

Garden City Public Schools

Garden City, Michigan

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

June 30, 2014

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

Members of the Board of Education

Patrick McNally – President

Darlene Jablonowski – Vice President

John Thackaberry – Treasurer

Sarah Roffi – Secretary

Lynette Childress – Trustee

Loraine Stover – Trustee

Linda Williams – Trustee

Administration

Michelle Cline – Superintendent

Drew McMechan – Chief Financial Officer



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Independent Auditors' Report

Management and the Board of Education
Garden City 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 Garden City Public Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Garden City Public Schools, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Garden City Public Schools' basic financial statements. The list of the Members of the Board of Education and Administration and other supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014 on our consideration of Garden City Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garden City Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, MI
October 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Garden City Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2014. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Garden City Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund and Special Education Fund, with all other funds presented in one column as non-major funds. The remaining statements, the statement of fiduciary net position and the statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for Major Funds

Other Supplementary Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position (deficit) and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

Governmental Funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position (deficit) and the statement of activities) and governmental funds in reconciliation.

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

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

The School District as a Whole

Recall that the statement of net position (deficit) provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position (deficit) as of June 30, 2014 and 2013.

TABLE 1	Governmental Activities	
	June 30,	
	2014	2013
	(in millions)	
Assets		
Current and other assets	\$ 18.5	\$ 18.0
Capital assets	25.1	26.5
Total assets	43.6	44.5
Liabilities		
Current liabilities	17.7	16.2
Long-term liabilities	28.4	29.9
Total liabilities	46.1	46.1
Net Position (Deficit)		
Net investment in capital assets	(3.0)	(3.0)
Restricted	2.7	2.2
Unrestricted	(2.2)	(0.8)
Total net deficit	\$ (2.5)	\$ (1.6)

The above analysis focuses on the net deficit (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net deficit was \$2.4 million at June 30, 2014. Capital assets, net of related debt totaling approximately (\$3.0) million, compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

Garden City Public Schools

Management's Discussion and Analysis

Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net position for day-to-day operations. The remaining amount of net position, (\$2.2) million, was unrestricted.

The (\$2.2) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net deficit for fiscal years 2014 and 2013.

TABLE 2	Governmental Activities	
	June 30,	
	2014	2013
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.1	\$ 1.2
Operating grants and contributions	24.6	25.1
General revenue:		
Property taxes	6.6	6.3
State aid	27.4	28.9
Other	0.2	0.3
Total revenue	<u>59.9</u>	<u>61.8</u>
Functions/program expenses		
Instruction	38.5	39.5
Supporting services	19.0	19.1
Food services	1.3	1.4
Community services and other	0.5	0.6
Interest and long-term debt	1.4	1.7
Total functions/program costs	<u>60.7</u>	<u>62.3</u>
Increase (decrease) in Net Deficit	<u>\$ (0.8)</u>	<u>\$ (0.5)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$60.7 million. Certain activities were partially funded from those who benefited from the programs, \$1.1 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$24.6 million. We paid for the remaining public benefit portion of our governmental activities with \$6.6 million in taxes, \$27.4 million in state foundation allowance, and \$0.2 million with our other revenue, i.e., interest and general entitlements.

The School District experienced a \$0.8 million decrease in net position. More detailed information is presented in the reconciliation of the statement of revenue, expenditures, and changes in fund balances (deficit) of governmental funds to the statement of activities.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,395,213, which is a decrease of \$2.3 million from last year. The primary reason for the decrease was due to the continuation of the District's multi-year enrollment decline, for this resulted in the receipt of significantly less state aid.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2014. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

During the year, the budget was amended in a legally permissible manner. Significant amendments between the original and final budgets adopted during the year include a \$0.6 million decrease in state revenue due primarily to continuing enrollment decline. An amendment of \$0.6 million was made to interdistrict sources. An amendment of \$0.1 million was made between the original budget and the final budget for other operating transfers in. This change was made to reflect a projected increase in the operating transfer in from the School District's special education Center Program Fund.

On the expenditure side of the budget, amendments between the original and final budgets totaled \$1.1 million decrease in projected costs due to less anticipated revenue.

The variance between the final estimated June 30, 2014 fund balance and the actual June 30, 2014 fund balance was (\$579,930).

Special Education Special Revenue Fund Budgetary Highlights

The program is operated by the School District for Wayne County RESA (RESA) to provide instructional and non-instructional services for autistic students from Wayne County. During the year, the budget was amended in a legally permissible manner. No significant revenue amendments were made. Amendments to expenditures totaled a \$0.1 million decrease to various areas.

The variance between budgeted Special Education Fund revenue and actual Special Education Fund revenue was (\$1.2 million), primarily due to changes in estimated over payments for prior years. The variance between budgeted Special Education Fund expenditures and actual Special Education Fund expenditures was (\$1.2 million), primarily due to reduced revenue.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2014, the School District had \$25.1 million invested in a broad range of capital assets, including buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$1.4 million.

	<u>2014</u>	<u>2013</u>
Building and site improvements	\$ 54,850,230	\$ 54,437,058
Equipment and furniture	4,654,604	4,613,807
Buses and other vehicles	<u>1,754,467</u>	<u>1,945,717</u>
Total capital assets	61,259,301	60,996,582
Less accumulated depreciation	<u>(36,139,938)</u>	<u>(34,512,192)</u>
Net capital assets	<u>\$ 25,119,363</u>	<u>\$ 26,484,390</u>

This year's capital asset additions included building improvements, furniture and equipment, and vehicles. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$28.0 million in bonds outstanding versus \$29.2 million in the previous year - a change of 1.2 percent. Those bonds consisted of the following:

	<u>2014</u>	<u>2013</u>
2006 General Obligation Bonds	\$ 22,545,000	\$ 22,570,000
2005 General Obligation Bonds	<u>5,415,000</u>	<u>6,625,000</u>
 Total	 <u>\$ 27,960,000</u>	 <u>\$ 29,195,000</u>

The School District's general obligation bond rating (Standard & Poor's) stands at BBB-. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding general obligation debt of \$27,960,000 is significantly below this statutorily imposed 15 percent limit. Other obligations include accrued vacation pay, sick leave, term notes, and early retirement incentive. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2015 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The formula for determining the blended count was changed during the 2013-14 fiscal year. Prior to 2013-14, the blended count was based on the prior year's February Count (10%) and the current year's October Count (90%). During the 2013-14 year, the formula was change to reflect the current year's February count. This change had a negative impact on schools such as Garden City, because declining enrollment results in a lower count each time the students are counted. This change in calculation resulted in over 225,000 less in revenue for the School District in 2013-14. The blended count for the 2015 fiscal year is 90 percent of the October 2014 count and 10 percent of the February 2015 student count, which is likely to negatively impact the revenue of the School District based on pupil enrollment projections.

The initial 2015 budget was adopted in June, 2014, based on an estimate of students that will be enrolled in October, 2014. Approximately 80 percent of total General Fund revenue is from the state aid. Under state law, the School District cannot assess additional property tax revenue for

general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. In the summer of 2014, a countywide revenue enhancement millage was placed on the ballot and voters did not pass the measure. The failure of this ballot measure meant that 1.7 million per year of potential revenue for operations was lost for the School District. Based on early enrollment data at the start of the 2014-15 school year, we anticipate that the fall student count will be significantly lower than the estimates used in creating the 2014-15 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it receives. If you have any questions about this report or need additional information, contact Andrew McMechan, Chief Financial Officer, Garden City Public Schools, 1333 Radcliff, Garden City, MI 48135.

BASIC FINANCIAL STATEMENTS

Garden City Public Schools
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash	\$ 10,622,320
Accounts receivable	339,718
Due from other governmental units	7,426,465
Inventory	34,461
Prepaid items	92,449
Capital assets - net of accumulated depreciation	25,119,363
Total assets	43,634,776
Liabilities	
Accounts payable	2,218,996
State aid anticipation note payable	6,960,000
Due to other governmental units	440,730
Payroll deductions and withholdings	10,952
Accrued expenditures	619,125
Accrued salaries payable	4,819,727
Unearned revenue	1,272,126
Noncurrent liabilities	
Due within one year	1,382,520
Due in more than one year	28,350,455
Total liabilities	46,074,631
Net Position (deficit)	
Net investment in capital assets	(3,032,857)
Restricted for:	
Food service	328,272
Debt service	456,373
Capital projects	1,995,822
Unrestricted (deficit)	(2,187,465)
Total net position (deficit)	\$ (2,439,855)

See Accompanying Notes to Financial Statements

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

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs					
Governmental activities					
Instruction	\$ 38,510,418	\$ 18,205	\$ 16,541,120	\$ -	\$(21,951,093)
Supporting services	18,991,549	-	7,089,051	-	(11,902,498)
Food services	1,339,605	489,050	963,633	-	113,078
Community services and other	500,220	613,058	-	-	112,838
Interest on long-term debt	1,408,043	-	-	-	(1,408,043)
	<u>\$ 60,749,834</u>	<u>\$ 1,120,313</u>	<u>\$ 24,593,804</u>	<u>\$ -</u>	<u>(35,035,717)</u>
General revenues					
					2,777,201
					2,840,437
					965,484
					27,407,063
					5,585
					8,698
					217,323
					<u>34,221,791</u>
					(813,926)
					<u>(1,625,929)</u>
					<u>\$ (2,439,855)</u>

See Accompanying Notes to Financial Statements

Garden City Public Schools
Governmental Funds
Balance Sheet
June 30, 2014

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 7,819,852	\$ -	\$ 2,802,468	\$ 10,622,320
Accounts receivable	131,298	-	47,974	179,272
Due from other funds	-	1,948,908	249,268	2,198,176
Due from other governmental units	7,256,963	153,387	16,115	7,426,465
Inventory	10,838	-	23,623	34,461
Prepaid items	92,449	-	-	92,449
	<u>\$ 15,311,400</u>	<u>\$ 2,102,295</u>	<u>\$ 3,139,448</u>	<u>\$ 20,553,143</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 1,990,405	\$ 103,632	\$ 123,959	\$ 2,217,996
State aid anticipation note payable	6,960,000	-	-	6,960,000
Due to other funds	2,341,865	-	3,315	2,345,180
Due to other governmental units	440,730	-	-	440,730
Payroll deductions and withholdings	10,952	-	-	10,952
Accrued expenditures	91,217	-	-	91,217
Accrued salaries payable	3,399,891	1,419,836	-	4,819,727
Unearned revenue	683,050	578,827	10,249	1,272,126
	<u>15,918,110</u>	<u>2,102,295</u>	<u>137,523</u>	<u>18,157,928</u>
Total liabilities				

See Accompanying Notes to Financial Statements

**Garden City Public Schools
Governmental Funds
Balance Sheet
June 30, 2014**

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance				
Non-spendable:				
Inventory	\$ 10,838	\$ -	\$ 23,623	\$ 34,461
Prepaid items	92,449	-	-	92,449
Restricted for:				
Food service	-	-	304,649	304,649
Debt service	-	-	677,831	677,831
Capital projects	-	-	1,995,822	1,995,822
Unassigned (deficit)	<u>(709,997)</u>	<u>-</u>	<u>-</u>	<u>(709,997)</u>
Total fund balance (deficit)	<u>(606,710)</u>	<u>-</u>	<u>3,001,925</u>	<u>2,395,215</u>
Total liabilities and fund balances	<u>\$ 15,311,400</u>	<u>\$ 2,102,295</u>	<u>\$ 3,139,448</u>	<u>\$ 20,553,143</u>

See Accompanying Notes to Financial Statements

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

Total fund balances for governmental funds	\$ 2,395,215
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets - net of accumulated depreciation	25,119,363
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(221,458)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(1,580,755)
Bonds and notes payable	(28,102,912)
Capital leases	<u>(49,308)</u>
Net position of governmental activities	<u>\$ (2,439,855)</u>

See Accompanying Notes to Financial Statements

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

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 3,801,911	\$ -	\$ 4,300,252	\$ 8,102,163
State sources	32,358,298	4,863,070	83,566	37,304,934
Federal sources	1,958,411	473,996	880,067	3,312,474
Interdistrict sources	812,317	10,395,322	-	11,207,639
	<u>38,930,937</u>	<u>15,732,388</u>	<u>5,263,885</u>	<u>59,927,210</u>
Expenditures				
Current				
Education				
Instruction	26,963,230	11,094,000	-	38,057,230
Supporting services	15,926,576	2,926,040	-	18,852,616
Food services	-	-	1,339,605	1,339,605
Community services	500,220	-	-	500,220
Intergovernmental payments	57,500	-	-	57,500
Facilities acquisition	-	5,068	491,577	496,645
Capital outlay	213,875	-	-	213,875
Debt service				
Principal	101,297	6,529	1,235,000	1,342,826
Interest and other expenditures	4,918	770	1,388,097	1,393,785
Tax abated	-	-	24,709	24,709
	<u>43,767,616</u>	<u>14,032,407</u>	<u>4,478,988</u>	<u>62,279,011</u>
Excess (deficiency) of revenues over expenditures	<u>(4,836,679)</u>	<u>1,699,981</u>	<u>784,897</u>	<u>(2,351,801)</u>

See Accompanying Notes to Financial Statements

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

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	\$ 8,698	\$ -	\$ -	\$ 8,698
Transfers in	2,985,871	-	-	2,985,871
Transfers out	<u>-</u>	<u>(2,985,871)</u>	<u>-</u>	<u>(2,985,871)</u>
Total other financing sources (uses)	<u>2,994,569</u>	<u>(2,985,871)</u>	<u>-</u>	<u>8,698</u>
Net change in fund balance	(1,842,110)	(1,285,890)	784,897	(2,343,103)
Fund balance - beginning	<u>1,235,400</u>	<u>1,285,890</u>	<u>2,217,028</u>	<u>4,738,318</u>
Fund balance - ending	<u><u>\$ (606,710)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,001,925</u></u>	<u><u>\$ 2,395,215</u></u>

See Accompanying Notes to Financial Statements

Garden City Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - Total governmental funds \$ (2,343,103)

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

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

Depreciation expense	(1,880,495)
Capital outlay	515,468

Expenses are recorded when incurred in the statement of activities.

Interest	10,451
Compensated absences	129,327
Self-insured benefits	1,411,600

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Repayments of long-term debt	1,342,826
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Change in net position of governmental activities **\$ (813,926)**

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

	<u>Internal Service Fund</u>
Assets	
Due from other funds	\$ 306,450
Liabilities	
Early retirement incentive	20,000
Other post employment benefits	<u>286,450</u>
Total liabilities	<u>\$ 306,450</u>

See Accompanying Notes to Financial Statements

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

	<u>Internal Service Fund</u>
Revenues	
Charges to other funds	\$ 28,347
Expenses	
Healthcare	<u>28,347</u>
Net income	<u>-</u>
Net position - beginning	<u>-</u>
Net position - ending	<u>\$ -</u>

See Accompanying Notes to Financial Statements

**Garden City Public Schools
Proprietary Fund
Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2014**

	<u>Internal Service Fund</u>
Cash flows from operating activities	
Charges to other funds	\$ 28,347
Healthcare	<u>(28,347)</u>
Net cash used by operating activities	<u>-</u>
Cash - beginning of year	<u>-</u>
Cash - end of year	<u><u>\$ -</u></u>
 Reconciliation of operating income to net cash from operating activities	
Operating income	\$ -
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Due from other funds	(18,347)
Early retirement incentives	(10,000)
Other post employment benefits	<u>28,347</u>
Net cash used by operating activities	<u><u>\$ -</u></u>

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

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 113,286	\$ 519,044
Due from other funds	<u>1,000</u>	<u>-</u>
Total assets	<u>114,286</u>	<u>\$ 519,044</u>
Liabilities		
Accounts payable	-	113
Due to other funds	-	160,446
Due to agency fund activities	<u>-</u>	<u>358,485</u>
Total liabilities	<u>-</u>	<u>\$ 519,044</u>
Net Position		
Assets held for scholarships	<u>\$ 114,286</u>	

See Accompanying Notes to Financial Statements

Garden City Public Schools
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 12,850
Interest and investment earnings	<u>101</u>
Total additions	<u>12,951</u>
Deductions	
Scholarships	<u>14,000</u>
Change in net position	(1,049)
Net position - beginning	<u>115,335</u>
Net position - ending	<u>\$ 114,286</u>

See Accompanying Notes to Financial Statements

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

Fund Financial Statements

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

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

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

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

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

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The only proprietary fund maintained is an Internal Service Fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The School District reports the following major governmental funds:

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

Special Education Fund – The Special Education Fund consists of those activities involved in operating the programs necessary to provide for the education of students identified as needing special education services. The Fund's revenue sources include property taxes, federal and state sources, and inter-governmental reimbursements.

Additionally, the School District reports the following fund types:

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

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

Sinking Fund – Sinking Fund is used to record the property tax levy and other revenue and the disbursement of invoices specifically for acquiring new technology.

Internal Service Fund – The School District's proprietary fund is the Internal Service Fund. The purpose of the fund is to finance services provided to other funds of the School District on a cost-reimbursement basis. The Internal Service Fund maintained by the School District accounts for early retirement incentives and other postemployment benefits. It is funded through charges primarily from the General Fund.

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

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

Assets, Liabilities and Net Position or Equity

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

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

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

General Fund	
Non principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	5.8500
Sinking Fund	2.0000

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

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before August 31 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of February 28 are purchased by Wayne County and remitted to the School District by June 30.

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

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

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

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	25-50 years
Equipment and furniture	5-20 years
Buses and other vehicles	5-8 years

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

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

Compensated Absences – The liability for compensated absences reported in the district-wide financial statements consists of earned but unused accumulated vacation and sick leave benefits and early retirement incentive obligations. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Other Postemployment Benefits – The liability for other postemployment benefits reported in the district-wide statements consists of contractual obligations for the School District to reimburse eligible retirees for health insurance premiums.

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

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

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

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

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

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

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

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

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

The School District has an accumulated fund balance deficit in the General Fund in the amount of \$606,710 as of June 30, 2014.

The District has filed a deficit elimination plan with the State of Michigan, which the District is in compliance with as of year end. The District also has a deficit unrestricted net position in the amount of \$2,187,465 on the statement of Net Position.

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

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

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

The School District has adopted a minimum fund balance policy. The fund balance policy proscribes the minimum fund balance as 15 percent of the current fiscal year's total budgeted expenditures. This is deemed to be a prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Use of Estimates

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

Eliminations and Reclassifications

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

Upcoming Accounting and Reporting Changes

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

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

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

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

<u>Function</u>	<u>Final Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variances</u>
General Fund			
Basic programs	\$ 20,200,924	\$ 20,607,945	\$ 407,021
Added needs	6,345,311	6,353,747	8,436
School administration	2,677,317	2,750,539	73,222
Pupil transportation services	1,277,722	1,325,803	48,081
Other	11,886	41,585	29,699
Special Education Fund			
Supporting services	2,907,965	2,926,040	18,075

Compliance Sinking Funds

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied, in all material respects with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash	<u>\$ 10,622,320</u>	<u>\$ 632,330</u>	<u>\$ 11,254,650</u>

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	<u>\$11,254,650</u>
--	---------------------

Interest rate risk – This is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's policy minimized interest rate risk 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 investment operating funds primarily in short-term securities, liquid asset funds, money market mutual funds, or similar instrument pools and limiting the average maturity in accordance with the School District's cash requirements.

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

Concentration of credit risk – The School District places no limit on the amount the School District may invest in any one issuer. The School District does not have investments in any one issuer of more than 5 percent of the School District's total investments.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year-end, \$11,502,101 of the School

District's bank balance of \$11,752,101 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk of investments and does not have investments with custodial credit risk.

Credit risk – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District does not have an investment policy further limiting its investment choices. The School District does not have a policy for credit risk and does not have any investments held at year end subject to credit risk.

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Buildings and site improvements	\$ 54,437,058	\$ 413,172	\$ -	\$ 54,850,230
Equipment and furniture	4,613,807	40,797	-	4,654,604
Buses and other vehicles	<u>1,945,717</u>	<u>61,499</u>	<u>252,749</u>	<u>1,754,467</u>
Total capital assets being depreciated	<u>60,996,582</u>	<u>515,468</u>	<u>252,749</u>	<u>61,259,301</u>
Less accumulated depreciation for				
Buildings and site improvements	29,402,290	1,645,824	-	31,048,114
Equipment and furniture	3,561,192	155,831	-	3,717,023
Buses and other vehicles	<u>1,548,710</u>	<u>78,840</u>	<u>252,749</u>	<u>1,374,801</u>
Total accumulated depreciation	<u>34,512,192</u>	<u>1,880,495</u>	<u>252,749</u>	<u>36,139,938</u>
Net capital assets being depreciated	<u>26,484,390</u>	<u>(1,365,027)</u>	<u>-</u>	<u>25,119,363</u>
Net capital assets	<u>\$ 26,484,390</u>	<u>\$ (1,365,027)</u>	<u>\$ -</u>	<u>\$ 25,119,363</u>

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

Governmental activities	
Instruction	\$ 1,316,347
Supporting services	<u>564,149</u>
Total governmental activities	<u>\$ 1,880,495</u>

Idle Assets

Buildings with a carrying value of \$1,994,277 are idle at June 30, 2014.

Construction Contracts

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

	Total Contract	Remaining Construction Commitment at Year End	Contract Payable at Year End
Partial roof replacement at Garden City High	\$ 132,500	\$ 132,500	\$ -
Gym floor replacement at Garden City High	171,000	171,000	-
Window replacement at Garden City High	215,500	215,500	-
Boiler replacement at Garden City High	621,000	621,000	-

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

NOTE 5 – INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
General	Special Education Fund	\$ 1,948,908
General	Nonmajor governmental funds	85,507
Nonmajor governmental funds	Fiduciary funds	3,315
General	Fiduciary funds	1,000
Fiduciary funds	General	160,446
General	Internal service fund	<u>306,450</u>
		<u>\$ 2,505,626</u>

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

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

Interfund transfers consist of the following:

	<u>Transfers Out</u>
	Special Education Fund
Transfers in	
General Fund	\$ 2,985,871

Transfers from the Special Education Fund to the General Fund were for excess costs related to operations for the Special Education Fund.

NOTE 6 – UNEARNED REVENUE

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

	<u>Unearned</u>
Interdistrict special education payments	\$ 128,475
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>1,143,651</u>
Total	<u>\$ 1,272,126</u>

NOTE 7 – STATE AID ANTICIPATION NOTE

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

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

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 5,246,000</u>	<u>\$ 7,160,000</u>	<u>\$ 5,446,000</u>	<u>\$ 6,960,000</u>

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

NOTE 8 – LEASES

Capital Leases

In the prior year the School District entered into leasing arrangements for 12 copiers. Under the lease agreements the School District paid \$45,515 in the current year.

The future minimum lease payments for the year ended June 30, 2014 were as follows:

Year ending June 30,	
2015	\$ 45,515
2016	<u>3,793</u>
Total minimum lease payments	<u>\$ 49,308</u>

Interest was deemed immaterial and is included in lease payments noted above.

The assets acquired through capital leases are as follows:

Machinery and equipment	\$ 182,061
Less accumulated depreciation	<u>(96,881)</u>
Total	<u>\$ 85,180</u>

NOTE 9 – LONG-TERM DEBT

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 29,195,000	\$ -	\$ 1,235,000	\$ 27,960,000	\$ 1,280,000
Notes	188,877	-	45,965	142,912	47,005
Capital leases	111,169	-	61,861	49,308	45,515
Compensated absences	1,710,082	-	129,327	1,580,755	-
Retirement incentives	30,000	-	10,000	20,000	10,000
Other postemployment benefits	258,103	104,191	75,844	286,450	-
Total	<u>\$ 31,493,231</u>	<u>\$ 104,191</u>	<u>\$ 1,557,997</u>	<u>\$ 30,039,425</u>	<u>\$ 1,382,520</u>

For governmental activities, compensated absences and retirement incentives are primarily liquidated by the General Fund.

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

\$7,880,000 of 2005 refunding bond due in annual installments of \$1,210,000 to \$1,455,000 through 5/1/18, interest at 3.50 - 5.00%	\$ 5,415,000
\$23,860,000 of 2006 refunding bond due in annual installments of \$25,000 to \$1,785,000 through 5/1/31, interest at 4.00 - 5.00%	<u>22,545,000</u>
Total general obligation bonded debt	<u>\$ 27,960,000</u>

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

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

	Principal	Interest	Total
Year Ending June 30,			
2015	\$ 1,280,000	\$ 1,321,900	\$ 2,601,900
2016	1,345,000	1,258,200	2,603,200
2017	1,415,000	1,191,200	2,606,200
2018	1,485,000	1,120,700	2,605,700
2019	1,555,000	1,046,750	2,601,750
2020 - 2024	8,520,000	4,024,552	12,544,552
2025 - 2029	8,870,000	1,982,028	10,852,028
2030 - 2031	3,490,000	235,350	3,725,350
Total	<u>\$ 27,960,000</u>	<u>\$ 12,180,680</u>	<u>\$ 40,140,680</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$671,591 to pay this debt. Future debt and interest will be payable from future tax levies. Capital leases and compensated absences will be liquidated with funds from the General Fund and the Special Education Fund. The notes will be liquidated with funds from the General Fund and the other post employment benefits will be paid from the Internal Service Fund. Future principal and interest requirements for the note related to the bus loan are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2015	\$ 47,005	\$ 2,953	\$ 49,958
2016	48,068	1,890	49,958
2017	47,839	801	48,640
	<u>\$ 142,912</u>	<u>\$ 5,644</u>	<u>\$ 148,556</u>

Compensated Absences

Accrued compensated absences at year end, consists of \$468,317 of vacation hours earned and vested, \$1,063,807 in accrued sick time benefits, and \$48,631 in compensatory hours earned. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$1,388,318 and \$1,796,968, respectively.

Retirement Benefits

The School District offered a voluntary severance incentive plan to employees to be paid over a three year period through 2016. The balance as of year end was \$20,000.

Future payments are as follows:

Year Ending June 30,	
2015	\$ 10,000
2016	<u>10,000</u>
Total	<u>\$ 20,000</u>

NOTE 10 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District participates in the Michigan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, errors and omissions, and employee injuries (workers' compensation); the School District is insured for health and dental claims.

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District was self-insured for part of the year. The estimates for incurred but not reported were recorded in the government-wide statements. No estimate was recorded at June 30, 2014 as the School District was not self-funded.

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

	2014	2013
Estimated liability at the beginning of the year	\$ 487,600	\$ 443,600
Estimated claims incurred including changes in estimates	3,058,532	6,071,383
Claim payments	(3,546,132)	(6,027,383)
Estimated liability end of year	\$ -	\$ 487,600

NOTE 11 – PENSION PLANS AND POST EMPLOYMENT BENEFITS

Plan Description

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

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

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

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

Funding Policy Pension Plans

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

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

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

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

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

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

The School District's required and actual contributions to the plans for the years ended June 30, 2014, 2013, and 2012 were approximately \$7,547,512, \$7,560,273, and \$4,636,000, respectively. Contributions made by the participants of the plan for the year ended June 30, 2014 were \$112,615.

Post Employment Benefits

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

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

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

Employees electing the defined benefit Premium Subsidy benefit contribute 3% of their compensation, and the employer contributes an actuarially determined percent of payroll for all participants. Upon retirement members receive a premium subsidy towards health, dental and vision insurance. The subsidy is a percent of the premium cost, with the percentage varying based on several factors.

The District's actual contributions match the required contributions.

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

The District's actual contributions match the required contributions for the years ended June 30, 2014, 2013, and 2012 and were approximately \$1,455,612, \$1,681,917, and \$3,042,000, respectively.

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2014, the District had paid contributions in the amount of \$1,600,439 to the Michigan Public School Employee Retirement System (MPERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 4.56% for the year. These contributions are not included in the above tables.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS
Plan Description

The School District has an obligation to pay healthcare premiums for eligible early retirees in amounts not to exceed \$1,500 per year, per individual, until the retiree reaches the age of 65. Currently, the plan has approximately 700 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single employer defined benefit plan administered by the School District. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement.

Funding Policy

The School District has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis).

Funding Progress

For the year ended June 30, 2014, the School District has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

This valuation computed contribution and actual funding are summarized as follows:

	<u>2014</u>	<u>2013</u>
Annual required contribution (recommended)	\$ 110,220	\$ 109,183
Interest on the prior year's net OPEB obligation	11,191	9,600
Less adjustment to the annual required contribution	<u>(17,220)</u>	<u>(14,439)</u>
Annual OPEB cost	104,191	104,344
Amounts contributed - Payments of current premiums	<u>(75,844)</u>	<u>(86,241)</u>
Change in net OPEB obligation	28,347	18,103
OPEB obligation - Beginning of year	<u>258,103</u>	<u>240,000</u>
OPEB obligation - End of year	<u>\$ 286,450</u>	<u>\$ 258,103</u>

Garden City Public Schools
Notes to Financial Statements
June 30, 2014

The annual OPEB costs, the percentage contributed to the plan and the net OPEB obligation for the current year were as follows:

	<u>2014</u>	<u>2013</u>
Annual OPEB costs	\$ 104,191	\$ 104,344
Percentage contributed	26%	33%
Net OPEB obligation	\$ 286,450	\$ 258,103

The funding progress of the plan as of the most recent valuation date is as follows:

	<u>2014</u>	<u>2013</u>
Market value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	<u>(1,316,961)</u>	<u>(1,316,961)</u>
Unfunded AAL (UAAL)	<u>\$ (1,316,961)</u>	<u>\$ (1,316,961)</u>
Funded ratio	0%	0%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the projected unit credit (level dollar) actuarial cost method was used. The actuarial assumptions included a 4.0 percent discount rate and life expectancies based on IRS 1.430(h) Non-annuitant and IRS 1.430(h) Annuitant Tables. The UAAL is being amortized as a level dollar amortization method on a closed basis. The remaining amortization period at June 30, 2014 was 28 years.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to June 30, 2014, the School District closed a building in the Fall of 2014. There are currently no plans for the future use of the building.

REQUIRED SUPPLEMENTARY INFORMATION

Garden City Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 3,710,900	\$ 3,833,503	\$ 3,801,911	\$ (31,592)
State sources	33,252,000	32,605,388	32,358,298	(247,090)
Federal sources	2,039,400	2,041,352	1,958,411	(82,941)
Interdistrict sources	<u>1,347,700</u>	<u>735,600</u>	<u>812,317</u>	<u>76,717</u>
Total revenues	<u>40,350,000</u>	<u>39,215,843</u>	<u>38,930,937</u>	<u>(284,906)</u>
Expenditures				
Instruction				
Basic programs	21,321,264	20,200,924	20,607,945	407,021
Added needs	6,399,316	6,345,311	6,353,747	8,436
Adult and continuing education	-	1,969	1,538	(431)
Supporting services				
Pupil	2,636,324	3,227,991	3,186,216	(41,775)
Instructional staff	2,651,953	2,112,806	1,810,793	(302,013)
General administration	533,074	528,973	496,838	(32,135)
School administration	2,560,050	2,677,317	2,750,539	73,222
Business	1,944,630	1,081,602	906,114	(175,488)
Operations and maintenance	3,356,300	3,815,586	3,575,237	(240,349)
Pupil transportation services	1,278,850	1,277,722	1,325,803	48,081
Central	1,316,700	1,573,301	1,437,527	(135,774)
Athletic activities	406,650	428,930	395,924	(33,006)
Other	38,500	11,886	41,585	29,699
Community services	398,993	545,652	500,220	(45,432)
Intergovernmental payments	65,500	59,006	57,500	(1,506)
Capital outlay	355,333	272,202	213,875	(58,327)

Garden City Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt service				
Principal	\$ 108,550	\$ 119,621	\$ 101,297	\$ (18,324)
Interest and fiscal charges	<u>3,013</u>	<u>5,922</u>	<u>4,918</u>	<u>(1,004)</u>
Total debt service	<u>111,563</u>	<u>125,543</u>	<u>106,215</u>	<u>(19,328)</u>
Total expenditures	<u>45,375,000</u>	<u>44,286,721</u>	<u>43,767,616</u>	<u>(519,105)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,025,000)</u>	<u>(5,070,878)</u>	<u>(4,836,679)</u>	<u>234,199</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	45,300	8,698	-
Transfers in	<u>3,900,000</u>	<u>3,800,000</u>	<u>2,985,871</u>	<u>(814,129)</u>
Total other financing sources (uses)	<u>3,900,000</u>	<u>3,845,300</u>	<u>2,994,569</u>	<u>(814,129)</u>
Net change in fund balance	(1,125,000)	(1,225,578)	(1,842,110)	(579,930)
Fund balance - beginning	<u>1,235,400</u>	<u>1,235,400</u>	<u>1,235,400</u>	<u>-</u>
Fund balance - ending	<u>\$ 110,400</u>	<u>\$ 9,822</u>	<u>\$ (606,710)</u>	<u>\$ (579,930)</u>

Garden City Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - Special Education Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State sources	\$ 4,516,300	\$ 4,516,300	\$ 4,863,070	\$ 346,770
Federal sources	532,500	532,500	473,996	(58,504)
Interdistrict sources	<u>11,951,200</u>	<u>11,951,200</u>	<u>10,395,322</u>	<u>(1,555,878)</u>
Total revenues	<u>17,000,000</u>	<u>17,000,000</u>	<u>15,732,388</u>	<u>(1,267,612)</u>
Expenditures				
Current				
Education				
Instruction	11,487,962	11,450,977	11,094,000	(356,977)
Supporting services	2,926,780	2,907,965	2,926,040	18,075
Facilities acquisition	50,000	55,100	5,068	(50,032)
Capital outlay	2,000	2,000	-	(2,000)
Debt service				
Principal	13,411	14,111	6,529	(7,582)
Interest	<u>1,139</u>	<u>1,139</u>	<u>770</u>	<u>(369)</u>
Total expenditures	<u>14,481,292</u>	<u>14,431,292</u>	<u>14,032,407</u>	<u>(398,885)</u>
Excess (deficiency) of revenues over expenditures	<u>2,518,708</u>	<u>2,568,708</u>	<u>1,699,981</u>	<u>(868,727)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(3,918,708)</u>	<u>(3,854,598)</u>	<u>(2,985,871)</u>	<u>868,727</u>
Net change in fund balance	(1,400,000)	(1,285,890)	(1,285,890)	-
Fund balance - beginning	<u>1,285,890</u>	<u>1,285,890</u>	<u>1,285,890</u>	<u>-</u>
Fund balance - ending	<u>\$ (114,110)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

**Garden City Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014**

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Food Service	2006 Refunding Bond	2005 Refunding Bond	Sinking Fund	
Assets					
Cash	\$ 376,055	\$ 479,434	\$ -	\$ 1,946,979	\$ 2,802,468
Accounts receivable	47,974	-	-	-	47,974
Due from other funds	-	191,979	-	57,289	249,268
Due from other governmental units	9,697	178	6,240	-	16,115
Inventory	23,623	-	-	-	23,623
	<u>457,349</u>	<u>671,591</u>	<u>6,240</u>	<u>2,004,268</u>	<u>3,139,448</u>
Total assets	<u>\$ 457,349</u>	<u>\$ 671,591</u>	<u>\$ 6,240</u>	<u>\$ 2,004,268</u>	<u>\$ 3,139,448</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 115,513	\$ -	\$ -	\$ 8,446	\$ 123,959
Due to other funds	3,315	-	-	-	3,315
Unearned revenue	10,249	-	-	-	10,249
	<u>129,077</u>	<u>-</u>	<u>-</u>	<u>8,446</u>	<u>137,523</u>
Total liabilities	<u>129,077</u>	<u>-</u>	<u>-</u>	<u>8,446</u>	<u>137,523</u>
Fund Balance					
Non-spendable					
Inventory	23,623	-	-	-	23,623
Restricted for:					
Food service	304,649	-	-	-	304,649
Debt service	-	671,591	6,240	-	677,831
Capital projects	-	-	-	1,995,822	1,995,822
	<u>328,272</u>	<u>671,591</u>	<u>6,240</u>	<u>1,995,822</u>	<u>3,001,925</u>
Total fund balance	<u>328,272</u>	<u>671,591</u>	<u>6,240</u>	<u>1,995,822</u>	<u>3,001,925</u>
Total liabilities and fund balance	<u>\$ 457,349</u>	<u>\$ 671,591</u>	<u>\$ 6,240</u>	<u>\$ 2,004,268</u>	<u>\$ 3,139,448</u>

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	2006 Refunding Bond	2005 Refunding Bond	Sinking Fund	
Revenues					
Local sources	\$ 489,050	\$ 2,844,178	\$ -	\$ 967,024	\$ 4,300,252
State sources	83,566	-	-	-	83,566
Federal sources	880,067	-	-	-	880,067
	<u>1,452,683</u>	<u>2,844,178</u>	<u>-</u>	<u>967,024</u>	<u>5,263,885</u>
Expenditures					
Current					
Education					
Food services	1,339,605	-	-	-	1,339,605
Facilities acquisition	-	-	-	491,577	491,577
Debt service					
Principal	-	1,235,000	-	-	1,235,000
Interest and other expenditures	-	1,383,802	-	4,295	1,388,097
Taxes abated	-	24,709	-	-	24,709
	<u>1,339,605</u>	<u>2,643,511</u>	<u>-</u>	<u>495,872</u>	<u>4,478,988</u>
Excess (deficiency) of revenues over expenditures	<u>113,078</u>	<u>200,667</u>	<u>-</u>	<u>471,152</u>	<u>784,897</u>
Net change in fund balance	113,078	200,667	-	471,152	784,897
Fund balance - beginning	<u>215,194</u>	<u>470,924</u>	<u>6,240</u>	<u>1,524,670</u>	<u>2,217,028</u>
Fund balance - ending	<u>\$ 328,272</u>	<u>\$ 671,591</u>	<u>\$ 6,240</u>	<u>\$ 1,995,822</u>	<u>\$ 3,001,925</u>

Garden City Public Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014

Year Ending June 30,	2005 Debt	2006 Debt	Total
2015	\$ 1,250,000	\$ 30,000	\$ 1,280,000
2016	1,320,000	25,000	1,345,000
2017	1,390,000	25,000	1,415,000
2018	1,455,000	30,000	1,485,000
2019	-	1,555,000	1,555,000
2020	-	1,605,000	1,605,000
2021	-	1,660,000	1,660,000
2022	-	1,710,000	1,710,000
2023	-	1,760,000	1,760,000
2024	-	1,785,000	1,785,000
2025	-	1,775,000	1,775,000
2026	-	1,770,000	1,770,000
2027	-	1,785,000	1,785,000
2028	-	1,775,000	1,775,000
2029	-	1,765,000	1,765,000
2030	-	1,750,000	1,750,000
2031	-	1,740,000	1,740,000
Total	<u>\$ 5,415,000</u>	<u>\$ 22,545,000</u>	<u>\$ 27,960,000</u>

Principal payments
due the first day of

May

May

Interest payments
due the first day of

May and
November

May and
November

Interest rate

3.50% - 5.00%

4.00% - 5.00%

Original issue

\$ 7,880,000

\$ 23,860,000