990,534
Restricted for:	
Food service	7,615
Contributions	111,997
Unrestricted	546,765
	11,656,911
Total net position	\$ 11,656,911

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Activities
For the Year Ended June 30, 2014

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	\$ 13,187,169	\$ 284,423	\$ 4,634,700	\$ -	\$ (8,268,046)
Supporting services	7,639,530	130,945	502,151	-	(7,006,434)
Food services	965,158	160,701	785,554	-	(18,903)
Community services	110,708	23,883	30,035	-	(56,790)
Interest on long-term debt	1,303,421	-	-	-	(1,303,421)
	\$ 23,205,986	\$ 599,952	\$ 5,952,440	\$ -	(16,653,594)
General revenues					
Property taxes, levied for general purposes					1,920,086
Property taxes, levied for debt service					2,277,661
State aid - unrestricted					12,995,822
Interest and investment earnings					3,148
Gain on sale of capital assets					2,894
Other					3,938
					17,203,549
Total general revenues					17,203,549
Change in net position					549,955
Net position - beginning					11,106,956
Net position - ending					\$ 11,656,911

See Accompanying Notes to Financial Statements

Alma Public Schools
Governmental Funds
Balance Sheet
June 30, 2014

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,559,521	\$ 105,219	\$ 1,664,740
Accounts receivable	5,809	172	5,981
Due from other funds	26,448	344	26,792
Due from other governmental units	3,544,360	-	3,544,360
Inventory	46,742	12,849	59,591
Investments	240,492	-	240,492
Prepaid items	120,329	2,720	123,049
	<u>5,443,701</u>	<u>121,304</u>	<u>5,665,005</u>
Total assets	<u>\$ 5,443,701</u>	<u>\$ 121,304</u>	<u>\$ 5,665,005</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 124,874	\$ 5,892	\$ 130,766
State aid anticipation note payable	1,500,000	-	1,500,000
Due to other funds	220,995	25,806	246,801
Due to other governmental units	59,370	-	59,370
Payroll deductions and withholdings	91,453	-	91,453
Accrued expenditures	426,294	-	426,294
Accrued salaries payable	1,061,295	-	1,061,295
Unearned revenue	143,954	-	143,954
	<u>3,628,235</u>	<u>31,698</u>	<u>3,659,933</u>
Total liabilities	<u>3,628,235</u>	<u>31,698</u>	<u>3,659,933</u>

See Accompanying Notes to Financial Statements

**Alma Public Schools
Governmental Funds
Balance Sheet
June 30, 2014**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance			
Non-spendable			
Inventory	\$ 46,742	\$ 12,849	\$ 59,591
Prepaid items	120,329	2,720	123,049
Restricted for:			
Debt service	-	81,991	81,991
Contributions	111,997	-	111,997
Unassigned (deficit)	1,636,398	(7,954)	1,628,444
Total fund balance	1,915,466	89,606	2,005,072
Total liabilities and fund balances	\$ 5,543,701	\$ 121,304	\$ 5,665,005

See Accompanying Notes to Financial Statements

Alma Public Schools
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Total fund balances for governmental funds	\$ 2,005,072
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	723,068
Capital assets - net of accumulated depreciation	37,886,588
Deferred outflows of resources resulting from debt refunding	1,004,223
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(554,645)
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	(1,008,521)
Bonds payable	(27,105,514)
School bond loan payable	(1,440,179)
Other loans payable and liabilities	(77,652)
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net position	224,471
Net position of governmental activities	\$ 11,656,911

Alma Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 2,189,305	\$ 2,439,434	\$ 4,628,739
State sources	15,756,133	33,193	15,789,326
Federal sources	867,409	1,093,572	1,960,981
Interdistrict sources	1,394,169	-	1,394,169
	<u>20,207,016</u>	<u>3,566,199</u>	<u>23,773,215</u>
Expenditures			
Current			
Education			
Instruction	12,108,742	-	12,108,742
Supporting services	7,385,107	-	7,385,107
Food services	-	954,682	954,682
Community services	110,708	-	110,708
Capital outlay	239,429	117,123	356,552
Debt service			
Principal	175,913	1,590,000	1,765,913
Interest and other expenditures	27,024	1,134,832	1,161,856
Bond issuance costs	-	89,865	89,865
	<u>20,046,923</u>	<u>3,886,502</u>	<u>23,933,425</u>
Excess (deficiency) revenues over expenditures	<u>160,093</u>	<u>(320,303)</u>	<u>(160,210)</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, 2014

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)			
Proceeds from refinancing debt	\$ -	\$ 8,033,436	\$ 8,033,436
Payment to bond refunding escrow agent	-	(7,940,172)	(7,940,172)
Proceeds from sale of capital assets	2,894	-	2,894
 Total other financing sources (uses)	 2,894	 93,264	 96,158
 Net change in fund balance	 162,987	 (227,039)	 (64,052)
 Fund balance - beginning	 1,752,479	 316,645	 2,069,124
 Fund balance - ending	 <u>\$ 1,915,466</u>	 <u>\$ 89,606</u>	 <u>\$ 2,005,072</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, 2014

Net change in fund balances - Total governmental funds	\$ (64,052)
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	(1,383,637)
Capital outlay	227,005
Expenses are recorded when incurred in the statement of activities.	
Interest	62,073
Compensated absences	41,533
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	(8,033,436)
Repayments of long-term debt	1,765,913
Payment to bond refunding escrow agent	7,940,172
Amortization of premiums	61,604
Amortization of deferred amount on debt refunding	(50,833)
Amortization of bond discount	(124,544)
Internal Service Fund revenues and expenses are included in governmental activities in the statement of activities	128,325
Change in net position of governmental activities	\$ 549,955

See Accompanying Notes to Financial Statements

Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Net Position
June 30, 2014

Assets

Cash and cash equivalents	\$ 478,910
Due from other funds	<u>220,651</u>
 Total assets	 <u>699,561</u>

Liabilities

Current liabilities	
Accounts payable	128,939
Accrued expenditures	220,651
Incurred but not reported expenditures (IBNR)	<u>125,500</u>
 Total current liabilities	 <u>475,090</u>
 Total unrestricted net position	 <u><u>\$ 224,471</u></u>

Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2014

Operating revenues	
Charges to other funds	\$ 1,627,858
Employee contributions	226,430
	<hr/>
Total revenues	1,854,288
	<hr/>
Operating expenses	
Medical	943,879
Prescriptions	335,732
Stop loss insurance	293,792
Management fees	122,592
HSA funding	55,000
Healthcare related taxes	16,778
	<hr/>
Total operating expenses	1,767,773
	<hr/>
Operating income	86,515
	<hr/>
Nonoperating revenues (expenses)	
Interest income	768
Insurance recoveries and rebates	46,802
Interest expense	(5,760)
	<hr/>
Total nonoperating revenues (expenses)	41,810
	<hr/>
Net change in net position	128,325
	<hr/>
Net position - beginning of year	96,146
	<hr/>
Net position - end of year	\$ 224,471
	<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, 2014

Cash flows from operating activities	
Receipts from General Fund	\$ 1,663,507
Employee contributions	226,430
Claims paid	(1,311,812)
Stop loss insurance premiums paid	(293,792)
Management fees paid	(122,592)
HSA funding	(55,000)
Healthcare related taxes	<u>(16,778)</u>
Net cash provided by operating activities	<u>89,963</u>
Cash flows from investing activities	
Interest received	768
Interest paid	<u>(5,760)</u>
Net cash used by investing activities	<u>(4,992)</u>
Cash flows from noncapital financing activities	
Insurance recoveries and rebates	<u>46,802</u>
Net change in cash and cash equivalents	131,773
Cash and cash equivalents - beginning of year	<u>347,137</u>
Cash and cash equivalents - end of year	<u><u>\$ 478,910</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 86,515
Adjustments to reconcile operating income to net cash provided by operating activities - changes in assets and liabilities	
Decrease in due from other funds	35,649
Decrease in accounts payable	(2,226)
Increase in accrued expenditures	6,751
Decrease in incurred but not reported expenditures (IBNR)	<u>(36,726)</u>
Net cash provided by operating activities	<u><u>\$ 89,963</u></u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 21,636	\$ 194,374
Liabilities		
Due to other funds	-	642
Due to agency fund activities	-	193,732
Total liabilities	-	\$ 194,374
Net Position		
Assets held for scholarships and loans	\$ 21,636	

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, 2014

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 600
Interest and investment earnings	<u>85</u>
Total additions	<u>685</u>
Deductions	
Scholarships	<u>600</u>
Change in net position	85
Net position - beginning	<u>21,551</u>
Net position - ending	<u><u>\$ 21,636</u></u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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 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.). 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 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

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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, 2014

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, 2014, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	
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, 2014

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

Compensated Absences – Sick days are earned 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.

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. There were no deferred inflows of resources for the current period.

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.

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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

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

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

Use of Estimates

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

Eliminations and Reclassifications

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

Upcoming Accounting and Reporting Changes

The Government Accounting Standards Board has issued *Statement 68, Accounting and Financial Reporting for Pensions*, and *Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability will be recorded on the government-wide statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. The District is evaluating the impact these standards will have on its financial reporting. Statement 68 and 71 are effective for the year ending June 30, 2015.

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

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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.

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.

The food services fund has deficit unassigned fund balance of \$7,954 which will be eliminated by future transfers from the general fund.

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	\$ -	\$ 77	\$ 77
General administration	263,813	270,810	6,997
School administration	1,290,187	1,315,174	24,987
Operations and maintenance	2,326,895	2,361,823	34,928
Athletic activities	455,675	461,691	6,016
Capital Outlay	216,585	239,429	22,844

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	\$ 2,143,650	\$ 216,010	\$ 2,359,660
Investments	240,492	-	240,492
	<u>\$ 2,384,142</u>	<u>\$ 216,010</u>	<u>\$ 2,600,152</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 2,359,110
Investments in securities, mutual funds, and similar vehicles	240,492
Petty cash and cash on hand	550
	<u>550</u>
Total	<u>\$ 2,600,152</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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

Investment	Fair Value	Maturities	Rating
MILAF + MAX Class	\$ 240,492	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.

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, \$1,441,600 of the District’s bank balance of \$2,037,987 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
Capital assets being depreciated				
Buildings and additions	45,929,120	40,131	-	45,969,251
Site improvements	6,313,202	124,298	-	6,437,500
Equipment and furniture	7,674,887	39,952	-	7,714,839
Buses and other vehicles	1,326,991	22,624	11,000	1,338,615
Total capital assets being depreciated	61,244,200	227,005	11,000	61,460,205
Less accumulated depreciation for				
Buildings and additions	12,802,287	878,269	-	13,680,556
Site improvements	1,607,217	304,274	-	1,911,491
Equipment and furniture	6,768,498	130,684	-	6,899,182
Buses and other vehicles	1,022,978	70,410	11,000	1,082,388
Total accumulated depreciation	22,200,980	1,383,637	11,000	23,573,617
Net capital assets being depreciated	39,043,220	(1,156,632)	-	37,886,588
Net capital assets	\$ 39,766,288	\$ (1,156,632)	\$ -	\$ 38,609,656

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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

Governmental activities	
Instruction	\$ 1,194,186
Support services	182,072
Food services	<u>7,379</u>
 Total governmental activities	 <u><u>\$ 1,383,637</u></u>

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at year end were:

	Due To			
	General Fund	Non Major Governmental Funds	Activity Fund	Total
<u>Due From</u>				
Non Major Governmental Funds	\$ 344	\$ -	\$ -	\$ 344
Internal Service Fund	220,651	-	-	220,651
General Fund	-	25,806	642	26,448
Total	<u><u>\$ 220,995</u></u>	<u><u>\$ 25,806</u></u>	<u><u>\$ 642</u></u>	<u><u>\$ 247,443</u></u>

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

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

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	\$ 143,779
 Athletics	 <u>175</u>
Total	<u><u>\$ 143,954</u></u>

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,	
2015	\$ 22,784
2016	<u>22,784</u>
Total	<u><u>\$ 45,568</u></u>

Capital Leases

The School District paid off the capital lease for copy machines during the year ended June 30, 2014.

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000

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	\$ 27,870,000	\$ 7,675,000	\$ 9,565,000	\$ 25,980,000	\$ 1,735,000
School Bond Loan	1,440,179	-	-	1,440,179	-
Capital lease	5,434	-	5,434	-	-
Compensated absences	1,050,054	-	41,533	1,008,521	-
Contracts payable	138,131	-	60,479	77,652	25,250
Premium on bonds	862,466	358,436	61,604	1,159,298	-
Discount on bonds	(287,979)	-	(254,195)	(33,784)	-
Total	\$ 31,078,285	\$ 8,033,436	\$ 9,479,855	\$ 29,631,866	\$ 1,760,250

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

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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

2000 Energy Bonds due in annual installments of \$110,000 through May 1, 2015, interest at 5.70%	\$ 120,000
2012 Refunding Bonds due in annual installments of \$30,000 to \$925,000 through May 1, 2026, interest at 3% to 5%	9,890,000
2014 Refunding Bonds due in annual installments of \$15,000 to \$960,000 through May 1, 2033, interest at 2.00% to 4.00%	7,675,000
2010 Building and Site Bonds due in annual installments of \$635,000 to \$640,000 through May 1, 2027, interest at 2.55% to 5.25%	<u>8,295,000</u>
Total general obligation bonded debt	<u>\$ 25,980,000</u>

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,735,000	\$ 1,025,839	\$ 2,760,839
2016	1,565,000	1,013,309	2,578,309
2017	1,550,000	975,977	2,525,977
2018	1,555,000	908,837	2,463,837
2019	1,560,000	837,637	2,397,637
2020-2024	7,730,000	3,205,746	10,935,746
2025-2029	6,580,000	1,456,296	8,036,296
2030-2033	<u>3,705,000</u>	<u>344,091</u>	<u>4,049,091</u>
Total	<u>\$ 25,980,000</u>	<u>\$ 9,767,730</u>	<u>\$ 35,747,730</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$81,991 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%	<u>\$ 77,652</u>
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Future principal and interest requirements for the contracts payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2015	\$ 25,250	\$ 1,934	\$ 27,184
2016	25,879	1,305	27,184
2017	<u>26,523</u>	<u>660</u>	<u>27,183</u>
Total	<u>\$ 77,652</u>	<u>\$ 3,899</u>	<u>\$ 81,551</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 on the School District's bond issues. The School District has issued various bonds to renovate School District facilities. The bond elections, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond voted millage of 7 mills. Since the monies generated by the 7 mills are presently not enough to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow a total of \$1,440,179 to meet debt service requirements. Management of the School District anticipates that as 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 did not borrow any additional amounts 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, 2014

Compensated Absences

Accrued compensated absences at year end, consists of \$43,340 of vacation hours earned and vested and \$965,181 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.

Advance Refunding

On May 28, 2014, the School District issued general obligation bonds of \$7,675,000 (par value) with an interest rate of 2% to 4% to advance refund the 2006 general obligation refunding bonds with an interest rate of 4% to 4.25% and a par value of \$7,865,000. The general obligation bonds were issued at a premium and after paying issuance costs of \$89,865, the net proceeds were \$7,943,571. \$7,940,172 of the proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments. The remaining \$3,399 will be returned to the debt service fund. The advance refunding met the requirements of an in-substance debt defeasance and the school bond loan fund debt was removed from the School District's financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$776,251, which resulted in an economic gain of \$533,103.

Deferred Amount on Refunding

The School District issued bonds in 2014 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$466,529. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to

activities through fiscal year 2033. The balance at June 30, 2014 is \$466,529.

The School District issued bonds in 2012 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$589,071. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2026. The balance at June 30, 2014 is \$537,694.

Defeased Debt

During the current year, the School District defeased the 2006 general obligation refunding bonds by creating a separate irrevocable trust fund. New debt has been issued and the net proceeds of the refunding were placed in a special escrow account and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bond are not included in the School District's financial statements. The final payment date is July 24, 2014. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements for the 2006 general obligation refunding bonds was \$7,865,000.

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

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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 2013-14 net of prior year rebates amounted to \$63,988. 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, 2014.

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 \$10,018 for the year ended June 30, 2014. No provision has been made for possible future claims.

The School District is partially self-insured for health benefits paid on behalf of 85% 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 \$60,000 per employee and \$2,071,431 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:

	2014	2013
Estimated liability at the beginning of the year	\$ 162,226	\$ 186,339
Estimated claims incurred including changes in estimates	1,279,611	1,654,053
Claim payments	(1,316,337)	(1,678,166)
Estimated liability end of year	\$ 125,500	\$ 162,226

NOTE 11 - PENSION PLANS AND POST EMPLOYMENT BENEFITS

Plan Description

The School District has a group of defined benefit and defined contribution retirement plans covering substantially all employees. The plans are operated by the State of Michigan's Public School Employees' Retirement System (MPSERS), which is a cost-sharing multiple-employer public employee retirement system (PERS).

The plans provide retirement, survivor and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive the benefits.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, under the authority established by the Michigan Public School Employees Retirement Act (Retirement Act), as enacted and amended by the Michigan Legislature. The Michigan Legislature has the authority to amend the Retirement Act. The Michigan Department of Technology, Management and Budget issues a publicly-available financial report that includes financial statements and required supplementary information for MPSERS. The report provides information for the plans as a whole and information helpful for understanding the scale

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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>.

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

Pension Benefits

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

Alma Public Schools
Notes to Financial Statements
June 30, 2014

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

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

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

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

Alma Public Schools
Notes to Financial Statements
June 30, 2014

The School District's required and actual contributions to the plans for the years ended June 30, 2014, 2013, and 2012 were approximately \$1,865,054, \$1,634,394, and \$1,721,092, respectively. Contributions made by the participants of the plan for the year ended June 30, 2014 were \$765,532.

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.

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

The District's actual contributions match the required contributions for the years ended June 30, 2014, 2013, and 2012 and were approximately \$755,794, \$976,436, and \$893,357, respectively.

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2014, the District had contributions in the amount of \$545,947 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 approximately 4.56% for the year. These contributions are not included in the above tables.

NOTE 12 - CONTINGENT LIABILITIES

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

NOTE 13 - SUBSEQUENT EVENT

Subsequent to June 30, 2014, the School District has paid the balance of \$1,500,000 and accrued interest on the short-term state aid anticipation note borrowed in August of 2013 and has subsequently borrowed \$2,000,000 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 2014.

REQUIRED SUPPLEMENTARY INFORMATION

Alma Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Local sources	\$ 2,218,010	\$ 2,185,368	\$ 2,189,305	\$ 3,937
State sources	15,553,176	15,718,562	15,756,133	37,571
Federal sources	759,991	918,489	867,409	(51,080)
Interdistrict sources	943,000	1,689,241	1,394,169	(295,072)
Total revenues	19,474,177	20,511,660	20,207,016	(304,644)
Expenditures				
Instruction				
Basic programs	9,008,343	9,232,650	9,162,569	(70,081)
Added needs	2,801,415	3,304,728	2,946,096	(358,632)
Adult and continuing education	19,354	-	77	77
Supporting services				
Pupil	1,150,461	1,189,236	1,153,463	(35,773)
Instructional staff	408,016	513,698	496,883	(16,815)
General administration	253,217	263,813	270,810	6,997
School administration	1,249,045	1,290,187	1,315,174	24,987
Business	476,177	450,517	417,752	(32,765)
Operations and maintenance	2,187,437	2,326,895	2,361,823	34,928
Pupil transportation services	661,729	675,326	604,640	(70,686)
Central	278,140	305,935	301,931	(4,004)
Bookstore activities	3,170	3,170	940	(2,230)
Athletic activities	392,915	455,675	461,691	6,016
Community services	113,899	127,696	110,708	(16,988)
Capital outlay	171,200	216,585	239,429	22,844
Debt service				
Principal	177,066	177,066	175,913	(1,153)
Interest and fiscal charges	32,102	32,103	27,024	(5,079)
Total expenditures	19,383,686	20,565,280	20,046,923	(518,357)
Excess (deficiency) of revenues over expenditures	90,491	(53,620)	160,093	213,713

Alma Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources				
Proceeds from sale of capital assets	\$ 3,000	\$ 3,000	\$ 2,894	\$ (106)
Net change in fund balance	93,491	(50,620)	162,987	213,607
Fund balance - beginning	1,752,479	1,752,479	1,752,479	-
Fund balance - ending	<u>\$ 1,845,970</u>	<u>\$ 1,701,859</u>	<u>\$ 1,915,466</u>	<u>\$ 213,607</u>

OTHER SUPPLEMENTARY INFORMATION

Alma Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Special	Debt Service Funds			Capital	Total
	Revenue Funds	2012	2014	2010	Projects	Nonmajor
	Food Services	Debt Service	Debt Service	Debt Service	2010	Governmental
					Capital Projects	Funds
Assets						
Cash	\$ 23,322	\$ 46,422	\$ 30,008	\$ 5,467	\$ -	\$ 105,219
Accounts receivable	172	-	-	-	-	172
Due from other funds	-	189	54	101	-	344
Inventory	12,849	-	-	-	-	12,849
Prepaid items	2,720	-	-	-	-	2,720
Total assets	\$ 39,063	\$ 46,611	\$ 30,062	\$ 5,568	\$ -	\$ 121,304
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$ 5,642	\$ 100	\$ 150	\$ -	\$ -	\$ 5,892
Due to other funds	25,806	-	-	-	-	25,806
Total liabilities	31,448	100	150	-	-	31,698
Fund Balance						
Non-spendable						
Inventory	12,849	-	-	-	-	12,849
Prepaid items	2,720	-	-	-	-	2,720
Restricted for:						
Debt service	-	46,511	29,912	5,568	-	81,991
Unassigned (deficit)	(7,954)	-	-	-	-	(7,954)
Total fund balance	7,615	46,511	29,912	5,568	-	89,606
Total liabilities and fund balances	\$ 39,063	\$ 46,611	\$ 30,062	\$ 5,568	\$ -	\$ 121,304

Alma Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	Special	Debt Service Fund			Capital	Total
	Revenue Funds	2012	2014	2010	Projects	Nonmajor
	Food Services	Debt Service	Debt Service	Debt Service	2010	Governmental
					Capital Projects	Funds
Revenues						
Local sources	\$ 160,717	\$ 1,253,402	\$ 357,980	\$ 667,249	\$ 86	\$ 2,439,434
State sources	33,193	-	-	-	-	33,193
Federal sources	752,361	-	-	341,211	-	1,093,572
Total revenues	946,271	1,253,402	357,980	1,008,460	86	3,566,199
Expenditures						
Current						
Food services	954,682	-	-	-	-	954,682
Capital outlay	3,097	-	-	-	114,026	117,123
Debt service						
Principal	-	935,000	20,000	635,000	-	1,590,000
Interest and other expenditures	-	424,850	327,769	382,213	-	1,134,832
Bond issuance costs	-	-	89,865	-	-	89,865
Total expenditures	957,779	1,359,850	437,634	1,017,213	114,026	3,886,502
Deficiency of revenues over expenditures	(11,508)	(106,448)	(79,654)	(8,753)	(113,940)	(320,303)

Alma Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	Special	Debt Service Fund			Capital	Total
	Revenue Funds	2012	2014	2010	Projects	Nonmajor
	Food Services	Debt Service	Debt Service	Debt Service	2010	Governmental
					Capital Projects	Funds
Other Financing Sources (Uses)						
Proceeds from refinancing debt	\$ -	\$ -	\$ 8,033,436	\$ -	\$ -	\$ 8,033,436
Payment to bond refunding escrow agent	-	-	(7,940,172)	-	-	(7,940,172)
Total other financing sources (uses)	-	-	93,264	-	-	93,264
Net change in fund balance	(11,508)	(106,448)	13,610	(8,753)	(113,940)	(227,039)
Fund balance - beginning	19,123	152,959	16,302	14,321	113,940	316,645
Fund balance - ending	<u>\$ 7,615</u>	<u>\$ 46,511</u>	<u>\$ 29,912</u>	<u>\$ 5,568</u>	<u>\$ -</u>	<u>\$ 89,606</u>

Alma Public Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2014

	2014	2013
Assets		
Cash	\$ 1,559,521	\$ 1,448,331
Accounts receivable	5,809	14,451
Due from other funds	26,448	2,770
Due from other governmental units	3,544,360	3,347,259
Inventory	46,742	52,121
Investments	240,492	538,461
Prepaid items	120,329	41,811
Total assets	\$ 5,543,701	\$ 5,445,204
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 124,874	\$ 95,639
State aid anticipation note payable	1,500,000	1,500,000
Due to other funds	220,995	247,115
Due to other governmental units	59,370	54,462
Payroll deductions and withholdings	91,453	80,416
Accrued expenditures	426,294	537,737
Accrued salaries payable	1,061,295	982,824
Unearned revenue	143,954	174,364
Total liabilities	3,628,235	3,672,557
Deferred Inflows of Resources		
Unavailable		
Grants received	-	20,168
Fund Balance		
Non-spendable		
Inventory	46,742	52,121
Prepaid items	120,329	41,811
Restricted for contributions	111,997	130,709
Unassigned	1,636,398	1,527,838
Total fund balance	1,915,466	1,752,479
Total liabilities, deferred inflows of resources and fund balance	\$ 5,543,701	\$ 5,445,204

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Revenues
For the Year Ended June 30, 2014

	Actual
Revenue from local sources	
Property tax levy	\$ 1,920,086
Transportation fees	5,763
Earnings on investments	2,151
Student activities	124,059
Community service activities	47,490
Other local revenues	89,756
Total revenues from local sources	2,189,305
Revenues from state sources	
Grants - unrestricted	13,487,701
Grants - restricted	2,268,432
Total revenues from state sources	15,756,133
Revenues from federal sources	
Grants	867,409
Interdistrict sources	
ISD collected millage	1,071,526
Other	322,643
Total interdistrict sources	1,394,169
Other financing sources	
Proceeds from sale of capital assets	2,894
Total revenue and other financing sources	\$ 20,209,910

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Basic program - elementary	
Salaries	\$ 2,589,874
Employee benefits	1,520,466
Purchased services	38,084
Supplies and materials	107,772
Other	11,398
Total elementary	4,267,594
Basic program - middle school	
Salaries	1,214,101
Employee benefits	736,657
Purchased services	43,882
Supplies and materials	64,843
Other	750
Total middle school	2,060,233
Basic program - high school	
Salaries	1,496,918
Employee benefits	911,195
Purchased services	88,804
Supplies and materials	72,280
Other	9,497
Total high school	2,578,694

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Basic program - pre-school	
Salaries	\$ 152,664
Employee benefits	88,482
Purchased services	1,383
Supplies and materials	958
Total pre-school	243,487
Basic program - summer school	
Salaries	8,551
Employee benefits	3,070
Supplies and materials	865
Other	75
Total summer school	12,561
Added needs - special education	
Salaries	962,819
Employee benefits	527,003
Purchased services	18,919
Supplies and materials	6,718
Total special education	1,515,459

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Added needs - compensatory education	
Salaries	\$ 453,877
Employee benefits	213,375
Purchased services	6,614
Supplies and materials	50,956
Total compensatory education	724,822
Added needs - career and technical education	
Salaries	186,902
Employee benefits	106,851
Purchased services	23,114
Supplies and materials	18,961
Other	369,987
Total career and technical education	705,815
Adult and continuing education - secondary	
Supplies and materials	77
Pupil - truancy/absenteeism services	
Salaries	24,005
Employee benefits	9,291
Total truancy/absenteeism services	33,296

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Pupil - guidance services	
Salaries	\$ 164,810
Employee benefits	119,212
Supplies and materials	4,830
Total guidance services	288,852
 Pupil - health services	
Salaries	17,700
Employee benefits	6,708
Purchased services	1,394
Supplies and materials	794
Total health services	26,596
 Pupil - speech services	
Salaries	123,243
Employee benefits	77,490
Purchased services	121
Supplies and materials	607
Total speech services	201,461
 Pupil - social work services	
Salaries	216,552
Employee benefits	115,783
Purchased services	1,796
Total social work services	334,131

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Pupil - other support services	
Salaries	\$ 175,333
Employee benefits	66,253
Purchased services	21,795
Supplies and materials	1,346
Other	4,400
Total other pupil support services	269,127
 Instructional staff - improvement of education	
Salaries	65,864
Employee benefits	24,741
Purchased services	32,342
Supplies and materials	10,884
Total improvement of education	133,831
 Instructional staff - educational media services	
Salaries	152,407
Employee benefits	83,369
Supplies and materials	21,107
Total educational media services	256,883

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Instructional staff - technology assisted instruction	
Salaries	\$ 10,720
Employee benefits	4,052
Purchased services	5,609
Supplies and materials	37,051
Total technology assisted instruction	57,432
Instructional staff - supervision and direction of instructional staff	
Salaries	22,120
Employee benefits	8,361
Purchased services	839
Supplies and materials	1,654
Total supervision and direction of instructional staff	32,974
Instructional staff - academic student assessment	
Salaries	3,000
Employee benefits	1,124
Purchased services	6,671
Supplies and materials	4,968
Total academic student assessment	15,763

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
General administration - board of education	
Salaries	\$ 2,100
Purchased services	40,051
Supplies and materials	2,756
Other	6,826
Total board of education	51,733
General administration - executive administration	
Salaries	140,056
Employee benefits	71,523
Purchased services	3,340
Supplies and materials	2,421
Other	1,737
Total executive administration	219,077
School administration - office of the principal	
Salaries	806,277
Employee benefits	472,154
Purchased services	15,672
Supplies and materials	12,985
Other	2,960
Total office of the principal	1,310,048
School administration - other	
Supplies and materials	5,126

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Business - fiscal services	
Salaries	\$ 162,581
Employee benefits	103,602
Purchased services	4,789
Supplies and materials	3,579
Other	38,648
Total fiscal services	313,199
Business - internal services	
Salaries	62,718
Employee benefits	15,841
Total internal services	78,559
Business - other	
Purchased services	10,547
Other	15,447
Total other business	25,994
Operations and maintenance - operating building services	
Salaries	642,365
Employee benefits	417,248
Purchased services	480,271
Supplies and materials	812,127
Other	3,651
Total operating building services	2,355,662

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Operations and maintenance - security services	
Purchased services	\$ 6,161
Pupil transportation services	
Salaries	255,327
Employee benefits	150,740
Purchased services	71,354
Supplies and materials	123,163
Other	4,056
	604,640
Total transportation services	
Central - staff/personnel services	
Salaries	10,105
Employee benefits	4,743
Purchased services	23,941
Supplies and materials	311
Other	2,604
	41,704
Total staff/personnel services	
Central - support services technology	
Salaries	91,575
Employee benefits	65,378
Purchased services	39,913
Supplies and materials	3,046
Other	6,423
	206,335
Total support services technology	

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	<u>Actual</u>
Central - pupil accounting	
Salaries	\$ 29,827
Employee benefits	23,167
Purchased services	82
Supplies and materials	554
Other	<u>262</u>
Total pupil accounting	<u>53,892</u>
Bookstore activities	
Supplies and materials	848
Other	<u>92</u>
Total bookstore activities	<u>940</u>
Athletic activities	
Salaries	222,240
Employee benefits	91,927
Purchased services	79,065
Supplies and materials	53,055
Other	<u>15,404</u>
Total athletic activities	<u>461,691</u>

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Community services - direction	
Salaries	\$ 33,123
Employee benefits	12,408
Purchased services	14,719
Supplies and materials	1,931
Other	4,252
Total direction	66,433
Community services - community recreation	
Salaries	12,815
Employee benefits	1,957
Purchased services	4,193
Supplies and materials	1,568
Total community recreation	20,533
Community services - community activities	
Supplies and materials	4,768
Community services - non-public school pupils	
Salaries	4,426
Employee benefits	1,702
Purchased services	10,879
Supplies and materials	1,967
Total non-public school pupils	18,974

Alma Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2014

	Actual
Capital outlay	
Basic program - elementary	\$ 8,046
Basic program - middle school	6,367
Basic program - high school	15,677
Added needs - career and technical education	17,884
Instructional staff - technology assisted instruction	4,678
School administration - office of the principal	113
Business - fiscal services	199
Operations and maintenance - operating building services	29,396
Operations and maintenance - security services	5,233
Pupil transportation services	2,792
Central - support services technology	54,387
Athletic activities	62,997
Other support services	31,660
Total capital outlay	239,429
Debt service	
Principal	175,913
Interest and other expenditures	27,024
Total debt service	202,937
Total expenditures and financing uses	\$ 20,046,923

Alma Public Schools
Other Supplementary Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2014

	Due to (From) Student Groups June 30, 2013	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2014
High School accounts	\$ 101,576	\$ 194,231	\$ 194,073	\$ 101,734
Intermediate School Accounts	16,208	15,022	20,355	10,875
General Office	12,193	291	1,576	10,908
Other Groups (music booster, PTO, Parent Involvement)	50,564	240,990	221,339	70,215
Total	<u>\$ 180,541</u>	<u>\$ 450,534</u>	<u>\$ 437,343</u>	<u>\$ 193,732</u>

Alma Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014

Year Ending June 30,	2014 Refunding Bonds	2012 Refunding Bonds	2000 Energy Bonds	2010 Building and Site Bonds	Total
2015	\$ 55,000	\$ 925,000	\$ 120,000	\$ 635,000	\$ 1,735,000
2016	15,000	915,000	-	635,000	1,565,000
2017	20,000	895,000	-	635,000	1,550,000
2018	20,000	900,000	-	635,000	1,555,000
2019	20,000	905,000	-	635,000	1,560,000
2020	15,000	885,000	-	640,000	1,540,000
2021	15,000	890,000	-	640,000	1,545,000
2022	15,000	890,000	-	640,000	1,545,000
2023	20,000	895,000	-	640,000	1,555,000
2024	20,000	885,000	-	640,000	1,545,000
2025	20,000	875,000	-	640,000	1,535,000
2026	875,000	30,000	-	640,000	1,545,000
2027	945,000	-	-	640,000	1,585,000
2028	960,000	-	-	-	960,000
2029	955,000	-	-	-	955,000
2030	945,000	-	-	-	945,000
2031	930,000	-	-	-	930,000
2032	920,000	-	-	-	920,000
2033	910,000	-	-	-	910,000
Total	<u>\$ 7,675,000</u>	<u>\$ 9,890,000</u>	<u>\$ 120,000</u>	<u>\$ 8,295,000</u>	<u>\$ 25,980,000</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	2.00% - 4.00%	2.00 - 5.00%	5.50% - 5.70%	1.45% - 5.25%	
Original issue	<u>\$ 7,675,000</u>	<u>\$ 10,835,000</u>	<u>\$ 1,200,000</u>	<u>\$ 9,715,000</u>	