

**Garden City Public Schools**

**Garden City, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**June 30, 2013**

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**Garden City Public Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2013**

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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 - Superintendant

Scott Johnson – Chief Financial Officer



3023 Davenport Ave.  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

## 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, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## **Opinions**

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

## **Adoption of New Accounting Standards**

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

## **Other Matters:**

### **Required Supplemental Information**

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

### **Other Supplemental Information**

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

The other supplemental information, as identified in the table of contents, is the responsibility of management and, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013 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  
November 13, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2013. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand 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 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 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, 2013 and 2012.

TABLE 1

	Governmental Activities June 30,	
	2013	2012
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 18.0	\$ 20.2
Capital assets	<u>26.5</u>	<u>27.6</u>
Total assets	44.5	47.8
<b>Liabilities</b>		
Current liabilities	16.2	18.4
Long-term liabilities	<u>29.9</u>	<u>30.5</u>
Total liabilities	46.1	48.9
<b>Net Position (Deficit)</b>		
Net investment in capital assets	(3.0)	(4.0)
Restricted	2.2	1.8
Unrestricted	<u>(0.8)</u>	<u>1.0</u>
Total net deficit	<u>\$ (1.6)</u>	<u>\$ (1.2)</u>

The above analysis focuses on the net position(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 \$1.6 million at June 30, 2013. 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. 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, (\$0.8) million, was unrestricted.

The \$(1.6) 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.

# Garden City Public Schools

## Management's Discussion and Analysis

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 2013 and 2012.

TABLE 2

	Governmental Activities June 30,	
	2013	2012
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.2	\$ 1.2
Operating grants and contributions	25.1	26.5
General revenue:		
Property taxes	6.3	6.8
State aid	28.9	30.1
Other	0.3	0.3
Total revenue	<u>61.8</u>	<u>64.9</u>
Functions/program expenses		
Instruction	39.5	40.3
Supporting services	19.1	18.8
Food services	1.4	1.4
Community services and other	0.6	0.4
Interest and long-term debt	1.7	1.5
Total functions/program costs	<u>62.3</u>	<u>62.4</u>
Increase (decrease) in Net Deficit	<u>\$ (0.5)</u>	<u>\$ 2.5</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$62.3 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 \$25.1 million. We paid for the remaining "public benefit" portion of our governmental activities with \$6.3 million in taxes, \$28.9 million in state foundation allowance, and \$0.3 million with our other revenue, i.e., interest and general entitlements.

The School District experienced a \$0.5 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 \$4,738,318, which is a decrease of \$0.6 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 2013. 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 \$0.8 million decrease in state revenue due primarily to continuing enrollment decline,. An amendment of \$1.8 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 decrease in projected instructional costs due to anticipated under (or deferred) spending of grant accounts.

The variance between the final estimated June 30, 2013 fund balance and the actual June 30, 2013 fund balance was \$9,281. This was within 0.02% of the total budgeted expenditures and outgoing transfers.

### **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 increase in state revenue sources, a \$0.5 million increase in incoming transfers to reflect increased revenue anticipated from the Wayne Regional Educational Service Agency, and a \$1.8 increase in outgoing transfers to the General Fund.

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, 2013, the School District had \$26.5 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 \$1.1 million.

	<u>2013</u>	<u>2012</u>
Building and site improvements	\$ 54,437,058	\$ 53,882,847
Equipment and furniture	4,613,807	4,613,807
Buses and other vehicles	<u>1,945,717</u>	<u>1,701,031</u>
Total capital assets	60,996,582	60,197,685
Less accumulated depreciation	<u>(34,512,192)</u>	<u>(32,633,928)</u>
Net capital assets	<u>\$ 26,484,390</u>	<u>\$ 27,563,757</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 \$29.2 million in bonds outstanding versus \$31.4 million in the previous year - a change of 7.0 percent. Those bonds consisted of the following:

	<u>2013</u>	<u>2012</u>
2006 General Obligation Bonds	\$ 22,570,000	\$ 22,595,000
2005 General Obligation Bonds	6,625,000	7,790,000
Durant Non-Plaintiff Bonds	<u>-</u>	<u>1,026,075</u>
 Total	 <u>\$ 29,195,000</u>	 <u>\$ 31,411,075</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 \$29,195,000 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 2014 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2014 fiscal year is 90 percent of the October 2013 count and 10 percent of the February 2014 student count. The 2014 budget was adopted in June, 2013, based on an estimate of students that will be enrolled in October, 2013. 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. Based on early enrollment data at the start of the 2013-14 school year, we anticipate that the fall student count will be significantly lower than the estimates used in creating the 2013-14 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.

the estimates used in creating the 2013-14 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

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**Garden City Public Schools**  
**Statement of Net Position**  
**June 30, 2013**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 9,442,791
Accounts receivable	70,565
Due from other governmental units	7,604,664
Inventory	35,949
Prepaid items	847,922
Capital assets - net of accumulated depreciation	26,484,390
Total assets	44,486,281
<b>Liabilities</b>	
Accounts payable	575,496
State aid anticipation note payable	5,246,000
Payroll deductions and withholdings	648,891
Accrued expenditures	2,002,965
Accrued salaries payable	4,984,136
Unearned revenue	1,449,594
Noncurrent liabilities	
Due within one year	1,352,826
Due in more than one year	29,852,302
Total liabilities	46,112,210
<b>Net Position (deficit)</b>	
Net investment in capital assets	(3,010,656)
Restricted for:	
Food service	215,194
Debt service	477,164
Capital projects	1,524,670
Unrestricted (deficit)	(832,301)
Total net position (deficit)	\$ (1,625,929)

See Accompanying Notes to Financial Statements

**Garden City Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 39,465,617	\$ 30,784	\$ 19,212,493	\$ -	\$(20,222,340)
Supporting services	19,129,820	-	4,939,718	-	(14,190,102)
Food services	1,439,572	496,324	993,742	-	50,494
Community services and other	568,671	721,217	-	-	152,546
Interest on long-term debt	1,745,782	-	-	-	(1,745,782)
	<u>\$ 62,349,462</u>	<u>\$ 1,248,325</u>	<u>\$ 25,145,953</u>	<u>\$ -</u>	<u>(35,955,184)</u>
Total governmental activities					
General revenues					
					2,721,721
					2,525,527
					1,012,445
					28,911,738
					7,688
					311,560
					35,490,679
					(464,505)
					(1,161,424)
					\$ (1,625,929)

See Accompanying Notes to Financial Statements

**Garden City Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2013**

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash	\$ 7,457,531	\$ -	\$ 1,985,260	\$ 9,442,791
Accounts receivable	23,333	-	1,861	25,194
Due from other funds	-	3,581,515	290,089	3,871,604
Due from other governmental units	7,439,447	114,229	50,988	7,604,664
Inventory	25,531	-	10,418	35,949
Prepaid items	<u>847,922</u>	<u>-</u>	<u>-</u>	<u>847,922</u>
Total assets	<u>\$ 15,793,764</u>	<u>\$ 3,695,744</u>	<u>\$ 2,338,616</u>	<u>\$ 21,828,124</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 416,236	\$ 63,030	\$ 96,230	\$ 575,496
State aid anticipation note payable	5,246,000	-	-	5,246,000
Due to other funds	4,099,232	-	15,104	4,114,336
Payroll deductions and withholdings	648,891	-	-	648,891
Accrued expenditures	71,353	-	-	71,353
Accrued salaries payable	3,515,602	1,468,534	-	4,984,136
Unearned revenue	<u>561,050</u>	<u>878,290</u>	<u>10,254</u>	<u>1,449,594</u>
Total liabilities	<u>14,558,364</u>	<u>2,409,854</u>	<u>121,588</u>	<u>17,089,806</u>

See Accompanying Notes to Financial Statements

**Garden City Public Schools  
Governmental Funds  
Balance Sheet  
June 30, 2013**

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance				
Non-spendable:				
Inventory	\$ 25,531	\$ -	\$ 10,418	\$ 35,949
Prepaid items	847,922	-	-	847,922
Restricted for:				
Food service	-	-	204,776	204,776
Debt service	-	-	477,164	477,164
Capital projects	-	-	1,524,670	1,524,670
Assigned for:				
Special education		1,285,890	-	1,285,890
Budgeted use of fund balance in subsequent year	<u>361,947</u>	<u>-</u>	<u>-</u>	<u>361,947</u>
Total fund balance	<u>1,235,400</u>	<u>1,285,890</u>	<u>2,217,028</u>	<u>4,738,318</u>
Total liabilities and fund balances	<u>\$ 15,793,764</u>	<u>\$ 3,695,744</u>	<u>\$ 2,338,616</u>	<u>\$ 21,828,124</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, 2013**

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<b>Total fund balances for governmental funds</b>	<b>\$ 4,738,318</b>
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	26,484,390
Certain liabilities are not due and payable in the current period and are not reported in the funds. Accrued interest	(231,909)
Self-insurance accrual	(1,411,600)
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	(1,710,082)
Bonds and notes payable	(29,383,877)
Capital leases	<u>(111,169)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (1,625,929)</u></b>

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

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>- Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Local sources	\$ 3,977,449	\$ -	\$ 4,041,979	\$ 8,019,428
State sources	32,390,648	5,556,585	1,448,737	39,395,970
Federal sources	1,989,173	532,650	922,490	3,444,313
Interdistrict sources	<u>649,268</u>	<u>11,081,972</u>	<u>-</u>	<u>11,731,240</u>
Total revenues	<u>39,006,538</u>	<u>17,171,207</u>	<u>6,413,206</u>	<u>62,590,951</u>
<b>Expenditures</b>				
Current				
Education				
Instruction	26,735,042	11,130,054	-	37,865,096
Supporting services	15,571,794	2,734,606	-	18,306,400
Food services	-	-	1,439,572	1,439,572
Community services	568,671	-	-	568,671
Intergovernmental payments	52,489	-	-	52,489
Facilities acquisition	-	-	558,573	558,573
Capital outlay	504,627	-	-	504,627
Debt service				
Principal	109,630	6,529	2,216,075	2,332,234
Interest and other expenditures	<u>2,502</u>	<u>1,139</u>	<u>1,839,907</u>	<u>1,843,548</u>
Total expenditures	<u>43,544,755</u>	<u>13,872,328</u>	<u>6,054,127</u>	<u>63,471,210</u>
Excess (deficiency) of revenues over expenditures	<u>(4,538,217)</u>	<u>3,298,879</u>	<u>359,079</u>	<u>(880,259)</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, 2013**

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>- Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from notes and loans	\$ 235,000	\$ -	\$ -	\$ 235,000
Transfers in	3,318,708	-	220,946	3,539,654
Transfers out	<u>-</u>	<u>(3,318,708)</u>	<u>(220,946)</u>	<u>(3,539,654)</u>
Total other financing sources (uses)	<u>3,553,708</u>	<u>(3,318,708)</u>	<u>-</u>	<u>235,000</u>
Net change in fund balance	(984,509)	(19,829)	359,079	(645,259)
Fund balance - beginning	<u>2,219,909</u>	<u>1,305,719</u>	<u>1,857,949</u>	<u>5,383,577</u>
Fund balance - ending	<u>\$ 1,235,400</u>	<u>\$ 1,285,890</u>	<u>\$ 2,217,028</u>	<u>\$ 4,738,318</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, 2013**

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**Net change in fund balances - Total governmental funds** \$ (645,259)

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

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

Operating grants (705,994)

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 (1,878,264)

Capital outlay 798,897

Expenses are recorded when incurred in the statement of activities.

Interest 97,766

Compensated absences (79,585)

Self-insured benefits (149,300)

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.

Note proceeds (235,000)

Repayments of long-term debt 2,332,234

**Change in net position of governmental activities** \$ (464,505)

**Garden City Public Schools**  
**Proprietary Fund**  
**Internal Service Fund**  
**Statement of Net Position**  
**June 30, 2013**

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	<u>Internal Service Fund</u>
<b>Assets</b>	
Due from other funds	<u>\$ 288,103</u>
<b>Liabilities</b>	
Early retirement incentive	30,000
Other post employment benefits	<u>258,103</u>
Total liabilities	<u>288,103</u>
<b>Net position</b>	
Total net position	<u>\$ -</u>

**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, 2013**

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	<u>Internal Service Fund</u>
<b>Revenues</b>	
Charges to other funds	<u>\$ 48,103</u>
<b>Expenses</b>	
Retirement	30,000
Healthcare	<u>18,103</u>
Total expenses	<u>48,103</u>
Net income	<u>-</u>
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</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, 2013**

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	<u>Internal Service Fund</u>
<b>Cash flows from operating activities</b>	
Charges to other funds	\$ 48,103
Retirement	(30,000)
Healthcare	<u>(18,103)</u>
Net cash used by operating activities	<u>-</u>
Cash - beginning of year	<u>-</u>
Cash - end of year	<u><u>\$ -</u></u>
 <b>Reconciliation of operating income to net cash from operating activities</b>	
Operating income	\$ -
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Due from other funds	354,897
Early retirement incentives	(373,000)
Other post employment benefits	<u>18,103</u>
<b>Net cash used by operating activities</b>	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

**Garden City Public Schools**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2013**

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	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash	\$ 116,385	\$ 430,627
<b>Liabilities</b>		
Accounts payable	-	2,773
Due to other funds	1,050	44,321
Due to agency fund activities	-	383,533
	1,050	\$ 430,627
<b>Net Position</b>		
Assets held for scholarships	\$ 115,335	

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, 2013**

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Local sources	\$ 19,325
Interest and investment earnings	<u>222</u>
Total additions	<u>19,547</u>
<b>Deductions</b>	
Scholarships	<u>21,939</u>
Change in net position	(2,392)
Net position - beginning	<u>117,727</u>
Net position - ending	<u><u>\$ 115,335</u></u>

See Accompanying Notes to Financial Statements

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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**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 School District first utilizes restricted resources to finance qualifying activities.

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

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

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

**Fund Financial Statements**

Separate financial statements are provided for governmental funds 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

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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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.

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.

*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.

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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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 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, 2013, 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	4.8800
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.

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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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.

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

Compensated Absences – 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.

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.

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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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.

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.

#### **Adoption of New Accounting Standards**

The Government Accounting Standards Board issued Statements 63 and 65, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and Items Previously Reported as Assets and Liabilities, which the government adopted effective July 1, 2012. The new standards provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of net position and related disclosures.

#### **Upcoming Accounting and Reporting Changes**

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

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

**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:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Business	\$ 897,320	\$ 904,461	\$ 7,141
Operations and maintenance	3,469,000	3,473,989	4,989
Other	38,500	53,120	14,620
Community services	507,550	568,671	61,121
Capital outlay	423,933	504,627	80,694
Special Education Fund			
Transfers out	2,268,708	3,318,708	1,050,000

**Compliance Sinking Funds**

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied 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:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	<u>\$ 9,442,791</u>	<u>\$ 547,012</u>	<u>\$ 9,989,803</u>

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 9,986,065
Petty cash and cash on hand	<u>3,738</u>
 Total	 <u>\$ 9,989,803</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, \$9,743,128 of the School District's bank balance of \$9,993,128 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

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.

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

**NOTE 4 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets being depreciated				
Buildings and site improvements	\$ 53,882,847	\$ 554,211	\$ -	\$ 54,437,058
Equipment and furniture	4,613,807	-	-	4,613,807
Buses and other vehicles	1,701,031	244,686	-	1,945,717
<b>Total capital assets being depreciated</b>	<b>60,197,685</b>	<b>798,897</b>	<b>-</b>	<b>60,996,582</b>
Less accumulated depreciation for				
Buildings and site improvements	27,772,035	1,630,255	-	29,402,290
Equipment and furniture	3,392,392	168,800	-	3,561,192
Buses and other vehicles	1,469,501	79,209	-	1,548,710
<b>Total accumulated depreciation</b>	<b>32,633,928</b>	<b>1,878,264</b>	<b>-</b>	<b>34,512,192</b>
<b>Net capital assets being depreciated</b>	<b>27,563,757</b>	<b>(1,079,367)</b>	<b>-</b>	<b>26,484,390</b>
<b>Net capital assets</b>	<b>\$ 27,563,757</b>	<b>\$ (1,079,367)</b>	<b>\$ -</b>	<b>\$ 26,484,390</b>

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

<b>Governmental activities</b>	
Instruction	\$ 1,314,785
Supporting services	563,479
<b>Total governmental activities</b>	<b>\$ 1,878,264</b>

**Idle Assets**

Buildings with a carrying value of \$1,994,277 are idle at June 30, 2013.

**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 replacement of Garden City High and Cambridge Center roof	\$ 249,600	\$ 249,600	\$ -
Replacement of two boilers at Douglas and provision and installation of outside temperature controls for boilers in multiple schools	92,768	92,768	-

**NOTE 5 – INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS**

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General	Special Education Fund	\$ 3,581,515
General	Nonmajor governmental funds	244,718
General	Fiduciary funds	45,371
Internal service fund	General	288,103
		<b>\$ 4,159,707</b>

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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

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

Interfund transfers consist of the following:

	Transfers Out		
	Special Education Fund	Other Governmental Funds	Total
<b>Transfers in</b>			
General Fund	\$ 3,318,708	\$ -	\$ 3,318,708
Other governmental funds	-	220,946	220,946
	\$ 3,318,708	\$ 220,946	\$ 3,539,654

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:

	Unearned
Interdistrict special education payments	\$ 878,290
Grant and categorical aid payments received prior to meeting all eligibility requirements	571,304
Total	\$ 1,449,594

**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 30<sup>th</sup>.

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 6,250,000	\$ 6,250,000	\$ 7,254,000	\$ 5,246,000

**Garden City Public Schools**  
**Notes to Financial Statements**  
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**NOTE 8 – LEASES**

**Capital Leases**

In the prior year the School District entered into leasing arrangements for 22 copiers. Under the lease agreements the School District paid \$70,034 in the current year.

The future minimum lease payments for the year ended June 30, 2013 were as follows:

<b>Year ending June 30,</b>	
2014	\$ 61,861
2015	45,516
2016	<u>3,792</u>
<b>Total minimum lease payments</b>	<b><u>\$ 111,169</u></b>

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>(106,722)</u>
<b>Total</b>	<b><u>\$ 179,545</u></b>

**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	\$ 30,385,000	\$ -	\$ 1,190,000	\$ 29,195,000	\$ 1,235,000
Other bonds	1,026,075	-	1,026,075	-	-
Notes	-	235,000	46,123	188,877	45,965
Capital leases	181,205	-	70,036	111,169	61,861
Compensated absences	1,630,497	112,662	33,077	1,710,082	-
Retirement incentives	403,000	30,000	403,000	30,000	10,000
Other postemployment benefits	<u>240,000</u>	<u>18,103</u>	<u>-</u>	<u>258,103</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 33,865,777</u></b>	<b><u>\$ 395,765</u></b>	<b><u>\$ 2,768,311</u></b>	<b><u>\$ 31,493,231</u></b>	<b><u>\$ 1,352,826</u></b>

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%	\$ 6,625,000
\$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>22,570,000</u>
<b>Total general obligation bonded debt</b>	<b><u>\$ 29,195,000</u></b>

**Garden City Public Schools**  
**Notes to Financial Statements**  
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Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
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	1,485,000	1,083,725	2,568,725
2019 - 2023	8,290,000	4,229,664	12,519,664
2024 - 2028	8,890,000	2,182,053	11,072,053
2029 - 2031	5,255,000	353,588	5,608,588
<b>Total</b>	<b><u>\$ 29,195,000</u></b>	<b><u>\$ 12,933,230</u></b>	<b><u>\$ 42,128,230</u></b>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$477,164 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
<b>Year Ending June 30,</b>			
2014	\$ 45,965	\$ 3,993	\$ 49,958
2015	47,005	2,953	49,958
2016	48,068	1,889	49,957
2017	47,839	801	48,640
	<b><u>\$ 188,877</u></b>	<b><u>\$ 9,636</u></b>	<b><u>\$ 198,513</u></b>

**Compensated Absences**

Accrued compensated absences at year end, consists of \$438,431 of vacation hours earned and vested and \$1,271,651 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 three year period through 2016. The balance as of year end was \$30,000.

Future payments are as follows:

<b>Year Ending June 30,</b>	
2014	\$ 10,000
2015	10,000
2016	<u>10,000</u>
<b>Total</b>	<b><u>\$ 30,000</u></b>

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$2,502 and \$1,794,060, 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

**Garden City Public Schools**  
**Notes to Financial Statements**  
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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, 2013, \$29,195,000 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 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, 2013 is \$487,600.

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

	2013	2012
Estimated liability at the beginning of the year	\$ 443,600	\$ 400,000
Estimated claims incurred including changes in estimates	6,071,383	5,144,049
Claim payments	(6,027,383)	(5,100,449)
Estimated liability end of year	\$ 487,600	\$ 443,600

**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.

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

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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>.

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

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

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

**Funding Policy**

For the defined benefit plans the District is required by state law to contribute to MPERS an actuarially determined percentage of payroll for all eligible participating employees. The District's actual contributions match the required contributions. Additionally, employees participating in the various defined benefit pension plans contribute the following amounts of their pretax salaries: (a) Member Investment Plan participants contributed 3% to 6.4%; (b) Basic 4% participants contribute 4%; and (c) MIP 7% participants contribute 3.9% to 7%. The following table discloses pertinent information relative to MPERS defined benefit pension retirement plan funding for the three-year period beginning July 1, 2010 through June 30, 2013.

	2013	2012	2011
Funding percentage range	12.78 - 16.25 %	10.66 - 15.96 %	8.63 - 12.16 %
School district defined benefit pension contributions	<u>\$ 7,560,273</u>	<u>\$ 4,636,000</u>	<u>\$ 3,743,000</u>

**Defined Contribution Savings Plan**

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

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

	School District	Participants
Contributions to the:		
Pension Plus Savings Plan	\$ 20,000	\$ -
Basic DC Converted and MIP DC Converted Plans	-	252,494
Defined Contribution Plan	<u>6,377</u>	<u>12,063</u>
Total	<u>\$ 26,377</u>	<u>\$ 264,557</u>

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

**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.

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

	2013	2012	2011
Funding percentage range	8.18 - 9.11 %	8.50 %	6.81 - 8.50 %
School district defined benefit post employment benefit plan contributions	<u>\$ 1,681,917</u>	<u>\$ 3,042,000</u>	<u>\$ 2,562,000</u>

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

	School District	Participants
Contributions to the Personal Healthcare Fund	<u>\$ 13,302</u>	<u>\$ 13,302</u>

**Unfunded Accrued Actuarial Liability**

During the year ended June 30, 2013, the District had paid contributions in the amount of \$625,202 to the Michigan Public School Employee Retirement System (MPSERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was 4.56% for the year. These contributions are not included in the above tables.

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

**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, 2013, the School District has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. 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:

	2013	2012
Annual required contribution (recommended)	\$ 109,183	\$ 163,840
Interest on the prior year's net OPEB obligation	9,600	6,604
Less adjustment to the annual required contribution	(14,439)	(9,735)
Annual OPEB cost	104,344	160,709
Amounts contributed - Payments of current premiums	(86,241)	(85,800)
Change in net OPEB obligation	18,103	74,909
OPEB obligation - Beginning of year	240,000	165,091
OPEB obligation - End of year	\$ 258,103	\$ 240,000

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

	2013	2012
Annual OPEB costs	\$ 104,344	\$ 160,709
Percentage contributed	33%	36%
Net OPEB obligation	\$ 258,103	\$ 240,000

**Garden City Public Schools**  
**Notes to Financial Statements**  
**June 30, 2013**

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

	2013	2012
Market value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	(1,316,961)	(1,847,512)
Unfunded AAL (UAAL)	\$ (1,316,961)	\$ (1,847,512)
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, 2013 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, 2013 was 28 years.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent to June 30, 2013, the School District repaid the state anticipation note of \$5,246,000 that was outstanding at the end of the year. In addition, the District borrowed \$7,160,000 in state aid anticipation notes that is due August 2014.

## REQUIRED SUPPLEMENTAL INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 3,400,000	\$ 3,870,700	\$ 3,977,449	\$ 106,749
State sources	34,360,700	33,551,050	32,390,648	(1,160,402)
Federal sources	2,549,100	2,134,350	1,989,173	(145,177)
Interdistrict sources	<u>1,332,700</u>	<u>1,343,900</u>	<u>649,268</u>	<u>(694,632)</u>
Total revenues	<u>41,642,500</u>	<u>40,900,000</u>	<u>39,006,538</u>	<u>(1,893,462)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	20,148,301	20,930,512	20,697,682	(232,830)
Added needs	6,369,176	6,168,886	6,037,360	(131,526)
Adult and continuing education	1,158,100	-	-	-
Supporting services				
Pupil	2,733,725	2,624,039	2,587,541	(36,498)
Instructional staff	2,454,416	2,774,875	2,619,918	(154,957)
General administration	497,000	521,424	500,434	(20,990)
School administration	2,454,397	2,623,598	2,610,037	(13,561)
Business	983,100	897,320	904,461	7,141
Operations and maintenance	3,451,600	3,469,000	3,473,989	4,989
Pupil transportation services	995,700	1,285,900	1,220,851	(65,049)
Central	1,238,300	1,294,608	1,229,370	(65,238)
Athletic activities	392,800	393,850	372,073	(21,777)
Other	43,500	38,500	53,120	14,620
Community services	399,500	507,550	568,671	61,121
Intergovernmental payments	65,500	65,500	52,489	(13,011)
Capital outlay	527,085	423,933	504,627	80,694

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt service				
Principal	\$ 86,700	\$ 111,050	\$ 109,630	\$ (1,420)
Interest and fiscal charges	<u>1,100</u>	<u>3,850</u>	<u>2,502</u>	<u>(1,348)</u>
Total debt service	<u>87,800</u>	<u>114,900</u>	<u>112,132</u>	<u>(2,768)</u>
Total expenditures	<u>44,000,000</u>	<u>44,134,395</u>	<u>43,544,755</u>	<u>(589,640)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,357,500)</u>	<u>(3,234,395)</u>	<u>(4,538,217)</u>	<u>(1,303,822)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from notes and loans	-	-	235,000	235,000
Insurance recoveries	7,500	-	-	-
Transfers in	425,000	2,250,000	3,318,708	1,068,708
Transfers out	<u>-</u>	<u>(9,395)</u>	<u>-</u>	<u>9,395</u>
Total other financing sources (uses)	<u>432,500</u>	<u>2,240,605</u>	<u>3,553,708</u>	<u>1,313,103</u>
Net change in fund balance	(1,925,000)	(993,790)	(984,509)	9,281
Fund balance - beginning	<u>2,219,909</u>	<u>2,219,909</u>	<u>2,219,909</u>	<u>-</u>
Fund balance - ending	<u>\$ 294,909</u>	<u>\$ 1,226,119</u>	<u>\$ 1,235,400</u>	<u>\$ 9,281</u>

**Garden City Public Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Special Education Fund**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 7,300	\$ -	\$ -	\$ -
State sources	4,197,700	4,677,500	5,556,585	879,085
Federal sources	495,000	532,500	532,650	150
Interdistrict sources	<u>11,300,000</u>	<u>11,790,000</u>	<u>11,081,972</u>	<u>(708,028)</u>
Total revenues	<u>16,000,000</u>	<u>17,000,000</u>	<u>17,171,207</u>	<u>171,207</u>
<b>Expenditures</b>				
Current				
Education				
Instruction	12,405,490	11,274,990	11,130,054	(144,936)
Supporting services	3,118,193	2,854,060	2,734,606	(119,454)
Facilities acquisition	22,000	10,692	-	(10,692)
Capital outlay	2,000	2,000	-	(2,000)
Debt service				
Principal	10,211	13,411	6,529	(6,882)
Interest	<u>1,139</u>	<u>1,139</u>	<u>1,139</u>	<u>-</u>
Total expenditures	<u>15,559,033</u>	<u>14,156,292</u>	<u>13,872,328</u>	<u>(283,964)</u>
Excess (deficiency) of revenues over expenditures	<u>440,967</u>	<u>2,843,708</u>	<u>3,298,879</u>	<u>455,171</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(440,967)</u>	<u>(2,268,708)</u>	<u>(3,318,708)</u>	<u>(1,050,000)</u>
Net change in fund balance	-	575,000	(19,829)	(594,829)
Fund balance - beginning	<u>1,305,719</u>	<u>1,305,719</u>	<u>1,305,719</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,305,719</u>	<u>\$ 1,880,719</u>	<u>\$ 1,285,890</u>	<u>\$ (594,829)</u>

## OTHER SUPPLEMENTAL INFORMATION

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**Garden City Public Schools  
Other Supplemental Information  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2013**

	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		Sinking Fund
<b>Assets</b>								
Cash	\$ 278,290	\$ 248,318	\$ -	\$ -	\$ -	\$ -	\$ 1,458,652	\$ 1,985,260
Accounts receivable	1,861	-	-	-	-	-	-	1,861
Due from other funds	-	222,428	-	-	-	-	67,661	290,089
Due from other governmental units	44,570	178	6,240	-	-	-	-	50,988
Inventory	10,418	-	-	-	-	-	-	10,418
<b>Total assets</b>	<b>\$ 335,139</b>	<b>\$ 470,924</b>	<b>\$ 6,240</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,526,313</b>	<b>\$ 2,338,616</b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities</b>								
Accounts payable	\$ 94,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,643	\$ 96,230
Due to other funds	15,104	-	-	-	-	-	-	15,104
Unearned revenue	10,254	-	-	-	-	-	-	10,254
<b>Total liabilities</b>	<b>119,945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,643</b>	<b>121,588</b>
<b>Fund Balance</b>								
<b>Non-spendable</b>								
Inventory	10,418	-	-	-	-	-	-	10,418
<b>Restricted for:</b>								
Food service	204,776	-	-	-	-	-	-	204,776
Debt service	-	470,924	6,240	-	-	-	-	477,164
Capital projects	-	-	-	-	-	-	1,524,670	1,524,670
<b>Total fund balance</b>	<b>215,194</b>	<b>470,924</b>	<b>6,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,524,670</b>	<b>2,217,028</b>
<b>Total liabilities and fund balance</b>	<b>\$ 335,139</b>	<b>\$ 470,924</b>	<b>\$ 6,240</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,526,313</b>	<b>\$ 2,338,616</b>

**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, 2013**

	Special Revenue Fund	Debt Service Funds					Sinking Fund	Total Nonmajor Governmental Funds
	Food Service	2006 Refunding Bond	2005 Refunding Bond	2004 Refunding Bond	2001 Refunding Bond	Durant		
<b>Revenues</b>								
Local sources	\$ 496,324	\$ 1,176,043	\$ 1,339,743	\$ 9,484	\$ 5,557	\$ -	\$ 1,014,828	\$ 4,041,979
State sources	71,252	-	-	-	-	1,377,485	-	1,448,737
Federal sources	922,490	-	-	-	-	-	-	922,490
<b>Total revenues</b>	<u>1,490,066</u>	<u>1,176,043</u>	<u>1,339,743</u>	<u>9,484</u>	<u>5,557</u>	<u>1,377,485</u>	<u>1,014,828</u>	<u>6,413,206</u>
<b>Expenditures</b>								
Current								
Education								
Food services	1,439,572	-	-	-	-	-	-	1,439,572
Facilities acquisition	-	-	-	-	-	-	558,573	558,573
Debt service								
Principal	-	25,000	1,165,000	-	-	1,026,075	-	2,216,075
Interest and other expenditures	-	1,093,547	389,700	-	-	351,410	5,250	1,839,907
<b>Total expenditures</b>	<u>1,439,572</u>	<u>1,118,547</u>	<u>1,554,700</u>	<u>-</u>	<u>-</u>	<u>1,377,485</u>	<u>563,823</u>	<u>6,054,127</u>
Excess (deficiency) of revenues over expenditures	<u>50,494</u>	<u>57,496</u>	<u>(214,957)</u>	<u>9,484</u>	<u>5,557</u>	<u>-</u>	<u>451,005</u>	<u>359,079</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, 2013**

	Special Revenue Fund	Debt Service Funds					Sinking Fund	Total Nonmajor Governmental Funds
	Food Service	2006 Refunding Bond	2005 Refunding Bond	2004 Refunding Bond	2001 Refunding Bond	Durant		
<b>Other Financing Sources (Uses)</b>								
Transfers in	\$ -	\$ -	\$ 220,946	\$ -	\$ -	\$ -	\$ -	\$ 220,946
Transfers out	-	(199,916)	-	(13,370)	(7,660)	-	-	(220,946)
Total other financing sources (uses)	-	(199,916)	220,946	(13,370)	(7,660)	-	-	-
Net change in fund balance	50,494	(142,420)	5,989	(3,886)	(2,103)	-	451,005	359,079
Fund balance - beginning	164,700	613,344	251	3,886	2,103	-	1,073,665	1,857,949
Fund balance - ending	<u>\$ 215,194</u>	<u>\$ 470,924</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,524,670</u>	<u>\$ 2,217,028</u>

**Garden City Public Schools**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2013**

Year Ending June 30,	2005 Debt	2006 Debt	Total
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>6,625,000</u>	\$ <u>22,570,000</u>	\$ <u>29,195,000</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