

School District of the City of Garden City

Garden City, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2012

Table of Contents

<u>Section</u>		<u>Page</u>
1	Members of the Board of Education and Administration	1 – 1
2	Independent Auditors' Report	2 – 1
3	Management's Discussion and Analysis	3 – 1
4	Basic Financial Statements	
	District-wide Financial Statements	
	Statement of Net Assets	4 – 1
	Statement of Activities	4 – 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 – 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4 – 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 9
	Proprietary Fund	
	Internal Service Fund	
	Statement of Assets and Liabilities	4 – 10
	Statement of Revenues, Expenses, and Changes in Fund Net Assets	4 – 11
	Statement of Cash Flows	4 – 12
	Fiduciary Funds	
	Statement of Fiduciary Net Assets	4 – 13
	Statement of Changes in Fiduciary Net Assets	4 – 14
	Notes to Financial Statements	4 – 15

<u>Section</u>		<u>Page</u>
5	Required Supplemental Information	
	Budgetary Comparison Schedule – General Fund	5 – 1
	Budgetary Comparison Schedule – Special Education Special Revenue Fund	5 – 3
6	Other Supplemental Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 – 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balance	6 – 2
	Schedule of Outstanding Bonded Indebtedness	6 – 4

School District of the City of Garden City
Members of the Board of Education and Administration
June 30, 2012

Members of the Board of Education

Patrick McNally – President

Loraine Stover – Vice President

John Thackaberry – Treasurer

Darlene Jablonowski – Secretary

Lynette Childress – Trustee

Linda Williams – Trustee

Sarah Roffi – Trustee

Administration

Michelle Cline - Superintendant

Scott Johnson – Chief Financial Officer



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Independent Auditors' Report

To the Board of Education
School District of the City of Garden City
Garden City, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of the City of Garden City as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District of the City of Garden City's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the School District of the City of Garden City as of June 30, 2011, were audited by other auditors whose report dated November 11, 2011 expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 School District of the City of Garden City as of June 30, 2012, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2012, on our consideration of the School District of the City of Garden City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of the City of Garden City's financial statements as a whole. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Yeo & Yeo, P.C.

Saginaw, Michigan
November 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Garden City Public School's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2012. 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 assets and the statement of changes in fiduciary net assets, 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 Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental 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 assets (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 assets - the difference between assets and liabilities, as reported in the statement of net assets (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 assets - 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 assets (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 assets (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 assets. 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 assets (deficit) provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets (deficit) as of June 30, 2012 and 2011.

Garden City Public Schools

Management's Discussion and Analysis (Continued)

TABLE 1

	Governmental Activities	
	June 30,	
	2012	2011
	(in millions)	
Assets		
Current and other assets	\$ 20.2	\$ 21.8
Capital assets	<u>27.6</u>	<u>29.0</u>
Total assets	47.8	50.8
Liabilities		
Current liabilities	18.4	21.1
Long-term liabilities	<u>30.5</u>	<u>33.3</u>
Total liabilities	48.9	54.4
Net Assets (Deficit)		
Invested in capital assets - net of related debt	(4.0)	(3.9)
Restricted	1.8	0.5
Unrestricted	<u>1.0</u>	<u>(0.3)</u>
Total net deficit	<u>\$ (1.2)</u>	<u>\$ (3.7)</u>

The above analysis focuses on the net assets (deficit) (see Table 1). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net deficit was \$1.2 million at June 30, 2012. Capital assets, net of related debt totaling approximately (\$4.0) 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. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, \$1.0 million, was unrestricted.

The \$1.2 million in unrestricted net assets 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 assets 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 2012 and 2011.

Garden City Public School

Management's Discussion and Analysis (Continued)

TABLE 2

	Governmental Activities	
	June 30,	
	2012	2011
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.2	\$ 1.5
Operating grants and contributions	26.5	24.8
General revenue:		
Property taxes	6.8	6.4
State aid	30.1	33.2
Other	0.3	-
Total revenue	<u>64.9</u>	<u>65.9</u>
Functions/program expenses		
Instruction	40.3	39.3
Supporting services	18.8	19.2
Food services	1.4	1.4
Community services and other	0.4	0.6
Interest and long-term debt	1.5	1.6
Total functions/program costs	<u>62.4</u>	<u>62.1</u>
Special item - Loss on impaired asset	<u>-</u>	<u>(2.0)</u>
Increase (decrease) in Net Deficit	<u>\$ 2.5</u>	<u>\$ 1.8</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$62.4 million. Certain activities were partially funded from those who benefited from the programs \$1.2 million, or by other governments and organizations that subsidized certain programs with grants and contributions \$26.5 million. We paid for the remaining "public benefit" portion of our governmental activities with \$6.8 million in taxes, \$30.1 million in state foundation allowance, and \$.3 million with our other revenue, i.e., interest and general entitlements.

The School District experienced a \$2.5 million increase in net assets. 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 \$5,383,577, which is an increase of \$1.8 million from last year. The primary reasons for the increase are as follows:

- School District voters approved a new "sinking fund" in 2011, and the new sinking fund ended its first fiscal year with a fund balance of nearly \$1.1 million. Approximately half of this amount was expended on roof replacements during the summer of 2012.
- Combined, the Debt Service Funds showed a fund balance increase of approximately \$0.2 million. The increase in fund balance is due to a reduction in bond principal payments. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt obligations are funded by annual state appropriation, and no fund balance exists at year-end. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

- In the Center Program Fund (for special education), the fund balance increased by \$1.3 million due to increased funding for a county-wide special education program, and higher than anticipated state funding.
- In the General Fund, our principal operating fund, the fund balance decreased by approximately \$.8 million.

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 2012. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental 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 \$0.5 million increase to local source revenue resulting primarily from a one-time increase in Medicaid fee for service revenue, and increased property tax collections and child care revenue beyond original budget projections. An amendment of \$0.7 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, significant amendments between the original and final budgets include a \$0.6 million increase in instruction, and a \$0.8 million decrease in operation and maintenance, with nearly \$0.3 million of this attributable to lower energy costs. There were no additional significant amendments adopted during the year.

Variances between the final budget and actual amounts related to slightly higher tax collections than budgeted, and other favorable revenue variances.

On the expenditure side of the budget, expenditures were \$0.1 million above budget due in part to the recording of new capital leases for copy machines.

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. Significant amendments adopted during the year between the original and final budgets included a \$0.5 million decrease in state sources to reflect reduced enrollment.

Variances between the final budget and actual amounts are related to increased transfers in from Wayne RESA.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2012, the School District had \$27.6 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>2012</u>	<u>2011</u>
Building and site improvements	\$ 53,882,847	\$ 53,978,452
Equipment and furniture	4,613,807	4,669,442
Buses and other vehicles	<u>1,701,031</u>	<u>1,553,282</u>
Total capital assets	60,197,685	60,201,176
Less accumulated depreciation	<u>(32,633,928)</u>	<u>(31,232,213)</u>
Net capital assets	<u>\$ 27,563,757</u>	<u>\$ 28,968,963</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 \$31.4 million in bonds outstanding versus \$32.7 million in the previous year - a change of 3.9 percent. Those bonds consisted of the following:

	<u>2012</u>	<u>2011</u>
2006 General Obligation Bonds	\$ 22,595,000	\$ 23,725,000
2005 General Obligation Bonds	7,790,000	7,805,000
Durant Non-Plaintiff Bonds	<u>1,026,075</u>	<u>1,212,872</u>
 Total	 <u>\$ 31,411,075</u>	 <u>\$ 32,742,872</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 \$31,411,075 is significantly below this \$86.5 million statutorily imposed 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 2013 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2012 fiscal year is 10 percent and 90 percent of the February 2012 and October 2012 student counts, respectively. The 2012 budget was adopted in June 2012, based on an estimate of students that will be enrolled in October 2012. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2012-13 school year, we anticipate that the fall student count will be slightly less than

the estimates used in creating the 2013 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.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts.

BASIC FINANCIAL STATEMENTS

School District of the City of Garden City
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash	\$ 11,379,737
Accounts receivable	104,651
Due from other governmental units	8,449,894
Inventory	20,728
Prepaid items	276,225
Capital assets - net of accumulated depreciation	<u>27,563,757</u>
 Total assets	 <u>47,794,992</u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 919,628
State aid anticipation note payable	6,250,000
Payroll deductions and withholdings	26,884
Accrued expenditures	2,294,338
Accrued salaries payable	5,015,424
Unearned revenue	1,227,365
Noncurrent liabilities	
Due within one year	2,689,109
Due in more than one year	<u>30,533,668</u>
Total liabilities	<u>48,956,416</u>
Net Assets (deficit)	
Invested in capital assets, net of related debt	(4,028,523)
Restricted for:	
Food service	153,608
Debt service	619,584
Capital projects	1,073,665
Unrestricted	<u>1,020,242</u>
Total net assets (deficit)	<u>\$ (1,161,424)</u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Statement of Activities
For the Year Ended June 30, 2012

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets
Functions/Programs					
Governmental activities					
Instruction	\$ 40,280,244	\$ 30,502	\$ 17,935,130	\$ -	\$(22,314,612)
Supporting services	18,748,076	-	7,686,484	-	(11,061,592)
Food services	1,420,190	554,393	926,603	-	60,806
Community services and other	395,876	659,801	-	-	263,925
Interest on long-term debt	1,557,843	-	-	-	(1,557,843)
	<u>\$ 62,402,229</u>	<u>\$ 1,244,696</u>	<u>\$ 26,548,217</u>	<u>\$ -</u>	<u>(34,609,316)</u>
General revenues					
Property taxes, levied for general purposes					2,766,393
Property taxes, levied for debt service					2,810,651
Property taxes, levied for sinking fund					1,128,384
State aid - unrestricted					30,105,788
Interest and investment earnings					5,034
Other					288,844
					37,105,094
					2,495,778
					(3,657,202)
					\$ (1,161,424)

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Governmental Funds
Balance Sheet
June 30, 2012

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 9,400,280	\$ -	\$ 1,979,457	\$ 11,379,737
Accounts receivable	37,620	-	3,421	41,041
Due from other funds	-	3,594,577	7,541	3,602,118
Due from other governmental units	7,716,098	582,493	151,303	8,449,894
Inventory	9,636	-	11,092	20,728
Prepaid items	<u>276,225</u>	<u>-</u>	<u>-</u>	<u>276,225</u>
Total assets	<u>\$ 17,439,859</u>	<u>\$ 4,177,070</u>	<u>\$ 2,152,814</u>	<u>\$ 23,769,743</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 755,516	\$ 40,051	\$ 124,061	\$ 919,628
State aid anticipation note payable	6,250,000	-	-	6,250,000
Due to other funds	4,009,206	1,498	170,804	4,181,508
Payroll deductions and withholdings	26,884	-	-	26,884
Accrued expenditures	59,363	-	-	59,363
Accrued salaries payable	3,368,144	1,647,280	-	5,015,424
Deferred revenue	<u>750,837</u>	<u>1,182,522</u>	<u>-</u>	<u>1,933,359</u>
Total liabilities	<u>15,219,950</u>	<u>2,871,351</u>	<u>294,865</u>	<u>18,386,166</u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Governmental Funds
Balance Sheet
June 30, 2012

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance				
Non-spendable:				
Inventory	\$ 9,636	\$ -	\$ 11,092	\$ 20,728
Prepaid items	276,225	-	-	276,225
Restricted for:				
Food service	-	-	153,608	153,608
Debt service	-	-	619,584	619,584
Capital projects	-	-	1,073,665	1,073,665
Assigned for:				
Special education		1,305,719	-	1,305,719
Budgeted use of fund balance in subsequent year	1,925,000	-	-	1,925,000
Unassigned	<u>9,048</u>	<u>-</u>	<u>-</u>	<u>9,048</u>
 Total fund balance	 <u>2,219,909</u>	 <u>1,305,719</u>	 <u>1,857,949</u>	 <u>5,383,577</u>
 Total liabilities and fund balance	 <u>\$ 17,439,859</u>	 <u>\$ 4,177,070</u>	 <u>\$ 2,152,814</u>	 <u>\$ 23,769,743</u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2012

Total fund balances for governmental funds	\$ 5,383,577
Total net assets for governmental activities in the statement of net assets is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Other governmental units	705,994
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets - net of accumulated depreciation	27,563,757
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(329,675)
Self-insurance accrual	(1,262,300)
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	(1,630,497)
Bonds and notes payable	(31,411,075)
Capital leases	<u>(181,205)</u>
Net assets of governmental activities	<u>\$ (1,161,424)</u>

School District of the City of Garden City
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local sources	\$ 4,006,134	\$ -	\$ 4,498,435	\$ 8,504,569
State sources	33,679,510	4,587,414	240,000	38,506,924
Federal sources	2,611,740	508,760	891,612	4,012,112
Interdistrict sources	<u>1,217,721</u>	<u>12,646,519</u>	<u>-</u>	<u>13,864,240</u>
 Total revenues	 <u>41,515,105</u>	 <u>17,742,693</u>	 <u>5,630,047</u>	 <u>64,887,845</u>
Expenditures				
Current				
Education				
Instruction	27,082,962	12,487,385	-	39,570,347
Supporting services	15,011,913	3,094,578	-	18,106,491
Food services	-	-	1,426,025	1,426,025
Community services	395,876	-	-	395,876
Intergovernmental payments	68,625	-	-	68,625
Facilities acquisition	-	6,950	55,080	62,030
Capital outlay	689,726	26,114	-	715,840
Debt service				
Principal	83,091	5,985	1,331,797	1,420,873
Interest and other expenditures	1,175	1,109	1,517,887	1,520,171
Payment to bond refunding escrow agent	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
 Total expenditures	 <u>43,333,368</u>	 <u>15,622,121</u>	 <u>4,331,189</u>	 <u>63,286,678</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,818,263)</u>	 <u>2,120,572</u>	 <u>1,298,858</u>	 <u>1,601,167</u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)				
Proceeds for capital leases	\$ 155,947	\$ 26,114	\$ -	\$ 182,061
Transfers in	846,381	-	686,284	1,532,665
Transfers out	<u>-</u>	<u>(840,967)</u>	<u>(691,698)</u>	<u>(1,532,665)</u>
Total other financing sources (uses)	<u>1,002,328</u>	<u>(814,853)</u>	<u>(5,414)</u>	<u>182,061</u>
Net change in fund balance	(815,935)	1,305,719	1,293,444	1,783,228
Fund balance - beginning	<u>3,035,844</u>	<u>-</u>	<u>564,505</u>	<u>3,600,349</u>
Fund balance - ending	<u>\$ 2,219,909</u>	<u>\$ 1,305,719</u>	<u>\$ 1,857,949</u>	<u>\$ 5,383,577</u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
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, 2012

Net change in fund balances - Total governmental funds	\$ 1,783,228
Total change in net assets reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	10,162
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	(1,887,789)
Capital outlay	490,073
Loss on disposal of capital assets (net book value)	(7,490)
Expenses are recorded when incurred in the statement of activities.	
Interest	(37,272)
Compensated absences	(112,737)
Self-insured benefits	47,700
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 assets, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Capital lease proceeds	(182,061)
Repayments of long-term debt	1,420,873
Internal service funds are also included as governmental activities	<u>971,091</u>
Change in net assets of governmental activities	<u>\$ 2,495,778</u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Proprietary Fund
Internal Service Fund
Statement of Assets and Liabilities
June 30, 2012

	<u>Internal Service Fund</u>
Assets	
Due from other funds	<u>\$ 643,000</u>
Liabilities	
Early retirement incentive	403,000
Other post employment benefits	<u>240,000</u>
Total liabilities	<u>643,000</u>
Net assets	
Total net assets	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Proprietary Fund
Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Internal Service Fund
Revenues	
Charges to other funds	<u>\$ 643,000</u>
Expenses	
Retirement	403,000
Healthcare	<u>240,000</u>
Total expenses	<u>643,000</u>
Net income	<u>-</u>
Net assets - beginning	<u>-</u>
Net assets - ending	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Proprietary Fund
Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2012

	Internal Service Fund
Cash flows from operating activities	
Charges to other funds	\$ 643,000
Retirement	(403,000)
Healthcare	(240,000)
	-
Net cash used by operating activities	-
Cash and cash equivalents - beginning of year	-
Cash and cash equivalents - end of year	\$ -

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2012

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 119,352	\$ 411,033
Liabilities		
Accounts payable	-	934
Due to other funds	1,625	61,985
Due to agency fund activities	-	348,114
	<u>1,625</u>	<u>411,033</u>
Total liabilities		
Net Assets		
Assets held for scholarships	<u>\$ 117,727</u>	

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2012

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 13,471
Interest and investment earnings	<u>33</u>
Total additions	<u>13,504</u>
Deductions	
Scholarships	<u>14,976</u>
Change in net assets	(1,472)
Net assets - beginning	<u>119,199</u>
Net assets - ending	<u><u>\$ 117,727</u></u>

See Accompanying Notes to Financial Statements

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School District of the City of Garden City (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 assets 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 assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3)

unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets 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

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. School Districts also have the option of following subsequent private-sector guidance for their business-type activities. The School District has elected not to follow subsequent private-sector guidance.

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.

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

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.

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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 and loans and the principal and interest of the trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and 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, 2012, 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	4.8900
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.

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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

Compensated Absences – The liability for compensated absences reported in the government-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 government-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 assets. Bond premiums and discounts, as well as issuance costs, 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, as well as bond issuance costs, 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. Issuance costs are reported as debt service expenditures.

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

Non-spendable - assets 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 constrained on use imposed by the District's highest level of decision-making, its board of education. 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.

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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

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

The 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.

Eliminations and Reclassifications

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

Upcoming Accounting and Reporting Changes

The Government Accounting Standards Board has issued Statements 63 and 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and *Items Previously Reported as Assets and Liabilities*. The new standards provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. These statements will be adopted for the fiscal year ending June 30, 2013.

The Government Accounting Standards Board has also issued *Statements 67, Financial Reporting for Pension Plans and 68 Accounting and Financial Reporting for Pensions*. Statement 67 changes how public employee pension plans calculate and report their total pension liability. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The effect of these changes has not been determined. Statement 67 is effective for the year ending June 30, 2014 and Statement 68 is effective for the year ending June 30, 2015.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the 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.

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Instruction	\$ 26,711,850	\$ 27,082,962	\$ 371,112
School administration	2,440,496	2,476,016	35,520
Other	43,500	105,889	62,389
Capital outlay	611,177	689,726	78,549
Special Education Fund			
Instruction	12,140,290	12,487,385	347,095
Capital outlay	2,000	26,114	24,114

NOTE 3 – DEPOSITS AND INVESTMENTS

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 11,379,737	\$ 530,385	\$ 11,910,122

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 11,906,276
Petty cash and cash on hand	<u>3,846</u>
Total	<u>\$ 11,910,122</u>

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.

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, \$12,403,773 of the School District's bank balance of \$13,011,259 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.

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

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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.

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.

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.

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	\$ 53,978,452	\$ 50,130	\$ 145,735	\$ 53,882,847
Equipment and furniture	4,669,442	218,588	274,223	4,613,807
Buses and other vehicles	<u>1,553,282</u>	<u>221,355</u>	<u>73,606</u>	<u>1,701,031</u>
Total capital assets being depreciated	<u>60,201,176</u>	<u>490,073</u>	<u>493,564</u>	<u>60,197,685</u>
Less accumulated depreciation for				
Buildings and site improvements	26,290,642	1,619,638	138,245	27,772,035
Equipment and furniture	3,468,427	198,188	274,223	3,392,392
Buses and other vehicles	<u>1,473,144</u>	<u>69,963</u>	<u>73,606</u>	<u>1,469,501</u>
Total accumulated depreciation	<u>31,232,213</u>	<u>1,887,789</u>	<u>486,074</u>	<u>32,633,928</u>
Net capital assets being depreciated	<u>28,968,963</u>	<u>(1,397,716)</u>	<u>7,490</u>	<u>27,563,757</u>
Net capital assets	<u>\$ 28,968,963</u>	<u>\$ (1,397,716)</u>	<u>\$ 7,490</u>	<u>\$ 27,563,757</u>

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

Governmental activities	
Instruction	\$ 1,321,452
Supporting services	<u>566,337</u>
Total governmental activities	<u>\$ 1,887,789</u>

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

Construction Contracts

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

	<u>Total Contract</u>	<u>Remaining Construction Commitment at Year End</u>	<u>Contract Payable at Year End</u>
High School Roof	\$ <u>508,100</u>	<u>-</u>	\$ <u>508,100</u>

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	\$ 3,530,967
General	Nonmajor governmental funds	7,541
General	Fiduciary funds	63,610
Internal service fund	General	<u>643,000</u>
		<u>\$ 4,245,118</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Transfers from the Special Education Fund to the General Fund were for excess costs related to operations for the Special Education Fund.

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>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Transfers in			
General Fund	\$ -	\$ 846,381	\$ 846,381
Other governmental funds	-	<u>686,284</u>	<u>686,284</u>
	<u>\$ -</u>	<u>\$ 1,532,665</u>	<u>\$ 1,532,665</u>

NOTE 6 – DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Interdistrict special education payments	\$ 425,153	\$ 757,369	\$ 1,182,522
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>280,841</u>	<u>469,996</u>	<u>750,837</u>
Total	<u>\$ 705,994</u>	<u>\$ 1,227,365</u>	<u>\$ 1,933,359</u>

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

NOTE 7 – LEASES

Capital Leases

In the current year the School District entered into leasing arrangements for 22 copiers. Under the lease agreements the School District paid \$66,241 in the current year.

The future minimum lease payments for the year ended June 30, 2012 were as follows:

Year ending June 30,	
2013	\$ 70,034
2014	61,861
2015	45,515
2016	<u>3,795</u>
 Total minimum lease payments	 <u>\$ 181,205</u>

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

The assets acquired through capital leases are as follows:

Assets	
Machinery and equipment	\$ 286,267
Less accumulated depreciation	<u>(49,468)</u>
 Total	 <u>\$ 236,799</u>

NOTE 8 – STATE AID ANTICIPATION NOTE

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

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

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 10,000,000</u>	<u>\$ 7,250,000</u>	<u>\$ 11,000,000</u>	<u>\$ 6,250,000</u>

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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	\$ 31,530,000	\$ -	\$ 1,145,000	\$ 30,385,000	\$ 1,190,000
Other bonds	1,212,872	-	186,797	1,026,075	1,026,075
Notes	22,835	-	22,835	-	-
Capital leases	65,385	182,061	66,241	181,205	70,034
Compensated absences	1,517,760	171,849	59,112	1,630,497	-
Retirement incentives	806,000	-	403,000	403,000	403,000
Other postemployment benefits	165,091	74,909	-	240,000	-
Total	\$ 35,319,943	\$ 428,819	\$ 1,882,985	\$ 33,865,777	\$ 2,689,109

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 \$1,165,000 to \$1,455,000 through 5/1/18, interest at 3.50 - 5.00%	\$ 7,790,000
\$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>22,595,000</u>
Total general obligation bonded debt	\$ <u>30,385,000</u>

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

	Principal	Interest	Total
Year Ending June 30,			
2013	\$ 1,190,000	\$ 1,091,240	\$ 2,281,240
2014	1,235,000	1,383,400	2,618,400
2015	1,280,000	1,321,900	2,601,900
2016	1,345,000	1,258,200	2,603,200
2017	1,415,000	1,120,700	2,535,700
2018 - 2022	8,015,000	4,632,863	12,647,863
2023 - 2027	8,875,000	2,586,166	11,461,166
2028 - 2031	<u>7,030,000</u>	<u>630,001</u>	<u>7,660,001</u>
Total	\$ <u>30,385,000</u>	\$ <u>14,024,470</u>	\$ <u>44,409,470</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$619,584 to pay this debt. Future debt and interest will be payable from future tax levies.

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

Other bonds consist of the following:

\$2,919,543 Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually \$ 1,026,075

These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2013	<u>\$ 1,026,075</u>	<u>\$ 351,410</u>	<u>\$ 1,377,485</u>

Compensated Absences

Accrued compensated absences at year end, consists of \$353,177 of vacation hours earned and vested and \$1,277,320 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Retirement Benefits

The School District offered a voluntary severance incentive plan to employees to be paid over a five year period through 2013. The balance as of year end was \$403,000.

Future payments are as follows:

Year Ending June 30,	
2013	<u>\$ 403,000</u>

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$121,319 and \$1,517,887, respectively.

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2012, \$30,385,000 of bonds outstanding are considered defeased.

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

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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 uninsured for health and dental claims.

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.

For risk retention situations, the School District estimates the liability for health and dental claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements. The self-insurance accrual at June 30, 2012 is \$443,600.

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

	2012	2011
Estimated liability at the beginning of the year	\$ 400,000	\$ 500,000
Estimated claims incurred including changes in estimates	5,144,049	4,576,712
Claim payments	(5,100,449)	(4,676,712)
Estimated liability end of year	\$ 443,600	\$ 400,000

NOTE 11 – PENSION PLANS AND POST EMPLOYMENT BENEFITS

Plan Description

The School District has a defined benefit pension plan covering substantially all employees. The plan is 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 pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, who has the authority to establish and amend benefit provisions. 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 plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

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

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

Funding Policy

The District is required by the School Finance Reform Act to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. The District's actual contributions match the required contributions. Additionally, employees participating in the Member Investment Plan contributed 3% to 6.4% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The employer contribution rate for basic plan members ranged from 10.66% to 15.96% for the fiscal year ending June 30, 2012. The School District's required and actual contributions to the plan for the years ended June 30, 2012, 2011, and 2010 were \$4,636,000, \$3,743,000 and \$3,260,000.

Defined Contribution Savings Plan

For the Pension Plus savings plan, participants are automatically enrolled and 2% of their pay is withheld and deposited into the account. Participants may elect to not contribute, or may elect to increase their personal contribution up to the annual limits established by the IRS. The District matches 50 percent of the employee contributions into the Pension Plus savings plan, up to 1 percent. Participants opting to not contribute receive no employer matching contribution. Contributions by the District and participants during the year ended June 30, 2012, were:

	School District	Participants
Contributions to the Pension Plus		
Savings Plan	\$ 4,758	\$ 9,516

Post Employment Benefits

In addition to the pension benefits described above, the School Finance Reform Act requires the School District to provide post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS). Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health care, dental and vision coverage at the time of receiving the benefits. The District's actual contributions match the required contributions. The employer contribution rate was 8.50% of covered payroll for July 1, 2011 through June 30, 2012, 6.81% of covered payroll from the period from July 1, 2010 through September 30, 2010, 7.25% for the period from October 1, 2012 through October 31, 2010, and 8.50% for the period from November 1, 2010 through June 30, 2011. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2012, 2011, and 2010 were \$3,042,000, \$2,562,000, and \$2,385,000.

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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, 2012, the School District has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2012. 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>2012</u>	<u>2011</u>
Annual required contribution (recommended)	\$ 163,840	\$ 165,905
Interest on the prior year's net OPEB obligation	6,604	5,240
Less adjustment to the annual required contribution	<u>(9,735)</u>	<u>(7,559)</u>
Annual OPEB cost	160,709	163,586
Amounts contributed - Payments of current premiums	<u>(85,800)</u>	<u>(130,093)</u>
Change in net OPEB obligation	74,909	33,493
OPEB obligation - Beginning of year	<u>165,091</u>	<u>131,598</u>
OPEB obligation - End of year	<u>\$ 240,000</u>	<u>\$ 165,091</u>

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

	<u>2012</u>	<u>2011</u>
Annual OPEB costs	\$ 160,709	\$ 163,586
Percentage contributed	36%	79%
Net OPEB obligation	\$ 240,000	\$ 165,091

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

	<u>2012</u>
Market value of assets	\$ -
Actuarial accrued liability (AAL)	<u>(1,847,512)</u>
Unfunded AAL (UAAL)	<u>\$ (1,847,512)</u>
Funded ratio	0%

School District of the City of Garden City
Notes to Financial Statements
June 30, 2012

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, 2012 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, 2012 was 28 years.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to June 30, 2012, the School District repaid the state anticipation note of \$6,250,000 that was outstanding at the end of the year. In addition, the District borrowed \$6,250,000 in state aid anticipation notes that is due August 2013.

Subsequent to June 30, 2012, the School District entered into a bus loan in the amount of \$235,000 due and payable November 2012 through May 2017. The loan is due in semi-annual installments of \$24,978 with an interest rate of 2.25%.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Beginning net assets in the District Wide statements have been adjusted as a result of a discovery of an error in the fixed asset module account information as well as adjusting the long term debt schedule for two capital leases that were not recorded in the prior year. The errors occurred in the previous fiscal year, necessitating the restatement of net assets as described in the table below.

Beginning net deficit	\$ (3,174,315)
Fixed asset adjustment	(417,502)
Capital lease adjustment	<u>(65,385)</u>
Beginning net deficit, restated	<u>\$ (3,657,202)</u>

REQUIRED SUPPLEMENTAL INFORMATION

School District of the City of Garden City
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 3,278,500	\$ 3,761,559	\$ 4,006,134	\$ 244,575
State sources	33,604,700	33,768,400	33,679,510	(88,890)
Federal sources	2,116,500	2,481,641	2,611,740	130,099
Interdistrict sources	<u>1,245,300</u>	<u>1,300,500</u>	<u>1,217,721</u>	<u>(82,779)</u>
Total revenues	<u>40,245,000</u>	<u>41,312,100</u>	<u>41,515,105</u>	<u>203,005</u>
Expenditures				
Instruction				
Basic programs	19,914,000	19,873,390	20,280,851	407,461
Added needs	5,283,400	5,563,860	5,657,550	93,690
Adult and continuing education	1,133,900	1,274,600	1,144,561	(130,039)
Supporting services				
Pupil	3,111,550	2,616,367	2,615,970	(397)
Instructional staff	2,273,750	2,428,422	2,296,512	(131,910)
General administration	524,600	515,600	507,208	(8,392)
School administration	2,547,800	2,440,496	2,476,016	35,520
Business	1,025,650	920,557	807,915	(112,642)
Operations and maintenance	3,860,700	3,393,300	3,341,813	(51,487)
Pupil transportation services	1,177,700	1,254,580	1,216,869	(37,711)
Central	1,298,400	1,305,840	1,258,581	(47,259)
Athletic activities	337,500	395,490	385,140	(10,350)
Other	-	43,500	105,889	62,389
Community services	141,300	399,521	395,876	(3,645)
Intergovernmental payments	82,000	72,500	68,625	(3,875)
Capital outlay	544,550	611,177	689,726	78,549

School District of the City of Garden City
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt service				
Principal	\$ 113,200	\$ 89,700	\$ 83,091	\$ (6,609)
Interest and fiscal charges	<u>5,000</u>	<u>1,100</u>	<u>1,175</u>	<u>75</u>
Total debt service	<u>118,200</u>	<u>90,800</u>	<u>84,266</u>	<u>(6,534)</u>
Total expenditures	<u>43,375,000</u>	<u>43,200,000</u>	<u>43,333,368</u>	<u>133,368</u>
Excess (deficiency) of revenues over expenditures	<u>(3,130,000)</u>	<u>(1,887,900)</u>	<u>(1,818,263)</u>	<u>69,637</u>
Other Financing Sources (Uses)				
Proceeds for capital leases	-	-	155,947	155,947
Insurance recoveries	5,000	7,500	-	(7,500)
Transfers in	150,000	830,400	846,381	15,981
Transfers out	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>130,000</u>	<u>837,900</u>	<u>1,002,328</u>	<u>164,428</u>
Net change in fund balance	(3,000,000)	(1,050,000)	(815,935)	234,065
Fund balance - beginning	<u>3,035,844</u>	<u>3,035,844</u>	<u>3,035,844</u>	<u>-</u>
Fund balance - ending	<u>\$ 35,844</u>	<u>\$ 1,985,844</u>	<u>\$ 2,219,909</u>	<u>\$ 234,065</u>

School District of the City of Garden City
Required Supplemental Information
Budgetary Comparison Schedule - Special Education Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 33,400	\$ 7,600	\$ -	\$ (7,600)
State sources	4,871,900	4,332,700	4,587,414	254,714
Federal sources	484,700	484,700	508,760	24,060
Interdistrict sources	<u>11,010,000</u>	<u>11,275,000</u>	<u>12,646,519</u>	<u>1,371,519</u>
Total revenues	<u>16,400,000</u>	<u>16,100,000</u>	<u>17,742,693</u>	<u>1,642,693</u>
Expenditures				
Current				
Instruction	12,547,000	12,140,290	12,487,385	347,095
Supporting services	3,312,800	3,098,643	3,094,578	(4,065)
Facilities acquisition	5,000	7,000	6,950	(50)
Capital outlay	2,000	2,000	26,114	24,114
Debt service				
Principal	12,900	9,900	5,985	(3,915)
Interest	<u>1,200</u>	<u>1,200</u>	<u>1,109</u>	<u>(91)</u>
Total expenditures	<u>15,880,900</u>	<u>15,259,033</u>	<u>15,622,121</u>	<u>363,088</u>
Excess (deficiency) of revenues over expenditures	<u>519,100</u>	<u>840,967</u>	<u>2,120,572</u>	<u>1,279,605</u>
Other Financing Sources (Uses)				
Proceeds from capital leases	-	-	26,114	26,114
Transfers out	<u>(519,100)</u>	<u>(840,967)</u>	<u>(840,967)</u>	<u>-</u>
Total other financing sources (uses)	<u>(519,100)</u>	<u>(840,967)</u>	<u>(814,853)</u>	<u>26,114</u>
Net change in fund balance	-	-	1,305,719	1,305,719
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,305,719</u>	<u>\$ 1,305,719</u>

OTHER SUPPLEMENTAL INFORMATION

School District of the City of Garden City
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue Fund	Debt Service Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Food Service	2006 Refunding Bond	2005 Refunding Bond	2004 Refunding Bond	2001 Refunding Bond	Durant	Capital Projects Fund	Sinking Fund	
Assets									
Cash	\$ 245,152	\$ 605,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,128,680	\$ 1,979,457
Accounts receivable	3,421	-	-	-	-	-	-	-	3,421
Due from other funds	-	7,541	-	-	-	-	-	-	7,541
Due from other governmental units	144,885	178	251	3,886	2,103	-	-	-	151,303
Inventory	11,092	-	-	-	-	-	-	-	11,092
Total assets	\$ 404,550	\$ 613,344	\$ 251	\$ 3,886	\$ 2,103	\$ -	\$ -	\$ 1,128,680	\$ 2,152,814
Liabilities and Fund Balance									
Liabilities									
Accounts payable	\$ 101,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,596	\$ 124,061
Due to other funds	138,385	-	-	-	-	-	-	32,419	170,804
Total liabilities	239,850	-	-	-	-	-	-	55,015	294,865
Fund Balance									
Non-spendable									
Inventory	11,092	-	-	-	-	-	-	-	11,092
Restricted for:									
Food service	153,608	-	-	-	-	-	-	-	153,608
Debt service	-	613,344	251	3,886	2,103	-	-	-	619,584
Capital projects	-	-	-	-	-	-	-	1,073,665	1,073,665
Total fund balance	164,700	613,344	251	3,886	2,103	-	-	1,073,665	1,857,949
Total liabilities and fund balance	\$ 404,550	\$ 613,344	\$ 251	\$ 3,886	\$ 2,103	\$ -	\$ -	\$ 1,128,680	\$ 2,152,814

School District of the City of Garden City
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	Special Revenue Fund	Debt Service Funds					Capital Projects Fund	Sinking Fund	Total Nonmajor Governmental Funds
	Food Service	2006 Refunding Bond	2005 Refunding Bond	2004 Refunding Bond	2001 Refunding Bond	Durant			
Revenues									
Local sources	\$ 554,393	\$ 2,014,494	\$ 745,212	\$ 56,519	\$ (928)	\$ -	\$ -	\$ 1,128,745	\$ 4,498,435
State sources	34,991	-	-	-	-	205,009	-	-	240,000
Federal sources	891,612	-	-	-	-	-	-	-	891,612
Total revenues	<u>1,480,996</u>	<u>2,014,494</u>	<u>745,212</u>	<u>56,519</u>	<u>(928)</u>	<u>205,009</u>	<u>-</u>	<u>1,128,745</u>	<u>5,630,047</u>
Expenditures									
Current									
Education									
Food services	1,426,025	-	-	-	-	-	-	-	1,426,025
Facilities acquisition	-	-	-	-	-	-	-	55,080	55,080
Debt service									
Principal	-	1,130,000	15,000	-	-	186,797	-	-	1,331,797
Interest and other expenditures	-	1,109,650	390,025	-	-	18,212	-	-	1,517,887
Payment to bond refunding escrow agent	-	200	200	-	-	-	-	-	400
Total expenditures	<u>1,426,025</u>	<u>2,239,850</u>	<u>405,225</u>	<u>-</u>	<u>-</u>	<u>205,009</u>	<u>-</u>	<u>55,080</u>	<u>4,331,189</u>
Excess (deficiency) of revenues over expenditures	<u>54,971</u>	<u>(225,356)</u>	<u>339,987</u>	<u>56,519</u>	<u>(928)</u>	<u>-</u>	<u>-</u>	<u>1,073,665</u>	<u>1,298,858</u>

School District of the City of Garden City
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	Special Revenue Fund	Debt Service Funds					Capital Projects Fund	Sinking Fund	Total Nonmajor Governmental Funds
	Food Service	2006 Refunding Bond	2005 Refunding Bond	2004 Refunding Bond	2001 Refunding Bond	Durant			
Other Financing Sources (Uses)									
Transfers in	\$ -	\$ 686,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 686,284
Transfers out	-	-	(472,034)	(135,379)	(78,871)	-	(5,414)	-	(691,698)
Total other financing sources (uses)	-	686,284	(472,034)	(135,379)	(78,871)	-	(5,414)	-	(5,414)
Net change in fund balance	54,971	460,928	(132,047)	(78,860)	(79,799)	-	(5,414)	1,073,665	1,293,444
Fund balance - beginning	109,729	152,416	132,298	82,746	81,902	-	5,414	-	564,505
Fund balance - ending	<u>\$ 164,700</u>	<u>\$ 613,344</u>	<u>\$ 251</u>	<u>\$ 3,886</u>	<u>\$ 2,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,073,665</u>	<u>\$ 1,857,949</u>

School District of the City of Garden City
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2012

Year Ending June 30,	Durant	2005 Debt	2006 Debt	Total
2013	\$ 1,026,075	\$ 1,165,000	\$ 25,000	\$ 2,216,075
2014	-	1,210,000	25,000	1,235,000
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>\$ 1,026,075</u>	<u>\$ 7,790,000</u>	<u>\$ 22,595,000</u>	<u>\$ 31,411,075</u>
Principal payments due the first day of	May	May	May	
Interest payments due the first day of	May 15th	May and November	May and November	
Interest rate	4.76%	3.50% - 5.00%	4.00% - 5.00%	
Original issue	<u>\$ 2,919,543</u>	<u>\$ 7,880,000</u>	<u>\$ 23,860,000</u>	