

**ST. LOUIS PUBLIC SCHOOL DISTRICT  
St. Louis, Michigan**

**Financial Statements  
With Supplemental Information  
June 30, 2013**



**RPC**  
Roslund Prestage & Company  
CERTIFIED PUBLIC ACCOUNTANTS

Saint Louis Public School District  
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June 30, 2013

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
St. Louis Public Schools

### **Report on the Financial Statements**

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

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in the notes to the financial statements, during the year the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of the implementation of these Statements, the financial statements have been changed to reflect the new presentations

required by GASB Statements No. 63 and No. 65, as applicable. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,



Roslund, Prestage & Company, P.C.  
October 18, 2013

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



ST. LOUIS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
2012-2013

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## GENERAL INFORMATION

St. Louis Public Schools currently operates two elementary schools, one middle school, one high school, one alternative education school, and a Community Education Program. The school district's 2012-13 September enrollment was 1,137. St. Louis Public Schools employs a staff of 68 teachers, 6 administrators, and 60 support personnel.

The Board of Education consists of seven members who are elected at large for four-year overlapping terms. The Board annually elects a President, Vice-President, Treasurer and Secretary. The Board is responsible for the selection and appointment of the Superintendent of Schools. The Board meets as a single body to set or amend policy, develop long-range educational goals and act upon recommendations of the Superintendent of Schools. The Board is also responsible for adopting and periodically amending the operating budget and evaluating school programs in accordance with governing laws.

## USING THIS ANNUAL REPORT

The discussion and analysis of St. Louis Public Schools' financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2013. The intent of this report is to provide a look at the performance of the district as a whole, and includes financial statements, notes to the financial statements, and budgetary information. In addition, this analysis will show comparative data from the prior 2011-12 school year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### *District-wide Financial Statements*

The district-wide financial statements are full accrual basis statements and provide information about the district's overall financial status. They are used to help determine the condition of the district as the result of the year's activities. The *Statement of Net Position* reports all of the district's assets and liabilities, both short-term and long-term, regardless of their availability. Capital assets and long-term obligations of the district are reported in this statement. 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. The two district-wide statements report the district's net position and how they have changed. Net position (the difference between the district's assets and liabilities) are one way to measure the district's financial condition. Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively. However, it is important to note that to assess the district's overall position, you need to consider additional non-financial factors such as changes in the district's property base, the quality of education provided, and the condition of the district's buildings.

ST. LOUIS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
2012-2013

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In the district-wide statements, the district's activities are classified as *governmental activities*. This includes most of the district's basic services such as regular and special education, food service, athletics, transportation, and administration. These activities are financed mostly by state aid, federal aid, and property taxes.

*Fund Financial Statements*

The district's fund financial statements provide detailed information about the most significant funds, and are comparable to prior year financial statements. The fund level statements are reported on a modified accrual basis, which means that only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent that they are expected to be paid with current financial resources. The fund statements are formatted to meet the requirements of the Michigan Department of Education's "Accounting Manual". Major instructional and instructional support activities are reported in the General Fund. Other activities are reported in their relevant funds including; Special Revenue Funds for Food Service and Athletics, Debt Service, Capital Projects, and Fiduciary Funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The net position of the district at June 30, 2013 were \$3,653,097 and are shown in the following *Statement of Net Position*. The largest portion of the District's net position (66.5%) reflects investment in capital assets (land, buildings and improvements, and furniture and equipment). less any related debt used to acquire those assets that are still outstanding. The district uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the district's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net position for day-to-day operations.

The results of this year's operations for the District as a whole are reported in the following *Statement of Activities*, which shows the changes in net position for fiscal year 2013. The district experienced a decrease in net position, due in part to a decrease in general revenues.

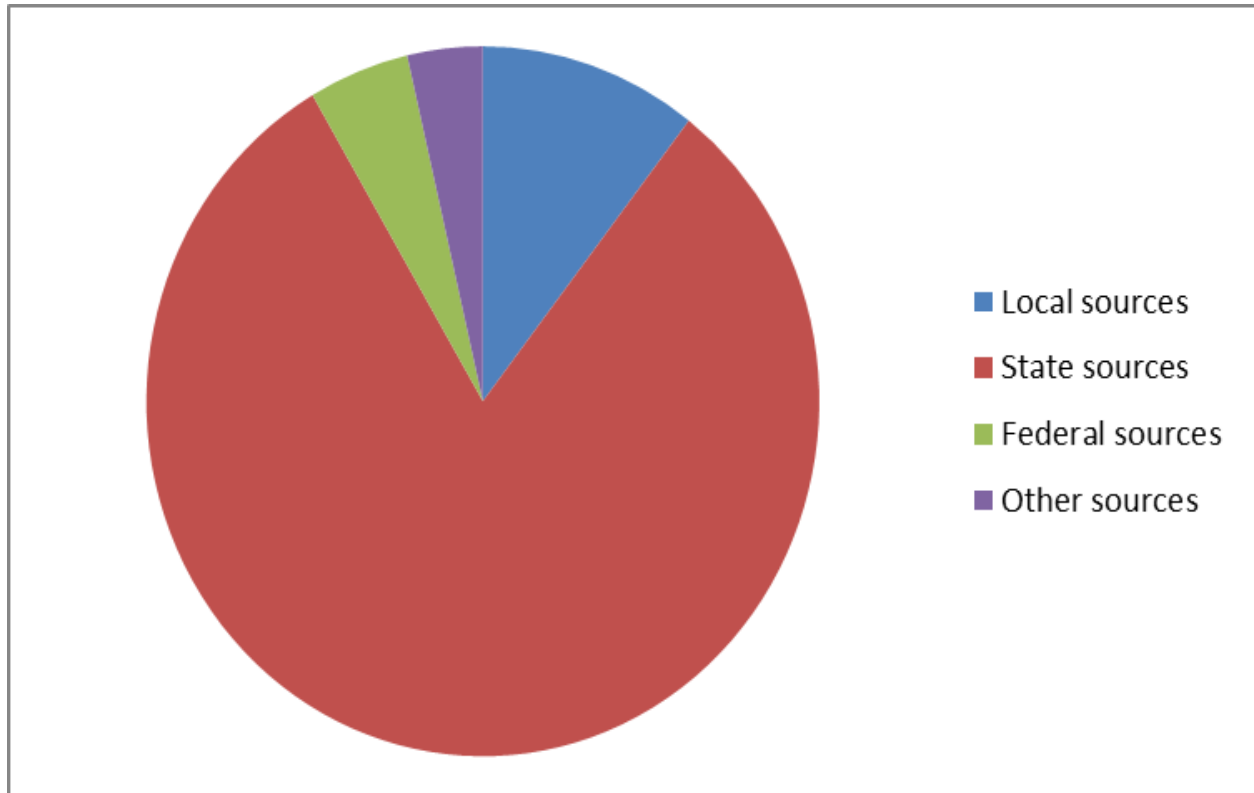
ST. LOUIS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
2012-2013

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A substantial portion of the district's revenues is received from State sources. This means that the financial stability of the district rests primarily with the economic health of the State of Michigan. Figure 1 depicts the breakdown of the sources of revenue for the district.

Figure 1

**2012-13 General Fund Revenues**  
**Total \$9,649,975**





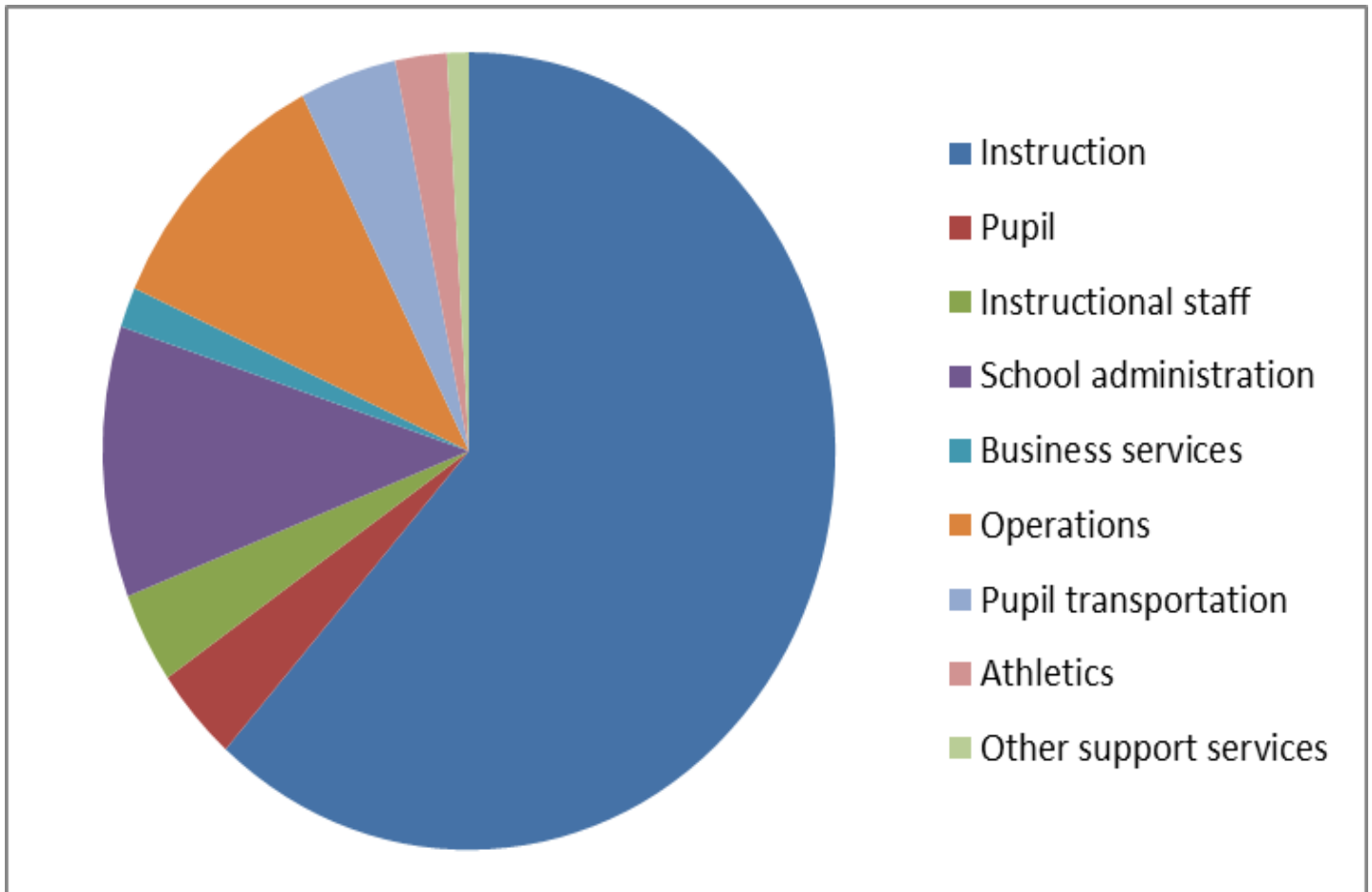
ST. LOUIS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Figure 2 depicts how the district's resources are spent. Instructional services comprised 62% of the district's expenditures, while 13% went to administrative and business services, 11% was spent for operation and maintenance, including utilities and custodial services. The final 14% was spent on other support services.

Figure 2

**2012-13 General Fund Expenditures**  
**Total \$9,773,647**



ST. LOUIS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
2012-2013

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FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the district as a whole is reflected in its governmental funds as well. The combined governmental funds equity increased during the 2012-13 school year. The primary reasons for this change are as follows:

General Fund

As a result of a student loss of 10 combined with cost reductions, the district choice to use \$160,383 of its fund equity in 2012-13.

Capital Projects

The district's Capital Projects Fund had an increase of 0.1% due to interest income on cash accounts.

Debt Service

The fund equity increased by 103.9% due to the district collecting revenues before payments on the outstanding debt are due.

Special Revenue

This year, the district decreased 100% of the school lunch fund equity due to decreased meal sales and increased food costs contributed to the changes in the USDA meal requirements. Additional fruit and vegetables were required to comprise a reimbursable meal, but commodities were not available for most of the school year. The school lunch fund had to purchase these foods at a much higher cost. The district transferred \$36,711 from the general fund to the school lunch fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Uniform Budget Act of the State of Michigan requires that the local Board of Education adopt an original budget for the upcoming fiscal year by July 1<sup>st</sup>. As a matter of practice, the district amends its budget at least twice during the fiscal year. These revisions are made in order to deal with unexpected changes in revenues and expenditures. The following analysis describes the significant changes in the budget during the year.

Changes in Revenues

Local revenues were adjusted to reflect changes in non-homestead property tax values. State revenues were adjusted to reflect the decrease in state aid mainly due to the decrease in students. Federal sources saw a decrease due to the not having as much carryover funds in Title as well as a decrease in school lunch federal reimbursements due to the decrease in meals sold.

Changes in Expenditures

Expenditures were adjusted for an increase in teacher wages, health insurance premiums and retirement costs. Some reclassifications of expenditures occurred between Pupil and Instructional staff to better align with State of Michigan accounting requirements. General and School Administration expenses were decreased due the continued consolidation

ST. LOUIS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
2012-2013

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of business services. Operations and maintenance and transportation expenditures increased due to the purchase of school buses and other district vehicles.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### *Capital Assets*

At June 30, 2013, St. Louis Public Schools had \$15,232,222 (net of depreciation) invested in a broad range of capital assets, including land, buildings and improvements, equipment, and vehicles.

##### *Debt*

At June 30, 2013, St. Louis Public Schools had \$12,914,307 in long-term debt. The debt consisted of the following:

Compensated Absences	\$ 111,698
2010 Bonds	\$ 6,150,000
2005 Refunding Bonds	\$ 4,110,000
School Bond Loan Fund	\$ 2,465,000
Bus Loans	\$ 77,609
Total	<u>\$12,914,307</u>

#### STATE ECONOMIC AND LOCAL FACTORS

One of the most significant factors facing St. Louis Public Schools is the economic condition of the State of Michigan. With state funding the primary source of revenue, the district monitors the state's periodic revenue-estimating conference in order to project revenue for the upcoming fiscal year's budget. In addition, local student enrollment is another revenue producing factor that the district monitors. The state foundation is based on a blended student count. This count is taken in September and February of each fiscal year. The blended count consists of 90% of September's count and 10% of the February count. In addition to the state required count days, the district conducts monthly enrollment updates in order to monitor this important revenue source. For budgeting purposes, an estimated student count is used, based on the district's enrollment history.

The budget prepared for the 2012-13 school year was based on a decrease in state funding, and a decline in student enrollment. Staff adjustments were made in order to retain adequate fund equity.

#### REQUEST FOR INFORMATION

This financial report is designed to provide our stakeholders with a general overview of the district's finances and to show the district's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to St. Louis Public Schools, Central Office, 113 E. Saginaw St., St. Louis, MI 48880

**DISTRICT-WIDE  
FINANCIAL STATEMENTS**



St. Louis Public School District  
Statement of Net Position - Governmental Activities  
June 30, 2013

<b>Assets</b>	
Current assets	
Cash and investments	\$ 1,722,452
Due from other governmental units	2,158,804
Inventory	25,293
Prepays	148,844
Total current assets	<u>4,055,393</u>
Noncurrent assets	
Capital assets less accumulated depreciation	15,232,222
Discount on bonds sold, net of amortization	17,850
Total noncurrent assets	<u>15,250,072</u>
Total assets	19,305,465
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding - 2010 Refunding Bonds	168,929
<b>Liabilities</b>	
Current liabilities	
Accounts payable	136,291
Accrued expenses	194,439
Accrued wages and other payroll liabilities	553,464
Unearned revenue	11,400
State aid note payable	1,950,000
Accrued interest on long-term debt	61,397
Current portion of long-term obligations	1,153,170
Total current liabilities	<u>4,060,161</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations	11,649,439
Compensated absences	111,697
Total noncurrent liabilities	<u>11,761,136</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	2,429,613
Restricted for:	
Debt service	387,899
Capital projects	9,714
Unrestricted	825,871
Total net position	<u><u>\$ 3,653,097</u></u>

St. Louis Public School District  
Statement of Activities  
For the Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues		Total
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction	\$ 5,852,052	\$ 24,787	\$ 1,424,861	\$ (4,402,404)
Support services	3,683,395	81,224	-	(3,602,171)
Food service	459,995	56,976	334,021	(68,998)
Interest and fees	485,608	-	58,084	(427,524)
Other	64,316	-	-	(64,316)
Depreciation - unallocated	733,669	-	-	(733,669)
Total governmental activities	<u>\$ 11,279,035</u>	<u>\$ 162,987</u>	<u>\$ 1,816,966</u>	<u>(9,299,082)</u>
<b>General revenues:</b>				
Property taxes				2,309,827
State aid not restricted to specific purposes				7,177,204
Unrestricted interest and investment earnings				1,854
Restricted interest and investment earnings				1,061
Miscellaneous				130,748
Total general revenues				<u>9,620,694</u>
<b>Change in net position</b>				321,612
<b>Net position - beginning (as restated)</b>				3,177,913
<b>Prior period adjustment</b>				<u>153,572</u>
<b>Net position - ending</b>				<u>\$ 3,653,097</u>

## FUND FINANCIAL STATEMENTS



St. Louis Public School District  
Balance Sheet - Governmental Funds  
June 30, 2013

	Major Funds				Total
	General	Food Service	Debt Service	Capital Projects	
<b>Assets</b>					
Cash and investments	\$ 1,102,118	\$ 222,721	\$ 387,899	\$ 9,714	\$ 1,722,452
Due from other funds	236,771	-	-	-	236,771
Due from other governmental units	2,153,497	5,307	-	-	2,158,804
Inventory	8,857	16,436	-	-	25,293
Prepays	148,844	-	-	-	148,844
<b>Total assets</b>	<b>\$ 3,650,087</b>	<b>\$ 244,464</b>	<b>\$ 387,899</b>	<b>\$ 9,714</b>	<b>\$ 4,292,164</b>
<b>Liabilities</b>					
Accounts payable	\$ 128,598	\$ 7,693	\$ -	\$ -	\$ 136,291
Accrued expenses	194,439	-	-	-	194,439
Accrued wages and payroll liabilities	553,464	-	-	-	553,464
Unearned revenue	11,400	-	-	-	11,400
Due to other funds	-	236,771	-	-	236,771
Short-term note payable	1,950,000	-	-	-	1,950,000
<b>Total liabilities</b>	<b>2,837,901</b>	<b>244,464</b>	<b>-</b>	<b>-</b>	<b>3,082,365</b>
<b>Fund balance</b>					
Nonspendable	157,701	16,436	-	-	174,137
Restricted	-	-	387,899	9,714	397,613
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	654,485	(16,436)	-	-	638,049
<b>Total fund balance</b>	<b>812,186</b>	<b>-</b>	<b>387,899</b>	<b>9,714</b>	<b>1,209,799</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,650,087</b>	<b>\$ 244,464</b>	<b>\$ 387,899</b>	<b>\$ 9,714</b>	<b>\$ 4,292,164</b>



St. Louis Public School District  
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds  
To Net Position of Governmental Activities on the Statement of Net Position  
For the Year Ended June 30, 2013

Total fund balance - governmental funds		\$ 1,209,799
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Add: Cost of capital assets	\$ 32,328,835	
Deduct: Accumulated depreciation	<u>(17,096,613)</u>	15,232,222
Add: Deferred charge on 2010 refunding bonds		168,929
<p>Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds. These liabilities consist of:</p>		
<p>Long-term obligations</p>		
Deduct: Bonds payable - Durant	-	
Deduct: Bonds payable - 2005	(4,110,000)	
Deduct: Bonds payable - 2010	(6,150,000)	
Deduct: Bonds payable - 2012	(2,465,000)	
Deduct: Bus loan payable	(77,609)	
Deduct: Loan payable - MMNET property	<u>-</u>	(12,802,609)
<p>Compensated absences</p>		
Deduct: Compensated absences payable		(111,697)
<p>School loan funds payable</p>		
Deduct: School bond loan fund payable		-
Add: Bonds payable - 2012 discount (net of amortization)		17,850
<p>Long-term liabilities (and corresponding deferrals) are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>		
Deduct: Accrued interest on long-term liabilities		<u>(61,397)</u>
Total net position - governmental activities		<u><u>\$ 3,653,097</u></u>

St. Louis Public School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013

	Major Funds				Total
	General	Food Service	Debt Service	Capital Projects	
<b>Revenues</b>					
Local sources	\$ 1,012,183	\$ 56,976	\$ 1,501,586	\$ 5	\$ 2,570,750
State sources	7,822,404	12,537	14,786	-	7,849,727
Federal sources	466,355	321,484	-	-	787,839
Other sources	349,033	-	43,298	-	392,331
<b>Total revenues</b>	<b>9,649,975</b>	<b>390,997</b>	<b>1,559,670</b>	<b>5</b>	<b>11,600,647</b>
<b>Expenditures</b>					
Instruction					
Basic programs	4,856,297	-	-	-	4,856,297
Added needs	1,160,214	-	-	-	1,160,214
<b>Total instruction</b>	<b>6,016,511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,016,511</b>
Support services					
Pupil	373,233	-	-	-	373,233
Instructional staff	360,889	-	-	-	360,889
General administration	375,589	-	-	-	375,589
School administration	698,364	-	-	-	698,364
Business services	160,120	-	-	-	160,120
Operation and maintenance	1,055,008	-	-	-	1,055,008
Pupil transportation	417,825	-	-	-	417,825
Central	20,564	-	-	-	20,564
Athletics	221,803	-	-	-	221,803
<b>Total support services</b>	<b>3,683,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,683,395</b>
Food service	-	459,995	-	-	459,995
Debt service					
Principal payments - long-term debt	28,637	-	924,116	-	952,753
Interest, fees and other	21,644	-	397,004	-	418,648
Other	23,460	-	40,856	-	64,316
<b>Total expenditures</b>	<b>9,773,647</b>	<b>459,995</b>	<b>1,361,976</b>	<b>-</b>	<b>11,595,618</b>
<b>Revenues over (under) expenditures</b>	<b>(123,672)</b>	<b>(68,998)</b>	<b>197,694</b>	<b>5</b>	<b>5,029</b>
<b>Other financing sources (uses)</b>					
Proceeds from bonds	-	-	2,550,000	-	2,550,000
Payment to escrow agent	-	-	(2,550,000)	-	(2,550,000)
Operating transfers in	-	36,711	-	-	36,711
Operating transfers out	(36,711)	-	-	-	(36,711)
<b>Revenues and other sources over (under) expenditures and other uses</b>	<b>(160,383)</b>	<b>(32,287)</b>	<b>197,694</b>	<b>5</b>	<b>5,029</b>
<b>Fund balance - beginning</b>	<b>972,569</b>	<b>32,287</b>	<b>190,205</b>	<b>9,709</b>	<b>1,204,770</b>
<b>Fund balance - ending</b>	<b>\$ 812,186</b>	<b>\$ -</b>	<b>\$ 387,899</b>	<b>\$ 9,714</b>	<b>\$ 1,209,799</b>

St. Louis Public School District  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 In Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$	5,029
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Amounts reported for governmental activities in the statement of activities are different because:

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

Add:	Capital outlay	147,414
Deduct:	Depreciation expense	(733,669)
Deduct:	Loss on disposal of asset	(11,387)

Deferred charge on refunding		15,357
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Long term debt proceeds are reported as other financing sources in governmental funds, thereby increasing fund balances. In the statement of net position, however, issuing long term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Add:	Payment of principal on bonds payable - Durant	14,116
Add:	Payment of principal on bonds payable - 2005	410,000
Add:	Payment of principal on bonds payable - 2010	415,000
Deduct:	Proceeds from issuance of 2012 bonds	(2,550,000)
Add:	Payment of principal on bonds payable - 2012	85,000
Add:	Payment of principal on bus loan payable	-
Add:	Payment of principal on loan payable - MMNET property	28,637
Add:	Decrease in accrual for compensated absences	28,432
Add:	Payment of school bond loan fund	2,481,302

Other amounts reported in the statement of activities that do not require current financial resources consist of:

Add:	Bond discount on 2012 debt issuance	20,400
Deduct:	Amortization of 2012 debt discount	(2,550)

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

Deduct	Increase in accrued interest on school bond loan fund	(32,445)
Add:	Decrease in accrued interest on long term debt	976

Change in net position - governmental activities	\$	<u>321,612</u>
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St. Louis Public School District  
Statement of Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2013

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Agency Fund
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<b>Assets</b>	
Cash and investments	\$ 212,872
<b>Liabilities</b>	
Due to student and other groups	<u>212,872</u>
<b>Net position</b>	
Restricted	<u><u>\$ -</u></u>

## NOTES TO THE FINANCIAL STATEMENTS



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

The accounting policies of the St. Louis Public School District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the District.

### **Reporting Entity**

The District is governed by a seven member Board of Education which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

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 District's reporting entity, and which organizations are legally separate, component units of the District. Based on the application of the criteria, the District does not contain any component units.

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

The District-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. All of the District-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to consumers who purchase, use or directly benefit from services provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items, including taxes and intergovernmental payments, not properly included among program revenues, are reported instead as general revenues.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

St. Louis Public School District  
Notes to the Financial Statements  
June 30, 2013

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

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The District reports the following major governmental funds:

- The general fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The debt service fund is used to record tax revenue, interest revenue, other revenue for payment of principal and other expenditures on the bond issues.
- The capital projects fund accounts for financial resources used for the acquisition, construction, and improvement of major capital facilities other than those financed by proprietary funds. These resources are derived from contributions from the general fund.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The school service funds are special revenue funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The school service funds maintained by the District is the food service fund.

Additionally, the District reports the following fund types:

- Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary fund net position and results of operations are not included in the District-wide statements. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a student activity fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

### **Budgetary Data**

Budgets are adopted by the District for the general and special revenue funds. The budgets are adopted and prepared on the modified accrual basis of accounting. The budget is adopted at the function level and control is exercised at the activity level. The budgeted revenues and expenditures for governmental fund types, as presented in this report, include any authorized amendments to the original budget as adopted.

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, money market funds, demand deposits and certificates of deposit.

Michigan Compiled Laws, Section 129.91, authorizes the District to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The District's deposits are in accordance with statutory authority.

### **Receivables**

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Due from other governmental entities consist primarily of amounts due from the State of Michigan.

### **Property Tax Revenue**

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and December 1, are due upon receipt of the billing by the taxpayer, and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and interest and penalties may be assessed by the collecting entity.

The taxable value for the District amounted to \$181,232,353 which includes homestead and non-homestead property. The District levied 17.7440 mills for school general operations which totaled \$779,360. The District also levied an additional 8.27 mills on all property in the District for the purpose of debt service, which totaled \$1,488,038.

### **State Aid Revenue**

The State of Michigan utilized a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

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

### **Inventory**

Inventories are valued at cost, on a first in, first out (FIFO) basis. Fund balance is reserved for the amount of inventories on hand as of June 30.

USDA donated commodities are recorded as a unearned revenue and inventory when received based on their fair market value as determined by the U.S. Department of Agriculture. Revenues and expenditures are then recognized when the commodities are used.

### **Capital Assets**

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

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

The District does not have infrastructure-type assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of capital assets is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the District-wide financial statements.



St. Louis Public School District  
Notes to the Financial Statements  
June 30, 2013

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land and Improvements	Not Depreciated
Buildings and Additions	20 – 50
Machinery and Equipment	5 – 20
Vehicles	5 – 10

**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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Compensated Absences**

The school board's policy does not allow teachers or support staff to accumulate vacation days and carry the accumulation forward to future years.

Sick days can be accumulated up to seventy days (70) days for teachers and one hundred (120) days for other employees. Amounts accumulated are to be paid to employees and recognized as an expense when sick leave is taken.

After 15 years of continuous service to the District, a teacher, retirement, resignation, or termination, shall be paid for accumulated sick leave at a rate of \$70 per day to a maximum of \$3,150. Upon retirement, resignation, or death, sick leave is paid to support staff at a rate of \$35 per day. The sick leave liability as of June 30<sup>th</sup> is \$111,697.

**Unearned Revenue**

Unearned revenues arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the fund financial statements and District-wide financial statements, and revenue is recognized.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

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

**Long-Term Obligations**

In the District-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the statement of net position.

**Net Position and Fund Balances**

Restricted net position shown in the District-wide financial statements will generally be different from amounts reported as reserved/designated fund balances in the governmental funds financial statements. This occurs

because of differences in the measurement focus and basis of accounting used in the District-wide and fund financial statements and because of the use of funds to imply that restrictions exist.

#### Fund Balances - Reserves and Designations

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District's Capital Projects and Debt Service fund balances are considered restricted.
- The District would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

#### Net Position – Restrictions

Net position in the District-wide financial statements are reported as restricted when constraints placed on net position use is either:

- Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or
- Imposed by law through constitutional provisions or enabling legislation.

#### **Unemployment Compensation**

The 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 District must reimburse the Employment Commission for all benefits charged against the District for the year. No provision has been made for possible future claims.

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

#### **Excess Of Expenditures Over Appropriations**

Budgets are adopted at the functional level and on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is not employed in governmental funds.

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

- The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- Public hearings are conducted to obtain taxpayer comments.

St. Louis Public School District  
Notes to the Financial Statements  
June 30, 2013

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- Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- Management is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
- The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2013. The District does not consider these amendments to be significant.

During the current year the District incurred expenditures in excess of the amounts budgeted as indicated in the budget comparison schedules as unfavorable variances.

**NOTE 3 - CASH AND INVESTMENTS**

At June 30<sup>th</sup>, the carrying amount of the District's cash, deposits and investments was as follows:

<b>Cash and Investments</b>	<b>Amount</b>
Petty Cash	\$ 1,094
Checking, Savings, and Money Market Accounts	1,721,358
Total	\$ 1,722,452

At year-end, the bank balance was \$1,924,328. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks.

The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

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

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. See above for amount of deposits held by the District that are

St. Louis Public School District  
Notes to the Financial Statements  
June 30, 2013

exposed to custodial credit risk because it is uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, it is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and prequalifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

As of June 30<sup>th</sup>, due from other governmental units is comprised of the following amounts:

Due From	Amount
<b>General Fund:</b>	
State of Michigan – State Aid	\$ 1,493,032
State of Michigan – Title II	90,060
State of Michigan – Title VI	22,646
State of Michigan – Title I	335,526
GIRESD – Scenario 6	164,906
GIRESD – Room Rent	38,000
GIRESD – DCM	1,024
Vocational Education Transportation	8,303
<b>Food Service Fund:</b>	
State of Michigan – State Aid	2,065
National School Breakfast & Lunch Program	3,242
Total	\$ 2,158,804

**NOTE 5 - PREPAIDS**

Prepaid expenses represent payments for the following expenses that will benefit future periods:

Prepaid	Amount
Insurance	\$ 61,000
Chartwells – Food Services	43,000
Capital Outlay	39,844
RefPay	5,000
Total	\$ 148,844

St. Louis Public School District  
Notes to the Financial Statements  
June 30, 2013

**NOTE 6 - CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

<b>Capital Assets</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Land	\$ 160,785	\$ -	\$ -	\$ 160,785
Buildings and Additions	29,372,321	-	-	29,372,321
Equipment	1,247,207	66,400	(6,191)	1,307,416
Vehicles	1,428,649	81,014	(21,350)	1,488,313
<b>Total Capital Assets</b>	<b>32,208,962</b>	<b>147,414</b>	<b>(27,541)</b>	<b>32,328,835</b>
<b>Accumulated Depreciation</b>				
Buildings and Additions	(14,213,881)	(645,922)	-	(14,859,803)
Equipment	(1,033,442)	(30,254)	6,192	(1,057,504)
Vehicles	(1,131,776)	(57,493)	9,963	(1,179,306)
<b>Total Accumulated Depreciation</b>	<b>(16,379,098)</b>	<b>(733,669)</b>	<b>16,155</b>	<b>(17,096,613)</b>
<b>Net Capital Assets</b>	<b>\$ 15,829,864</b>	<b>\$ (586,255)</b>	<b>\$ (11,387)</b>	<b>\$ 15,232,222</b>

Depreciation for the year ended June 30, 2013 totaled \$733,669. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS**

As of June 30<sup>th</sup>, the District was not indebted to other governmental units.

**NOTE 8 - ACCRUED EXPENSES**

Accrued expenses as of June 30<sup>th</sup> are as follows:

<b>Accrued Expenses</b>	<b>Amount</b>
Retirement	\$ 111,633
FICA	35,115
Health Insurance	35,666
Interest payable	12,025
<b>Total</b>	<b>\$ 194,439</b>

**NOTE 9 - ACCRUED WAGES AND OTHER PAYROLL LIABILITIES**

Wages payable as of June 30<sup>th</sup> represents the remaining balance owed on teacher contracts to be paid during the summer months and wages earned for non-teacher employees but unpaid as of the end of the fiscal year. Also included are payroll taxes due for accrued wages as of June 30<sup>th</sup>.

#### **NOTE 10 - SHORT-TERM NOTE PAYABLE**

On August 20, 2012, the District borrowed \$1,950,000 in the form of a State Aid Note for the purpose of providing funds for school operations. The interest rate is stated at 0.74% and the maturity date is August 20, 2013.

On August 20, 2013 (after the end of the current fiscal year), the District borrowed \$3,100,000 in the form of a State Aid Note for the purpose of providing funds for school operations. The interest rate is stated at 0.89% and the maturity date is August 20, 2014.

#### **NOTE 11 - LONG-TERM DEBT**

The 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 obligations bonds and refunding bonds are direct obligations and pledge the full faith and credit of the District. Other long-term obligations include compensated absences.

##### **2005 Bonds**

During the fiscal year ended June 30, 2005, the District issued \$7,190,000 of general obligation bonds for the purpose of a current refunding of \$7,090,000 of the 1995 bonds outstanding.

As a result, the 1995 bonds have been refunded and the liability has been removed from the governmental activities column of the statement of net position. This current refunding was undertaken to reduce total debt service payments over the next 20 years by \$735,074 and resulted in an economic gain of approximately \$642,000.

See bond payment schedule included in the report.

##### **School Bond Loan Fund**

The District has periodically approved the borrowing from the State Of Michigan's School Bond Loan Fund for the purpose of paying debt service. The interest rates are variable. Repayment of the loan will begin when excess funds are available from the taxes collected for payment of the bond issue.

This loan was paid off during the fiscal year. See bond payment schedules included in this report.

##### **2010 Refunding Bonds**

During the fiscal year ended June 30, 2011, the District issued \$6,940,000 of general obligation tax-exempt bonds for the purpose of an advance refunding of \$6,725,000 of the 2001 bonds outstanding.

As a result, the 2001 bonds have been advance refunded and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$766,267 and resulted in an economic gain of approximately \$644,837.

See bond payment schedule included in the report.

##### **2012 Refunding Bonds**

During the fiscal year ended June 30, 2013, the District issued \$2,550,000 of general obligation tax-exempt bonds for the purpose of a current refunding of \$2,481,302 of the School Bond Loan Fund outstanding.

See bond payment schedule included in the report.

##### **MMNET**

During the year ended June 30, 2001 the District elected to join the Middle Michigan Network for Educational Telecommunications (MMNET). See additional disclosures regarding MMNET in these notes. The total cost of participating in MMNET is \$450,000 and is financed as follows: 1) an agreement with MMNET in the amount of

St. Louis Public School District  
Notes to the Financial Statements  
June 30, 2013

\$181,158, and 2) a loan with a local bank in the amount of \$268,842.

Loan Payable – MMNET Property

On November 21, 2000, the District borrowed \$268,842 from a local bank to purchase telecommunications equipment, including engineering and installation, in order to participate in the MMNET Consortium. The terms of the loan call for semi-annual payments of \$14,898 due May 15<sup>th</sup> and November 15<sup>th</sup> of each year. The interest rate is stated at 5.380% and the maturity date is May 15, 2013.

**Changes to Long-Term Debt**

The changes in long-term debt during the year ended June 30, 2013 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Less: Current Portion	Total due after one year
Comp. Absences	140,129	-	(28,432)	111,698	-	111,698
MMNET Loan Payable	28,637	-	(28,637)	-	-	-
School Bond Loan	2,448,857	32,445	(2,481,302)	-	-	-
2010 Bonds	6,565,000	-	(415,000)	6,150,000	430,000	5,720,000
2005 Bonds	4,520,000	-	(410,000)	4,110,000	415,000	3,695,000
2012 Bonds	-	2,550,000	(85,000)	2,465,000	260,000	2,205,000
Durant Bonds	14,116	-	(14,116)	-	-	-
Bus Loans	77,609	-	-	77,609	48,170	29,439
Total	13,794,348	2,582,445	(3,462,487)	12,914,307	1,153,170	11,761,137

The annual requirements to pay principal and interest on the outstanding obligations on June 30, 2013 are shown in the *Schedule of Long-Term Debt* at the back of this report.

**NOTE 12 - OPERATING LEASES**

The School District is currently leasing seven copy machines from Xerox Corporation. Monthly payments range from \$82 to \$1,185, all payable over 60 months.

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEM**

**Plan Description** - The District participates in the statewide Michigan Public School Employees' Retirement System (System) which is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Comprehensive Annual Financial Report. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (800) 381-5111. It is also available at <http://www.michigan.gov/orsschools>. The System is administered by the Office of Retirement Services within the Michigan Department of Technology, Management & Budget.

**Introduction**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB)

pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members. A DB member or Pension Plus hybrid plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

### **Pension Reform**

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members a voluntary election regarding their pension if they first became a member before July 1, 2010 and earned service credit in the 12 months ending September 3, 2012. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012, subsequently amended to February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

#### Option 1

Members voluntarily elected to increase their contributions to the pension fund and retain the 1.5% pension factor in their pension formula. Basic Plan members were to contribute 4% and MIP (Fixed, Graded and Plus) members were to contribute 7%. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

#### Option 2

Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

#### Option 3

Members voluntarily elected maintain their current level of contribution to the pension fund and therefore not increase their contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

#### Option 4

Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution (DC) plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their *total* years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).



#### Non-electing Members

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

#### New Members

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus hybrid plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period to elect to opt out of the Pension Plus hybrid plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus hybrid plan. If they elect to opt out of the Pension Plus hybrid plan, their participation in the DC plan will be retroactive to their date of hire.

#### **Member Contributions**

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

#### **Employer Contributions**

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. For the period October 1 through September 30, the District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPSERS"), which is administered by the State of Michigan. These contributions are required by law and are calculated by using the contribution rates and periods provided in the table below of the employees' wages. In addition, the District is required to match 50% up to 1% of the employee's contribution in the Pension Plus plan. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS were equal to the required contribution for those years.

The District's contributions to MPSERS were \$1,352,079 for the year ending June 30, 2013, \$1,176,572 for the year ending June 30, 2012 and \$1,018,148 for the year ending June 30, 2011.

Included in the amounts paid above, the District received \$96,089 of section 147(c) State Aid for the sole purpose of making supplemental payments to MPSERS. The District has recorded this amount as state revenue and

additional pension expenditures/expenses for the year ended June 30, 2013.

#### **Other Postemployment Benefits**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, is currently funded on a cash disbursement basis. Beginning fiscal year 2013, it will be funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees. Dependents are eligible for health care coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

#### **NOTE 14 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District participates in the SET/SEG risk pool for employee injuries (worker's compensation) and has purchased commercial insurance for claims relating to property loss, torts, errors and omissions, and for medical claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

#### **NOTE 15 - JOINT VENTURE**

During the year ended June 30, 2001 the District elected to join the Middle Michigan Network for Educational Telecommunications (MMNET). As a member of MMNET, the District was required to purchase an interest in various communication equipment and services as well as pay for annual administrative cost incurred by Gratiot-Isabella RESD, the administrative agent. Information regarding the purchase of equipment and services is shown in the above notes.

The MMNET Consortium was established by a previously approved inter local Consortium Agreement. The purpose of MMNET is to provide for interactive voice/video/data interconnections and services required for, or useful in, the instruction and training of students and other persons utilizing the participants services, the conducting of research, or the administrative operations of the participants; and to enable the participants to cooperatively share their resources for the ownership, financing, installation, administration and operation of MMNET.

Additional information on MMNET, including separate financial statements, is available by contacting the fiscal agent at Gratiot-Isabella Regional Education Service District, 1131 East Center Street, Ithaca, Michigan 48847  
Phone: 989-875-5101

**NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE**

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new format to certain financial statements to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, when applicable.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items previously reported as assets and liabilities as outflows of resources and inflows of resources.

These statements impact the format and reporting of amounts in the statement of net position and the balance sheet at the government-wide level and the fund level, respectively.

The 2012 net position – beginning of year has been restated as a result of the GASB statement No. 65 noted above. The restatement is as follows:

Description	Amount
Net position – beginning of year	\$ 3,303,505
Restatement of 2005 debt issuance costs	(70,103)
Restatement of 2010 debt issuance costs	(55,488)
Net position – beginning of year (restated)	\$ 3,177,913

**NOTE 17 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment in the amount of \$153,572 has been recorded to correct the treatment of the deferred charge related to the 2010 refunding bonds.

**NOTE 18 – UPCOMING ACCOUNTING PRONOUNCEMENT**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY COMPARISON SCHEDULES



St. Louis Public School District  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 906,523	\$ 982,462	\$ 1,012,183	\$ 29,721
State sources	7,842,930	7,838,219	7,822,404	(15,815)
Federal sources	456,206	494,031	466,355	(27,676)
Other sources	314,225	333,721	349,033	15,312
Total revenues	<u>9,519,884</u>	<u>9,648,433</u>	<u>9,649,975</u>	<u>1,542</u>
<b>Expenditures</b>				
Instruction				
Basic programs	4,735,052	4,752,983	4,856,297	(103,314)
Added needs	<u>1,380,622</u>	<u>1,196,387</u>	<u>1,160,214</u>	<u>36,173</u>
Total instruction	6,115,674	5,949,370	6,016,511	(67,141)
Support services				
Pupil	224,860	377,823	373,233	4,590
Instructional staff	380,590	372,613	360,889	11,724
General administration	356,615	376,486	375,589	897
School administration	694,923	699,476	698,364	1,112
Business services	160,661	160,550	160,120	430
Operation and maintenance	924,180	1,070,006	1,055,008	14,998
Pupil transportation	464,071	421,253	417,825	3,428
Central	25,200	23,280	20,564	2,716
Athletics	<u>227,319</u>	<u>224,502</u>	<u>221,803</u>	<u>2,699</u>
Total support services	3,458,419	3,725,989	3,683,395	42,594
Debt service				
Debt service	68,000	58,000	50,281	7,719
Other	-	33,000	23,460	9,540
Total expenditures	<u>9,642,093</u>	<u>9,766,359</u>	<u>9,773,647</u>	<u>(7,288)</u>
<b>Revenues over (under) expenditures</b>	(122,209)	(117,926)	(123,672)	(5,746)
<b>Other financing sources (uses)</b>				
Operating transfers out	<u>(9,303)</u>	<u>(62,000)</u>	<u>(36,711)</u>	<u>(25,289)</u>
<b>Revenues and other sources over (under) expenditures and other uses</b>	(131,512)	(179,926)	(160,383)	(31,035)
<b>Fund balance - beginning</b>	<u>972,569</u>	<u>972,569</u>	<u>972,569</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 709,545</u>	<u>\$ 612,717</u>	<u>\$ 812,186</u>	<u>\$ (62,070)</u>

St. Louis Public School District  
 Budgetary Comparison Schedule for the Food Service Fund  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 99,754	\$ 55,013	\$ 56,976	\$ 1,963
State sources	15,000	12,000	12,537	-
Federal sources	305,197	276,100	321,484	45,384
Total revenues	<u>419,951</u>	<u>343,113</u>	<u>390,997</u>	<u>47,347</u>
<b>Expenditures</b>				
Food service	<u>416,558</u>	<u>437,400</u>	<u>459,995</u>	<u>(22,595)</u>
<b>Revenues over (under) expenditures</b>	3,393	(94,287)	(68,998)	24,752
<b>Other financing sources (uses)</b>				
Operating transfers in	<u>-</u>	<u>62,000</u>	<u>36,711</u>	<u>25,289</u>
<b>Revenues and other sources over (under) expenditures and other uses</b>	3,393	(32,287)	(32,287)	50,041
<b>Fund balance - beginning</b>	<u>32,287</u>	<u>32,287</u>	<u>32,287</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 35,680</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50,041</u></u>

**OTHER SUPPLEMENTAL INFORMATION**



St. Louis Public School District  
 General Fund  
 Statement of Revenues  
 For the Year Ended June 30, 2013

<b>Local sources</b>	
Property taxes	\$ 809,297
Tuition	7,475
Earnings on investments and deposits	1,854
Revenue from student activities	81,224
Revenue from community service activities	1,271
Other local revenues	111,062
Total local sources	<u>1,012,183</u>
<b>State sources</b>	
General state aid	7,177,204
Categorical:	
Special education	157,054
At risk	287,215
152a Headlee obligation	27,925
Pre-school	54,400
Principal educator evaluation	1,050
MPSERS 147c	96,089
Vocational education	21,467
Total state sources	<u>7,822,404</u>
<b>Federal sources</b>	
Title I	335,526
Title II - Improving teacher quality	90,060
Title VI	22,646
Edu jobs	-
Medicaid	18,123
Total federal sources	<u>466,355</u>
<b>Other sources</b>	
Other governmental units	
County special education tax	313,306
Vocational education transportation	17,312
Other	18,415
Total other sources	<u>349,033</u>
Total general fund revenues	<u><u>\$ 9,649,975</u></u>



St. Louis Public School District  
 General Fund  
 Statement of Expenditures  
 For the Year Ended June 30, 2013

**Instruction**

Basic programs

Elementary

Salaries	\$ 1,355,252
Employee benefits	699,058
Purchased services	70,225
Supplies, materials and other	60,290
Total elementary	2,184,825

Middle/junior high

Salaries	752,509
Employee benefits	409,123
Purchased services	9,702
Supplies, materials and other	7,092
Total middle school	1,178,426

High school

Salaries	839,274
Employee benefits	460,471
Purchased services	25,192
Supplies, materials and other	114,569
Total high school	1,439,506

Pre-Kindergarten

Supplies, materials and other	51,680
Total Pre-Kindergarten	51,680

Summer school

Salaries	1,546
Employee benefits	314
Total Summer school	1,860

Total basic programs

4,856,297

Added needs

Special education

Salaries	404,832
Employee benefits	182,721
Purchased services	4,913
Supplies, materials and other	4,044
Total special education	596,510

Compensatory education

Salaries	267,007
Employee benefits	109,986
Purchased services	15,024
Supplies, materials and other	23,864
Total compensatory education	415,881

St. Louis Public School District  
 General Fund  
 Statement of Expenditures  
 For the Year Ended June 30, 2013

**Instruction (continued)**

Added needs (continued)

Career and technical education

Salaries	\$ 96,125
Employee benefits	42,944
Purchased services	2,288
Supplies, materials and other	6,466
Total career and technical education	147,823

Total added needs 1,160,214

Total instruction 6,016,511

**Supporting services**

Pupil services

Guidance services

Salaries	164,952
Employee benefits	75,872
Purchased services	-
Supplies, materials and other	4,768
Total guidance services	245,592

Health Services

Salaries	4,725
Employee benefits	1,592
Total health services	6,317

Speech

Salaries	46,056
Employee benefits	31,883
Supplies, materials and other	248
Total speech	78,187

Other pupil services

Salaries	31,593
Employee benefits	8,517
Supplies, materials and other	3,027
Total other pupil services	43,137

Total pupil services 373,233

St. Louis Public School District  
 General Fund  
 Statement of Expenditures  
 For the Year Ended June 30, 2013

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**Supporting services (continued)**

Instructional staff	
Improvement of instruction	
Salaries	\$ 1,700
Employee benefits	543
Purchased services	39,012
Supplies, materials and other	52,722
Total improvement of instruction	<u>93,977</u>
Library	
Salaries	55,186
Employee benefits	26,868
Purchased services	3,433
Supplies, materials and other	13,647
Total library	<u>99,134</u>
Instructional staff	
Technology assisted instruction	
Purchased services	88,646
Supplies, materials and other	79,132
Total Instructional staff	<u>167,778</u>
Total instructional staff	
	<u>360,889</u>
General administration	
Board of education	
Employee benefits	40,000
Purchased services	27,870
Supplies, materials and other	23,437
Total board of education	<u>91,307</u>
Executive administration	
Salaries	155,960
Employee benefits	120,349
Purchased services	596
Supplies, materials and other	7,377
Total executive administration	<u>284,282</u>
Total general administration	
	375,589

St. Louis Public School District  
 General Fund  
 Statement of Expenditures  
 For the Year Ended June 30, 2013

**Support services (continued)**

School administration	
Offices of the principals	
Salaries	\$ 437,588
Employee benefits	234,265
Purchased services	6,427
Supplies, materials and other	20,084
Total offices of the principals	<u>698,364</u>
Business services	
Fiscal services	
Purchased services	54,000
Supplies, materials and other	175
Total fiscal services	<u>54,175</u>
Internal services	
Supplies, materials and other	33,743
Other business services	
Insurances	32,361
Supplies, materials and other	11,045
Interest	12,487
Taxes refunded and abated	7,170
Dues and fees	9,010
Miscellaneous fees	129
Total other business services	<u>72,202</u>
Total business services	160,120
Operation and maintenance	
Building services	
Salaries	342,174
Employee benefits	226,056
Purchased services	74,803
Supplies, materials and other	351,922
Capital outlay	16,600
Total building services	<u>1,011,555</u>
Security services	
Purchased services	43,453
Total security services	<u>43,453</u>
Total operation and maintenance	1,055,008

St. Louis Public School District  
 General Fund  
 Statement of Expenditures  
 For the Year Ended June 30, 2013

<b>Support services (continued)</b>	
Pupil transportation	
Salaries	\$ 141,323
Employee benefits	48,361
Purchased services	64,025
Supplies, materials and other	85,429
Capital outlay	78,687
Total pupil transportation	<u>417,825</u>
 Central	
Purchased services	19,207
Supplies, materials and other	1,357
Total central	<u>20,564</u>
 Athletics	
Salaries	83,493
Employee benefits	31,479
Purchased services	58,494
Supplies, materials and other	48,337
Total athletics	<u>221,803</u>
 Total support services	<u>3,683,395</u>
 <b>Other transactions</b>	
Debt service - MMNET loan	28,637
Xerox payment	21,644
Other	23,460
Total other transactions	<u>73,741</u>
 <b>Other financing uses</b>	
Operating transfers out	36,711
Total other financing uses	<u>36,711</u>
 Total general fund expenditures	<u><u>\$ 9,810,358</u></u>

St. Louis Public School District  
Debt Service Funds  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2013

**Revenues**

Local sources	
Property tax	\$ 1,500,530
Interest on investments	1,056
Total local sources	1,501,586
State sources	
Durant	14,786
Other revenue	43,298
Total revenues	1,559,670

**Expenditures**

Principal repayments - 2005	410,000
Principal repayments - 2010	415,000
Principal repayments - 2012	85,000
Principal repayments - Durant	14,116
Total principal repayments	924,116
Interest and other charges - 2005	196,221
Interest and other charges - 2010	177,940
Interest and other charges - 2012	22,171
Interest and other charges - Durant	672
Total interest and other charges	397,004
Other	40,856
Total expenditures	1,361,976

**Revenues over (under) expenditures** 197,694

**Other financing sources (uses)**

Proceeds from refunding bonds	2,550,000
Payment to escrow agent	(2,550,000)
	-

**Revenues and other sources over (under) expenditures and other uses** \$ 197,694

St. Louis Public School District  
Schedule of Long-Term Debt  
For the Year Ended June 30, 2013

Fiscal Year Ending	Interest Rate (%)	Annual Principal Due	Interest Due		Total
			1st Payment	2nd Payment	
<b>Bus Loan Payable - \$153,800</b>					
<i>Interest and Principal due July 6</i>					
2014	3.56	\$ 48,170	\$ 2,763	\$ -	\$ 50,933
2015	3.56	29,439	1,048	-	30,487
Total		<u>\$ 77,609</u>	<u>\$ 3,811</u>	<u>\$ -</u>	<u>\$ 81,420</u>
<b>2005 Bond Issue - \$7,190,000</b>					
<i>Interest due November 1 and May 1; Principal due May 1</i>					
2014	3.75	\$ 415,000	\$ 90,425	\$ 90,425	\$ 595,850
2015	4.00	400,000	82,644	82,644	565,288
2016	5.00	390,000	74,644	74,644	539,288
2017	5.00	380,000	64,894	64,894	509,788
2018	5.00	375,000	55,394	55,394	485,788
2019	4.10	370,000	46,019	46,019	462,038
2020	4.20	365,000	38,434	38,434	441,868
2021	4.20	365,000	30,769	30,769	426,538
2022	4.38	355,000	23,013	23,013	401,026
2023	4.38	345,000	15,247	15,247	375,494
2024	4.40	350,000	7,700	7,700	365,400
Total		<u>\$ 4,110,000</u>	<u>\$ 529,183</u>	<u>\$ 529,183</u>	<u>\$ 5,168,366</u>
<b>2010 Refunding Bonds - \$6,940,000</b>					
<i>Interest due November 1 and May 1; Principal due May 1</i>					
2014	4.50	\$ 430,000	\$ 85,443	\$ 85,443	\$ 600,886
2015	4.50	470,000	81,358	81,358	632,716
2016	4.50	510,000	76,658	76,658	663,316
2017	4.50	550,000	70,793	70,793	691,586
2018	4.60	590,000	63,918	63,918	717,836
2019	4.60	605,000	55,953	55,953	716,906
2020	4.60	595,000	47,180	47,180	689,360
2021	4.60	590,000	38,106	38,106	666,212
2022	4.60	605,000	28,961	28,961	662,922
2023	4.70	595,000	19,433	19,433	633,866
2024	4.70	610,000	9,913	9,913	629,826
Total		<u>\$ 6,150,000</u>	<u>\$ 577,716</u>	<u>\$ 577,716</u>	<u>\$ 7,305,432</u>
<b>2012 Refunding Bonds - \$2,550,000</b>					
<i>Interest due November 1 and May 1; Principal due May 1</i>					
2014	0.80	\$ 260,000	\$ 20,338	\$ 20,338	\$ 300,676
2015	1.00	305,000	19,298	19,298	343,596
2016	1.30	345,000	17,773	17,773	380,546
2017	1.60	355,000	15,530	15,530	386,060
2018	1.90	360,000	12,690	12,690	385,380
2019	2.10	390,000	9,270	9,270	408,540
2020	2.30	450,000	5,175	5,175	460,350
Total		<u>\$ 2,465,000</u>	<u>\$ 100,074</u>	<u>\$ 100,074</u>	<u>\$ 2,665,148</u>

St. Louis Public School District  
Schedule of Long-Term Debt  
For the Year Ended June 30, 2013

Fiscal Year Ending	Loan Proceeds	Accrued Interest	Balance Due
<b>School Bond Loan Fund</b>			
1996	\$ 628,964	\$ 25,889	\$ 654,853
1997	185,564	42,878	883,295
1998	-	48,004	931,299
1999	-	47,704	979,003
2000	-	49,979	1,028,982
2001	-	50,719	1,079,701
2002	-	45,453	1,125,154
2003	242,871	43,756	1,411,781
2004	282,182	45,345	1,739,308
2005	246,219	56,818	2,042,345
2006	-	83,377	2,125,722
2007	-	100,898	2,226,620
2008	-	100,070	2,326,690
2009	-	109,907	2,436,597
2010	-	137,987	2,574,584
2011	-	131,933	2,706,517
2011 Repayment	-	(180,061)	2,526,456
2012	-	120,173	2,646,629
2012 Repayment	-	(197,772)	2,448,857
2013	-	32,445	2,481,302
2013 Repayment	(1,585,800)	(895,502)	-
Total	<u>\$ -</u>	<u>\$ -</u>	

This loan was paid off on October 17, 2012 with proceeds from the 2012 Refunding Bond Issue



St. Louis Public School District  
Schedule of Long-Term Debt  
For the Year Ended June 30, 2013

Fiscal Year Ending	Annual Principal Due	Annual Interest Due	Total
<b>Summary by Year</b>			
2014	\$ 1,153,170	\$ 395,175	\$ 1,548,345
2015	1,204,439	367,648	1,572,087
2016	1,245,000	338,150	1,583,150
2017	1,285,000	302,434	1,587,434
2018	1,325,000	264,004	1,589,004
2019	1,365,000	222,484	1,587,484
2020	1,410,000	181,578	1,591,578
2021	955,000	137,750	1,092,750
2022	960,000	103,948	1,063,948
2023	940,000	69,360	1,009,360
2024	960,000	35,226	995,226
Totals	<u>\$ 12,802,609</u>	<u>\$ 2,417,757</u>	<u>\$ 15,220,366</u>