

**GODFREY-LEE
PUBLIC SCHOOLS
Kent County, Michigan**

Annual Financial Report

For the year ended June 30, 2013

GODFREY-LEE PUBLIC SCHOOLS
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For the year ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

August 30, 2013

The Board of Education
Godfrey-Lee 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 Godfrey-Lee Public Schools (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Member

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 Godfrey-Lee Public Schools as of June 30, 2013, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes A and J to the basic financial statements, the District changed its method of reporting for net assets as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Godfrey-Lee Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2013 on our consideration of Godfrey-Lee Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Godfrey-Lee Public Schools' internal control over financial reporting and compliance.

Hungerford, Aldwin, Nichols & Carter, P.C.

Certified Public Accountants

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MANAGEMENT'S DISCUSSION AND ANALYSIS



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

As management of the Godfrey-Lee Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how they have changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

New Accounting Pronouncements Implemented

The District implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2012-13. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from "*net assets*" to "*net position*". GASB 65 identifies and defines those items previously reported as assets and liabilities that will now be reported as deferred outflows and inflows of resources. These changes resulted in a reduction of \$215,702 in district-wide net position at July 1, 2012, which is reflected in the following condensed district-wide financial information and in the Basic Financial Statements included in the Annual Financial Report.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

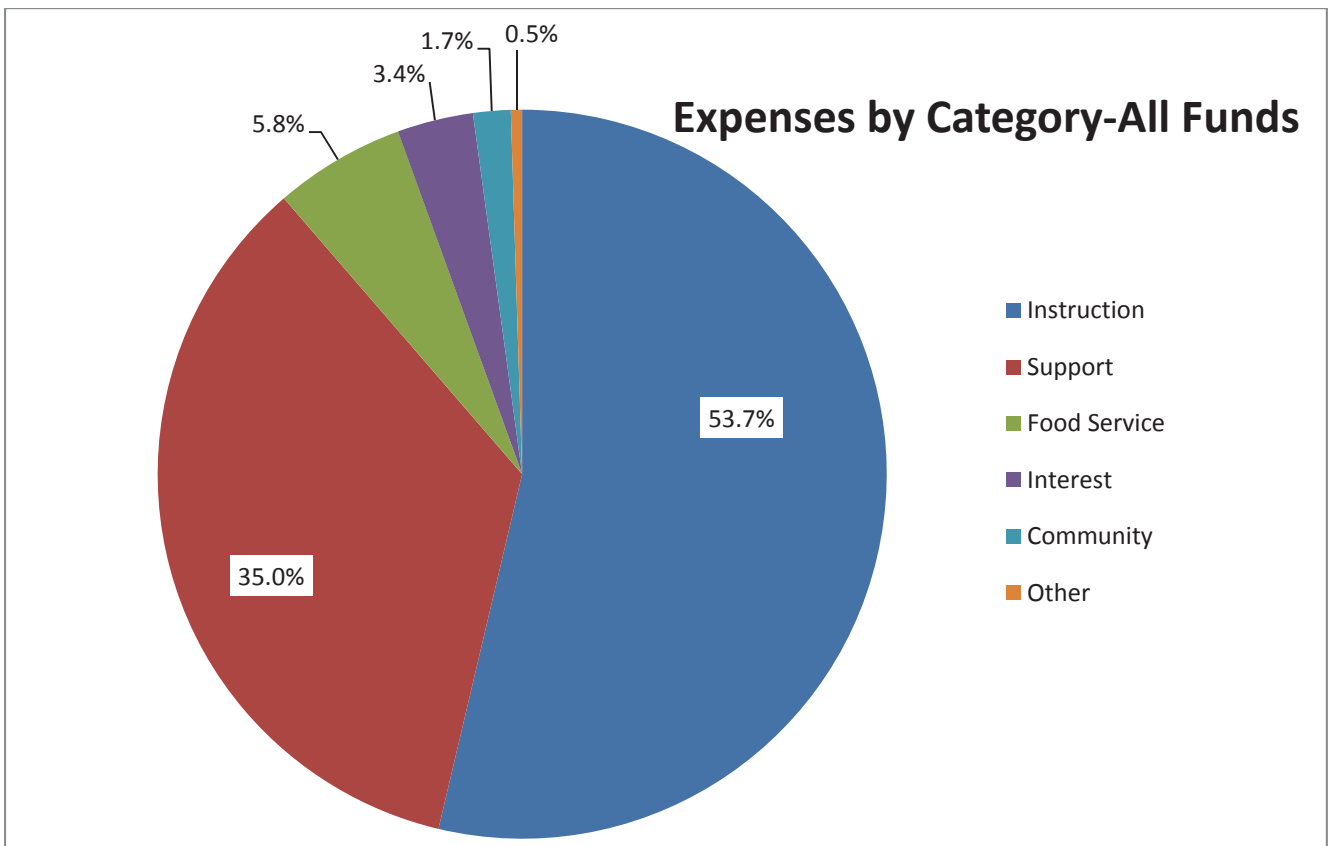
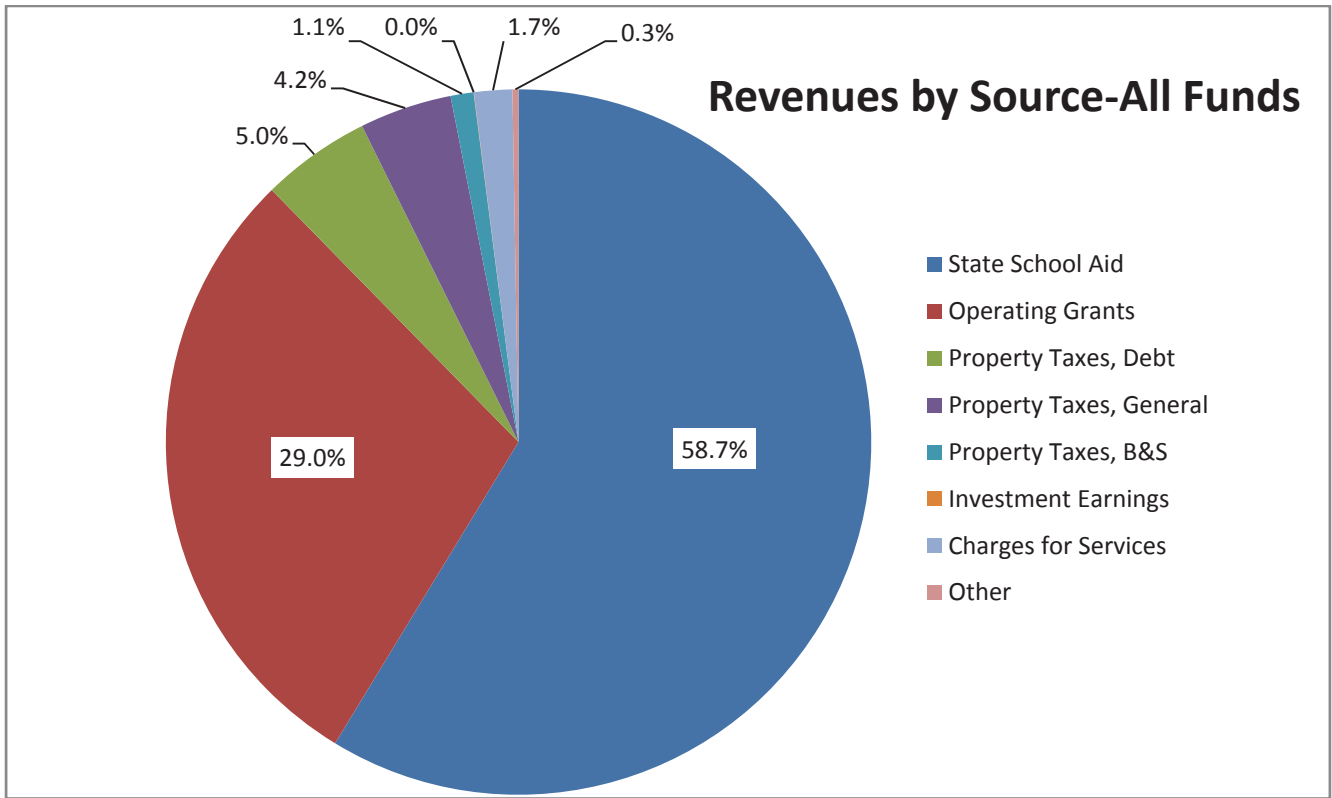
	<u>2013</u>	<u>2012</u>
Assets		
Current assets	\$ 6,568,563	\$ 4,867,849
Net capital assets	<u>18,203,282</u>	<u>18,691,186</u>
Total Assets	<u>24,771,845</u>	<u>23,559,035</u>
Deferred Outflows of Resources	<u>374,165</u>	<u>400,891</u>
Liabilities		
Current liabilities	3,378,584	2,866,893
Long-term liabilities	<u>18,905,558</u>	<u>16,926,748</u>
Total Liabilities	<u>22,284,142</u>	<u>19,793,641</u>
Net Position		
Invested in capital assets, net of related debt	960,239	1,225,806
Restricted	(30,884)	(17,192)
Unrestricted	<u>1,932,513</u>	<u>2,957,671</u>
Total Net Position	<u>\$ 2,861,868</u>	<u>\$ 4,166,285</u>



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

The Statement of Activities presents changes in net position from operating results:

	<u>2013</u>	<u>2012</u>
Program Revenues		
Charges for services	\$ 369,394	\$ 227,690
Operating grants	6,126,341	5,807,471
General Revenues		
Property taxes	2,178,253	2,263,932
State school aid, unrestricted	12,417,176	12,061,746
Interest earnings	1,983	5,462
Loss on disposal of assets	—	(2,675)
Other	59,139	62,644
Total Revenues	<u>21,152,286</u>	<u>20,426,270</u>
Expenses		
Instruction	12,057,733	11,761,696
Supporting services	7,852,750	6,579,491
Community services	373,424	277,173
Food service	1,303,933	1,284,982
Other	111,777	57,115
Interest expense	757,086	817,274
Total Expenses	<u>22,456,703</u>	<u>20,777,731</u>
Increase (decrease) in net position	(1,304,417)	(351,461)
Net Position - Beginning of Year (as restated)	<u>4,166,285</u>	<u>4,733,448</u>
Net Position - End of Year	<u><u>\$ 2,861,868</u></u>	<u><u>\$ 4,381,987</u></u>





GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Growth during the year in grants, categorical funding and student count were significant contributors to revenue increases.

The District's total revenues increased by \$726,016 (3%) to \$21.152 million. Unrestricted State Aid accounted for 59% of the revenues, while property taxes amounted to 10% of the revenues. Another 29% came from state and federal aid for specific programs, (including \$1,047,745 of ARRA School Improvement Grant) and the remainder from miscellaneous sources.

The total cost of all programs and services increased by \$1,678,972 (8%) to \$22,456 million. The District's expenses are predominantly related to instructional services which amount to 54% of the total. Salaries increased \$574,753 or 6.5% mainly due to an increase of teaching and paraprofessional staffing through grant funding. Retirement costs increased by 18.2%, or \$373,167, due to the increase staffing and increase in the retirement rate.

Total expenses surpassed revenues, decreasing net position by \$1,304,417 on the Statement of Activities.

The recent decrease of the District's net position can be attributed mostly to additional staffing along with increased costs for retirement and health insurance. The demographics of the District's neighborhood is a factor that contributes to increasing counts for free lunch students, which helps the District qualify for greater categorical assistance for at-risk students at all levels.

- Budgets for 2012-13 were created with no change in student fall count from the prior year which produced a 90/10 blend of 1,793.07 full-time equivalent students for budget purposes. Actual blended count for the year was 1,800.70 which brought a slight increase in State school aid revenue over the original budgeted amount.
- Categoricals and other grants were budgeted at prior year amounts but most increased slightly from the previous year. The District staff worked very hard to identify as many free lunch qualifiers as possible which resulted in increases in some categoricals. Of particular note in this regard was a net increase in Federal funds of \$323,485 including an increase of ARRA SIG funding from \$772,213 to \$1,047,745.
- Collaboration with the surrounding districts continued to occur to help reduce expenditures in many areas. The six school districts in the southwest region of Kent County continued to work on ways to combine services where possible. All six districts joined the effort to transport special education and technical center students together and to work on combined trips where possible in other areas. There are also collaborative efforts working to reduce costs on bus maintenance, storage and fuel related costs.
- The \$22.5 million of governmental activities was financed with \$2.2 million in property taxes and \$12.4 million of unrestricted state aid based on the statewide education aid formula. State and Federal grant funding totaled over \$6.1 million.
- The District increased its utilization of the Universal Service Fund to get rebates on services related to voice and data communication. This includes telephone service, cellular phone service, wireless connectivity and internet.
- The administration will continue working with other districts in collaboration efforts for 2013-14.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Godfrey-Lee Public School's funds are described as follows:

Major Funds

General Fund

The General Fund is the primary operating fund. The General Fund had total revenues of \$18,441,133, total other financing sources of \$351,230, total expenditures of \$19,690,493, and total other financing uses of \$27,870. It ended the fiscal year with a fund balance of \$1,944,567, down from \$2,870,567 as of June 30, 2012 for a decrease of \$926,000.

2013 Construction Capital Projects Fund

The District issued bonds of in the amount of \$2,200,000 in the spring of 2013 to be used for the technology, buses, athletic facility upgrades, and other remodeling and furnishing throughout the District. The funds were received on June 25, 2013. Bond premium of \$39,762 and interest income of \$19 were also collected. Bond issuance costs of \$83,241 were paid leaving a fund balance of \$2,156,540 at June 30, 2013. The projects are expected to continue through the summer of 2015.

Nonmajor Funds

Special Revenue Funds

The District operates one Special Revenue Fund, the Food Service Fund. Total revenues of the Special Revenue Fund were \$1,403,786 plus total transfers in of \$13,870 with total expenditures of \$1,409,524. The ending fund balance was \$434,374, an increase of \$8,132 from June 30, 2012.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

Debt Service Funds

The District operates six Debt Service Funds including the Durant settlement debt fund and the new Energy Conservation Improvement debt fund. Total revenues were \$1,084,802, with total financing sources (loan proceeds and transfers in) of \$653,529 and total expenditures of \$1,716,578. The ending fund balances in the Debt Service Funds was \$70,314. The Durant Debt Service Fund and 2003 Debt Service Fund were paid off and closed during 2012-13.

Capital Projects Fund

The District operates a Capital Project Fund, the Building and Site Sinking Fund. This fund had total revenues of \$223,921 and total other financing sources of \$11,000 with total expenditures of \$343 and total other financing uses of \$270,892 resulting in a fund balance of \$4,874 at June 30, 2013, down from \$41,188 at June 30, 2012. For the next six years, these funds will be designated primarily to pay the bond payments of the Energy Conservation Improvement bonds issued during the 2009-10 school year.

Fiduciary Funds

The Student Activities Fund is operated as a Trust and Agency Fund of the District. The assets of this fund are being held for the benefit of the District's students. Balances on hand at June 30, 2013 totaled \$78,793.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget two times. These budget amendments fall into two categories:

- Changes made in the fall to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year and other grant related revenue changes.
- Expenditure changes due to updated staffing from the June budget estimate, classroom expenditure needs, technology upgrades and others.

Although the District's final budget for the General Fund anticipated that expenses would exceed revenues by \$1,058,273, the actual results for the year show only a \$926,000 decrease in fund balance which is \$132,273 better than projected.

- Actual revenues were \$455,671 less than expected mainly due to Federal and State grant funds of \$451,000 carried over to 2013-14.
- Actual expenditures were \$236,714 less than expected. This was due to the unspent Federal and State grant funds of \$451,000 and unspent miscellaneous line items coupled with the adjustment for leasing of Apple computers that was not budgeted. This was an audit journal entry at year end of \$351,230 to both an expenditure account and capital lease proceeds.

Capital Asset and Debt Administration

Capital Assets

By the end of 2013, the District had \$27,378,167 invested in a broad range of capital assets, including school buildings, athletic facilities, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.)



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

At June 30, 2013, the District's investment in capital assets (net of accumulated depreciation) was \$18,203,282. Capital asset purchases totaled \$344,634 for the fiscal year with accumulated depreciation increasing \$832,538, leaving a net decrease in the book value of capital assets of \$487,904.

Land	\$	618,754
Construction in progress		63,945
Land improvements		547,922
Buildings and additions		16,437,336
Furniture and equipment		448,995
Vehicles		23,202
Assets under capital leases		63,128
Total Capital Assets	\$	18,203,282

Long-Term Debt

At year end, the District had \$20.22 million in general obligation bonds and other long-term debt outstanding.

- The District continued to pay down its debt from the 2003, 2005, 2006, 2009 and 2010 bond issues, Durant bonds and capital lease agreements. The 2003 bond issue and Durant bonds were paid off during the 2012-13 school year.
- The District issued \$2,200,000 in general obligation bonds and entered into a \$351,230 capital lease to fund school facilities improvements and the purchase of educational technology equipment.
- The District borrowed \$382,637 from the State School Bond Loan Program to supplement local tax levies for bond debt service payments this year. This is an increase of \$66,937 from the prior year mainly due to reduced property values in the District.

The District's bond rating for General Obligation, Unlimited Tax debt is "A+". The District's other obligations include staff related retirement incentives, capital leases payable and school bond loan fund. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District's proximity between Grand Rapids and Wyoming makes it a totally market driven district which must have the breadth of program and updated infrastructure to compete in this age of choice in schools. The Fall 2013 pupil counts are indicating an increase in students for the 2013-14 school year.
- The District applied for and received a federal school improvement grant for Lee High School. This has provided the District with over \$3.67 million for a transformation of teaching and learning for increased student achievement. Since the initial approval of \$2.2 million in August 2010, the District was able to secure additional funding four times totaling another \$1.5 million to be used for the program. There is approximately \$968,985 of this grant left to be used by September 30, 2013.



GODFREY-LEE PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2013

- The District and bargaining units are currently negotiating a four-year agreement expiring at the end of the 2016-2017 school year. Recent changes to laws regulating the cost sharing of health insurance may change the way insurance is provided to the bargaining units. Other state and federal legislation enacted in the past year will affect many areas of the contracts.
- The State of Michigan adopted a budget for the School Aid Fund in June 2013 for the 2013-2014 school year. The District will receive \$60 more per pupil for the 2013-14 school year. This along with an expected increase in student counts may produce an increase in revenue for the first time in several years.
- Cost increases exceeding the general rate of inflation continue to be expected for the District relative to pension contribution obligations in 2013-14 and beyond. These costs represent a significant portion of the District's budget and their rate of increase is a concern to management.
- Recent months have seen a lot of legislative activity in the areas of teacher tenure, seniority and layoffs, teacher and administrator evaluations, student achievement and employee contributions to health insurance. The District is determined to keep up with all the changes while trying to balance the administrative staffing needs with the needs of the students of the District.

The State of Michigan is slowly moving out of a decade-long economic slump but this has not yet translated into more higher-wage, full-time jobs. At this time that slump appears to be on the verge of leveling out. State school aid funding and property and sales tax collections that help to subsidize the State school aid fund for K-12 schools are sensitive to trends in economic growth in Michigan. Weak economic performance in Michigan generally means little or no growth in the State foundation grant (State school aid) to K-12 schools. The persistent weakness of the State economy along with an across the board weakening of real estate values in Michigan is a growing concern. The outlook for further increases in per pupil funding in the future and the State's ability to fund them continue to be more questionable now than at any time in recent memory. Growth in property tax valuations or assessments is expected to be noticeably less than historical rates of increase or may even be flat in some cases next year. Delinquency rates on property taxes are also increasing. These factors may lead to less or even reduced property tax collections by the State and local school districts resulting in an increase in borrowing for operating and debt expenditures.

The governor and legislature did approve a small increase in the foundation grant but much of the increase is being eaten up by unfunded liabilities in the teacher pension plan. The governor has proposed a significant revision to the 19-year-old Proposal A by shifting taxes that support the school aid fund from gasoline and replacing it with either an increase in the general sales tax or addition of a sales tax on services. These changes require voter approval if the governor is able to convince the legislature to place it on a future ballot. At the same time, funding for traditional community-based public schools continues to be diluted by legislation allowing for additional brick-and-mortar charter public schools and on-line "cyber" schools.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Godfrey-Lee Public Schools, 1324 Burton St. SW, Wyoming, MI, 49509. Contact by e-mail: mprovost@godfrey-lee.org.

BASIC FINANCIAL STATEMENTS

GODFREY-LEE PUBLIC SCHOOLS
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Cash	\$ 350
Cash equivalents, deposits and investments (Note B)	2,943,928
Taxes receivable (Note C)	4,134
Accounts receivable	93,255
Due from other governmental units (Note C)	3,470,097
Inventory	16,967
Prepaid expenses	39,832
Capital assets not being depreciated (Note E)	682,699
Capital assets being depreciated, net (Note E)	17,520,583
	24,771,845
Deferred Outflows of Resources	
Loss on advance bond refundings, net	374,165
	374,165
Liabilities	
Accounts payable	181,144
Due to other governmental units	778,403
Accrued interest payable	109,719
Salaries payable	882,846
Unearned revenue	111,367
Long-term liabilities (Note F):	
Due within one year	1,315,105
Due in more than one year	18,905,558
	22,284,142
Net Position	
Invested in capital assets, net of related debt	960,239
Restricted for:	
Debt service	(36,394)
Capital projects	5,510
Unrestricted	1,932,513
	2,861,868
	\$ 2,861,868

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 12,057,733	\$ 1,390	\$ 4,528,276	\$ (7,528,067)
Supporting services	7,852,750	169,089	371,507	(7,312,154)
Community services	373,424	-	-	(373,424)
Food service	1,303,933	198,915	1,204,605	99,587
Other	111,777	-	-	(111,777)
Interest on long-term debt	757,086	-	21,953	(735,133)
Total Governmental Activities	\$ 22,456,703	\$ 369,394	\$ 6,126,341	(15,960,968)
General Revenues				
Taxes:				
Property taxes, levied for general operations				893,517
Property taxes, levied for debt service				1,061,125
Property taxes, levied for capital improvements				223,611
State school aid, unrestricted				12,417,176
Interest and investment earnings				1,983
Other				59,139
Total General Revenues				14,656,551
Change in Net Position				(1,304,417)
Net Position - Beginning, As Previously Reported				4,381,987
Restatement of Net Position (Note J)				(215,702)
Net Position - Beginning, As Restated				4,166,285
Net Position - Ending				\$ 2,861,868

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2013

Assets	<u>General</u>	<u>2013 Construction</u>	<u>Nonmajor</u>	<u>Total</u>
Cash	\$ 350	\$ -	\$ -	\$ 350
Cash equivalents, deposits and investments (Note B)	402,949	2,162,809	378,170	2,943,928
Receivables:				
Taxes (Note C)	487	-	3,647	4,134
Accounts	61,863	-	31,392	93,255
Due from other funds (Note D)	-	-	127,740	127,740
Due from other governmental units (Note C)	3,430,248	-	39,849	3,470,097
Inventory	-	-	16,967	16,967
Prepaid expenditures	39,832	-	-	39,832
Total Assets	<u>\$ 3,935,729</u>	<u>\$ 2,162,809</u>	<u>\$ 597,765</u>	<u>\$ 6,696,303</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 90,319	\$ 6,269	\$ 84,556	\$ 181,144
Due to other funds (Note D)	127,740	-	-	127,740
Due to other governmental units	778,403	-	-	778,403
Salaries payable	882,846	-	-	882,846
Unearned revenue	111,854	-	3,647	115,501
Total Liabilities	<u>1,991,162</u>	<u>6,269</u>	<u>88,203</u>	<u>2,085,634</u>
Fund Balances				
Nonspendable:				
General	39,832	-	-	39,832
Special revenue	-	-	16,967	16,967
Restricted:				
Special revenue	-	-	417,407	417,407
Debt service	-	-	70,314	70,314
Capital outlay	-	2,156,540	4,874	2,161,414
Unassigned	1,904,735	-	-	1,904,735
Total Fund Balances	<u>1,944,567</u>	<u>2,156,540</u>	<u>509,562</u>	<u>4,610,669</u>
Total Liabilities and Fund Balances	<u>\$ 3,935,729</u>	<u>\$ 2,162,809</u>	<u>\$ 597,765</u>	<u>\$ 6,696,303</u>

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total governmental fund balances		\$ 4,610,669
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$27,378,167 and accumulated depreciation is \$9,174,885.		18,203,282
Bond refunding losses are not expensed but are amortized over the life of the new bond issue on the Statement of Activities.		374,165
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(15,415,000)	
Bond premium, unamortized	(56,814)	
State school bond loan	(4,023,722)	
Capital leases	(278,212)	
Early retirement incentive	(270,000)	
Severance pay	(43,000)	
Accumulated sick leave	(133,915)	(20,220,663)
Accrued interest is not included as a liability in governmental funds.		(109,719)
Unearned revenue recognized as revenue in the full accrual statements:		
Property taxes		4,134
Total net position- governmental activities		\$ 2,861,868

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	General	2013 Construction	Nonmajor	Total
Revenues				
Local sources	\$ 1,124,175	\$ 19	\$ 1,485,951	\$ 2,610,145
State sources	13,602,731	-	66,576	13,669,307
Federal sources	2,437,092	-	1,159,982	3,597,074
Interdistrict sources	1,277,135	-	-	1,277,135
Total Revenues	18,441,133	19	2,712,509	21,153,661
Expenditures				
Current:				
Instruction	11,684,406	-	-	11,684,406
Supporting services	7,569,406	-	-	7,569,406
Community services	339,017	-	-	339,017
Food service	-	-	1,409,524	1,409,524
Capital outlay	-	-	343	343
Debt service:				
Principal repayment	97,034	-	1,100,955	1,197,989
Interest and fiscal charges	630	-	615,623	616,253
Bond issuance costs	-	83,241	-	83,241
Total Expenditures	19,690,493	83,241	3,126,445	22,900,179
Excess (Deficiency) of Revenues Over Expenditures	(1,249,360)	(83,222)	(413,936)	(1,746,518)
Other Financing Sources (Uses)				
Loan/lease proceeds	351,230	-	382,637	733,867
Bonds issued	-	2,200,000	-	2,200,000
Bond premium	-	39,762	-	39,762
Transfers in	-	-	304,671	304,671
Transfers out	(24,870)	-	(279,801)	(304,671)
Other transactions	(3,000)	-	-	(3,000)
Total Other Financing Sources (Uses)	323,360	2,239,762	407,507	2,970,629
Net Change in Fund Balances	(926,000)	2,156,540	(6,429)	1,224,111
Fund Balances, Beginning of Year	2,870,567	-	515,991	3,386,558
Fund Balances, End of Year	\$ 1,944,567	\$ 2,156,540	\$ 509,562	\$ 4,610,669

See accompanying notes to basic financial statements.

GODFREY-LEE 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

Net change in fund balances - total governmental funds		\$ 1,224,111
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
	Capital outlays	\$ 344,634
	Depreciation expense	<u>(832,538)</u>
		(487,904)
As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead considered unearned tax revenues. They are, however, recorded as revenues in the Statement of Activities.		(1,377)
Bond premium is amortized over the life of the new bond issue on the Statement of Activities.		(38,570)
Losses on advanced bond refundings are amortized over the life of the new bond issue on the Statement of Activities.		(26,726)
Proceeds from the sale of bonds, loans, or capital leases are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position.		(3,077,178)
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:		
Repayment of bonds	1,080,000	
Repayment of Durant non-plaintiff bonds	20,955	
Repayment of capital leases	<u>107,295</u>	1,208,250
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.		2,478
In the Statement of Net Position, early retirement incentive, severance pay and accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$268,867) exceeded the amounts used/paid (\$161,366).		<u>(107,501)</u>
Total changes in net position - governmental activities		<u><u>\$(1,304,417)</u></u>

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 1,156,621	\$ 1,151,362	\$ 1,124,175	\$ (27,187)
State sources	13,154,298	13,730,073	13,602,731	(127,342)
Federal sources	2,158,846	2,773,850	2,437,092	(336,758)
Interdistrict sources	1,150,000	1,241,519	1,277,135	35,616
Total Revenues	17,619,765	18,896,804	18,441,133	(455,671)
Expenditures				
Current:				
Instruction:				
Basic programs	8,246,012	8,852,365	8,713,626	138,739
Added needs	2,698,414	3,038,221	2,851,359	186,862
Adult education	118,923	119,648	119,421	227
Supporting services:				
Pupil services	1,390,831	1,421,514	1,394,286	27,228
Instructional staff services	1,181,538	1,531,604	1,426,220	105,384
General administrative services	350,393	350,904	345,010	5,894
School administrative services	1,147,597	1,134,228	1,085,628	48,600
Business services	315,431	335,653	331,543	4,110
Operation and maintenance services	1,228,830	1,245,025	1,234,618	10,407
Pupil transportation services	482,885	547,090	550,279	(3,189)
Central services	683,384	597,010	922,085	(325,075)
Other supporting services	283,677	281,183	279,737	1,446
Community services	305,098	375,098	339,017	36,081
Debt service	-	97,664	97,664	-
Total Expenditures	18,433,013	19,927,207	19,690,493	236,714
Excess (Deficiency) of Revenues Over Expenditures	(813,248)	(1,030,403)	(1,249,360)	(218,957)
Other Financing Sources (Uses)				
Capital lease proceeds	-	-	351,230	351,230
Transfers out	(15,000)	(24,870)	(24,870)	-
Other transactions	(2,626)	(3,000)	(3,000)	-
Total Other Financing Sources (Uses)	(17,626)	(27,870)	323,360	351,230
Net Change in Fund Balances	(830,874)	(1,058,273)	(926,000)	132,273
Fund Balances, Beginning of Year	2,870,567	2,870,567	2,870,567	-
Fund Balances, End of Year	\$ 2,039,693	\$ 1,812,294	\$ 1,944,567	\$ 132,273

See accompanying notes to basic financial statements.

GODFREY-LEE PUBLIC SCHOOLS
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2013

Assets

Cash equivalents, deposits and investments (Note B)	<u>\$ 78,793</u>
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Liabilities

Due to student groups	<u>\$ 78,793</u>
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See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

Note A – Summary of Significant Accounting Policies

Godfrey-Lee Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 1,804 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Godfrey-Lee Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental 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. The General Fund and the 2013 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

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.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Fund maintained by the District is the Food Service Special Revenue Fund.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Godfrey-Lee Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Godfrey-Lee Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Early Retirement Incentive/Severance Pay/Accumulated Sick Leave

Early retirement incentive, severance pay and accumulated sick leave at June 30, 2013 have been computed and recorded in the district-wide financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2013, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive, severance pay and accumulated sick leave amounted to \$270,000, \$43,000 and \$133,915, respectively.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

11. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

Governmental Accounting Standards Board (GASB) Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities* provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. Items previously reported as assets: losses on bond refundings and bond issuance costs are now reported as deferred outflows of resources and current year expenditures, respectively.

12. Fund Balance

As of July 1, 2010, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

The following policy has been adopted by the Board of Education in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services. This policy will ensure that the District maintains adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs.
- b. Secure and maintain investment grade bond ratings,
- c. Offset significant economic downturns or revenue shortfalls, and
- d. Provide funds for unforeseen expenditures related to emergencies.

Authority to Commit Fund Balances – Commitments will only be used for specific purposes pursuant to a formal action of the Board of Education. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Authority to Assign Fund Balances – The Board of Education delegates to the Superintendent or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Operational guidelines. The following guidelines address the classification and use of District fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance – The District will maintain a minimum unassigned fund balance in its General Fund ranging from 10 percent to 15 percent of the previous year’s budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies – when fund balance falls below the minimum 10 percent range, the following budgetary strategies shall be utilized by the District to replenish funding deficiencies:

- The District will reduce recurring expenditures to eliminate any structural deficit or,
- The District will increase revenues or pursue other funding sources, or,
- Some combination of the two options above

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13. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

14. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2013 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

GODFREY-LEE PUBLIC SCHOOLS
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Statement of Net Position:	
Governmental activities	\$ 2,943,928
Fiduciary Funds:	
Agency Fund	78,793
	\$ 3,022,721

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Huntington National Bank
2. Mercantile Bank

Cash equivalents consist of bank public funds checking accounts. Deposits consist of certificates of deposit.

June 30, 2013 balances are detailed as follows:

Cash equivalents	\$ 2,062,599
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Custodial Credit Risk Related to Cash Equivalents and Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's cash equivalents may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$2,062,599, and the bank balance was \$2,651,464. Of the bank balance, \$570,313 was covered by federal depository insurance, and \$2,081,151 was uninsured and uncollateralized.

Investments

As of June 30, 2013, the District had the following investments:

	Carrying Amount	Bank Balances
Surplus Funds Investment Pool Accounts:		
Huntington National Bank Investment Sweep Account	\$ 960,122	\$ 960,122

The Huntington National Bank Investment Sweep Account is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the State School Code. The pool is not regulated or registered with the Securities and Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2013. The pooled investment fund is not rated.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy minimizes custodial credit risk by limiting investments to the types of securities allowed by law. At June 30, 2013, the District had no investments that were subject to custodial credit risk.

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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy (and State law) requires that commercial paper be rated within the two highest classifications established by not less than two standard rating services at the time of purchase. Mutual fund investments must have a par share value intended to maintain a net asset value of at least \$1.00 per share.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy states "The purpose of the investments is to maximize the returns on the District's excess cash balances consistent with safety of those monies and with the desired liquidity of the investments." The District's investment policy also states that maturities do not exceed two (2) years from the date of purchase and that investment contracts are awarded using the District's bidding procedure.

Concentration of Credit Risk

The District's investment policy addresses concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by allowing up to one hundred percent of the available reserves to be invested in U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest. Excluding U.S. Government guaranteed investments, mutual funds and pooled investments, no single investment exceeded 5% of total investments at June 30, 2013.

Foreign Currency Risk

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

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2012 ad valorem State Education Taxes generated within the Godfrey-Lee Public School District, and paid to the State of Michigan, totaled \$659,429.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2012 and September, 2012. The 2012-13 "Foundation Allowance" for Godfrey-Lee Public Schools was \$7,004 for 1,801 "Full Time Equivalent" students, generating \$13,326,523 in state aid payments to the District of which \$2,559,153 was paid to the District in July and August, 2013 and included as "Due From Other Governmental Units" at June 30, 2013.

Property taxes for the District are levied July 1 (the tax lien date) by the City of Wyoming, and are due 75 days after the levy date. The taxes are then collected by the City and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

Tax Year	General	Debt Service	Building And Site	Total
2012	\$ 294	\$ 648	\$ 135	\$ 1,077
2011	69	5	—	74
2010	124	2,358	501	2,983
	\$ 487	\$ 3,011	\$ 636	\$ 4,134

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Taxes receivable are offset by deferred revenue in the General, Debt Service and Building and Site Funds of the District. Taxes uncollected after three years from the date of levy are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Godfrey-Lee Public Schools electors had previously approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2012.

The District levied 9.4789 mills in 2012 for debt service purposes and 1.9976 mills for the building and site (sinking) fund, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

Note D – Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing interfund receivables and payables at June 30, 2013 are detailed as follows:

	Due From	Due To
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ —	\$ 127,740
Special Revenue Fund:		
Food Service Fund:		
General Fund	127,740	—
Total All Funds	\$ 127,740	\$ 127,740

GODFREY-LEE PUBLIC SCHOOLS
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The General Fund owed \$127,740 to the Food Service Fund for claims reimbursement at year end.

Operating transfers between funds during the year ended June 30, 2013 were as follows:

	Transfers In	Transfers Out
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ —	\$ 13,870
Capital Projects Fund:		
Building & Site Fund	—	11,000
	—	24,870
Special Revenue Fund:		
Food Service Fund:		
General Fund	13,870	—
Debt Service Funds:		
2003 Debt Service Fund:		
2005-A Debt Service Fund	—	8,909
2005-A Debt Service Fund:		
2003 Debt Service Fund	8,909	—
2010 Energy Conservation Debt Service Fund:		
Building and Site Fund	270,892	—
	279,801	8,909
Capital Projects Funds:		
Building and Site Fund:		
General Fund	11,000	—
2010 Energy Conservation Debt Service Fund	—	270,892
	11,000	270,892
 Total All Funds	 \$ 304,671	 \$ 304,671

The General Fund transferred \$13,870 to the Food Service Fund for State Aid payments, and \$11,000 to the Building and Site Fund to support the annual bond payment. The 2003 Debt Service Fund transferred \$8,909 to the 2005 Debt Service Fund to close the fund. The Building and Site Fund transferred \$270,892 to the 2010 Energy Conservation Debt Service Fund to cover 2012-13 debt service requirements.

GODFREY-LEE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balances</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 618,754	\$ —	\$ —	\$ 618,754
Construction in progress	11,738	52,207	—	63,945
Total capital assets not being depreciated	<u>630,492</u>	<u>52,207</u>	<u>—</u>	<u>682,699</u>
Capital assets being depreciated:				
Land improvements	1,743,050	—	—	1,743,050
Buildings and additions	22,744,355	—	—	22,744,355
Furniture and equipment	1,539,814	292,427	—	1,832,241
Vehicles	252,517	—	—	252,517
Equipment under capital leases	211,865	—	88,560	123,305
Total capital assets being depreciated	<u>26,491,601</u>	<u>\$ 292,427</u>	<u>\$ 88,560</u>	<u>26,695,468</u>
Less accumulated depreciation for:				
Land improvements	\$ 1,115,419	\$ 79,709	\$ —	\$ 1,195,128
Buildings and additions	5,678,764	628,255	—	6,307,019
Furniture and equipment	1,274,989	108,257	—	1,383,246
Vehicles	220,725	8,590	—	229,315
Assets under capital leases	141,010	7,727	88,560	60,177
Total accumulated depreciation	<u>8,430,907</u>	<u>\$ 832,538</u>	<u>\$ 88,560</u>	<u>9,174,885</u>
Total capital assets being depreciated, net	<u>18,060,694</u>			<u>17,520,583</u>
Net Capital Assets	<u>\$ 18,691,186</u>			<u>\$ 18,203,282</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 589,737
Supporting services	157,858
Community services	34,642
Food service	<u>50,301</u>
	<u>\$ 832,538</u>

Note F – Long-term Debt

Changes in long-term debt for the year ended June 30, 2013 are summarized as follows:

GODFREY-LEE PUBLIC SCHOOLS
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	Debt Outstanding July 1, 2012	Debt Added	Debt Retired	Debt Outstanding June 30, 2013
General obligation bonds:				
March 26, 2003	\$ 175,000	\$ —	\$ 175,000	\$ —
March 10, 2005	8,815,000	—	580,000	8,235,000
February 1, 2006	2,895,000	—	90,000	2,805,000
May 11, 2009	795,000	—	30,000	765,000
March 12, 2010	1,615,000	—	205,000	1,410,000
June 25, 2013	—	2,200,000	—	2,200,000
Bond premium	18,244	39,762	1,192	56,814
Durant non-plaintiff bonds:				
November 13, 1998	20,955	—	20,955	—
State school bond loan	3,497,774	525,948	—	4,023,722
Capital leases	34,277	351,230	107,295	278,212
Early retirement incentive	170,000	240,000	140,000	270,000
Severance pay	39,080	5,480	1,560	43,000
Accumulated sick leave	130,334	23,387	19,806	133,915
	<u>\$ 18,205,664</u>	<u>\$ 3,385,807</u>	<u>\$ 1,370,808</u>	<u>\$ 20,220,663</u>

Long-term debt outstanding at June 30, 2013 is comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$11,505M General Obligation Refunding March 10, 2005:				
Principal maturities from \$580K to \$590K	May 1, 2027	4.00 – 5.00	\$8,235,000	\$ 585,000
\$3,325M Building and Site February 1, 2006:				
Principal maturities from \$105K to \$215K	May 1, 2030	3.50 – 4.25	2,805,000	105,000
\$875M General Obligation Refunding May 11, 2009:				
Principal maturities from \$35K to \$60K	May 1, 2029	3.75 – 5.00	765,000	35,000
\$1,990M General Obligation Refunding March 12, 2010:				
Principal maturities from \$215K to \$255K	March 1, 2019	4.08	1,410,000	215,000
\$2,200M Building and Site June 25, 2013:				
Principal maturities from \$80K to \$145K	May 1, 2033	2.00 – 4.00	2,200,000	80,000
Bond premium			56,814	3,180
Capital Leases				
\$38,640 Equipment August 31, 2009	August 31, 2014	N/A	9,016	7,728
\$21,600 Equipment August 1, 2011	August 31, 2014	N/A	7,800	7,200
\$351,230 Equipment June 11, 2012	July 15, 2015	N/A	261,396	85,497
Other Obligations				
State school bond loan			4,023,722	—
Early retirement incentive			270,000	170,000
Severance pay			43,000	1,500
Accumulated sick leave			133,915	20,000
			<u>\$20,220,663</u>	<u>\$ 1,315,105</u>

GODFREY-LEE PUBLIC SCHOOLS
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The District is required to obtain loans from the Michigan School Bond Loan Fund (the “Fund”) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed \$382,637 from the Fund and \$143,311 of accrued interest was added to the District’s liability to the Fund. At June 30, 2013, the District owed the Fund a total of \$4,023,722.

The annual requirements to pay principal and interest on long-term bonds, notes and capital leases outstanding are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,120,425	\$ 639,866	\$ 1,760,291
2015	1,134,010	602,884	1,736,894
2016	1,138,777	555,345	1,694,122
2017	1,075,000	513,163	1,588,163
2018	1,085,000	471,730	1,556,730
2019	1,115,000	428,957	1,543,957
2020	880,000	385,155	1,265,155
2021	885,000	349,961	1,234,961
2022	915,000	313,498	1,228,498
2023	925,000	275,161	1,200,161
2024	935,000	235,888	1,170,888
2025	950,000	195,126	1,145,126
2026	960,000	153,764	1,113,764
2027	975,000	110,599	1,085,599
2028	405,000	66,812	471,812
2029	410,000	49,475	459,475
2030	355,000	31,938	386,938
2031	140,000	17,200	157,200
2032	145,000	11,600	156,600
2033	145,000	5,800	150,800
	\$ 15,693,212	\$ 5,413,922	\$21,107,134

Note G – Retirement Plan

Plan Description

Substantially all District employees participate in the Michigan Public District Employees’ Retirement System (MPERS) (the “System”), a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement system governed by the State of Michigan. The District payroll for employees covered by MPERS for the year ended June 30, 2013 was \$9,448,482. The System provides retirement, survivor and disability benefits to plan members and their beneficiaries. The System also provides all retirees with the option of receiving health, dental and vision coverage.

GODFREY-LEE PUBLIC SCHOOLS
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Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2012 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

Public Act 75 of 2010 defines anyone who became a member of MPSERS after June 30, 2010 as a *Pension Plus* member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 9.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions.

Public Act 300 of 2012 grants all active members who first become a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012. Under this reform, members voluntarily chose to increase, maintain, or stop their contributions based on four options offered by the System.

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

Benefit Provisions

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 2012, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of credited service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants. The Pension Plus hybrid plan pairs a guaranteed retirement income (Defined Benefit) with a flexible and transferable retirement savings (Defined Contribution) account.

Regular retirement:

- Basic members who may retire at age 55 with 30 or more years of credited service; or at age 60 with 10 or more years of credited service.
- Member Investment Plan (MIP) members who may retire at any age with 30 or more years of credited service; at age 60 with 10 or more years of credited service; or at age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.
- Pension Plus Plan members (who became members of MPSERS on or after July 1, 2010) who may retire at age 60 with 10 or more years of credited service.

Early retirement:

- Any member may retire with an early permanently reduced pension after completing at least 15 but less than 30 years of credited services; and after attaining age 55; and with credited service in each of the 5 school years immediately preceding the pension effective date.

GODFREY-LEE PUBLIC SCHOOLS
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Member Contributions

Member contribution rates vary based on date of hire and certain voluntary elections. Basic Plan members make no contributions. MIP members enrolled prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987, through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Employer Contributions

Districts in the State of Michigan are required to contribute the full actuarial funding contribution amount to fund pension benefits, at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS. The District's contributions to the plan (including the retiree healthcare plan) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$2,413,594, \$2,053,505, and \$1,798,663, respectively. The contribution rates for the fiscal year ranged from 12.46% to 16.89% of gross wages.

Pension Plan Status

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS does not make separate measurements of assets and actuarial accrued liability for individual Districts, instead using the aggregate actuarial cost method. The actuarial accrued liability at September 30, 2011 (the latest reporting date available) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date was \$63.4 billion. Net assets available for retirement benefits on that date were \$41.0 billion leaving an unfunded actuarial accrued liability of \$22.4 billion. The total unfunded actuarial accrued liability increased by \$4.8 billion from September 30, 2010 to September 30, 2011. At September 30, 2011 the funded ratio of actuarial accrued liability was 64.7%; covered payroll totaled \$9.2 billion, and unfunded actuarial accrued liability was 244.5% of covered payroll.

Other Postemployment Benefits

Plan Description and Employee Contributions

Benefit provisions of the post-employment healthcare plan are established by State statute which may be amended. Retirees have the option of health coverage, which, through 2012, is currently funded on a cash disbursement basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

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Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Public Act 300 of 2012 granted all active members of MPSERS a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012.

Members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their Section 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) account no later than their first pay date after February 1, 2013.

Members who did not make an election before the deadline retain the subsidy benefit and continue making the 3% contribution toward retiree healthcare.

Members who elected to retain the premium subsidy continue to annually contribute 3% of compensation into the healthcare funding account. A member or former member age 60 or older, who made the 3% healthcare contributions but who does not meet the eligibility requirements may request a refund of their contributions.

Under Public Act 300 of 2012, the State no longer offers an insurance premium subsidy in retirement for public school employees who first work on or after September 4, 2012. Instead all new employees will be placed into the Personal Healthcare Fund where they will have support saving for retirement healthcare costs in the following ways:

- They will be automatically enrolled in a 2% employee contribution into a Section 457 account as of their date of hire, earning them a 2% employer match into a 401(k) account.
- They will receive a credit into a Health Reimbursement Account (HRA) at termination if they have at least 10 years of service at termination. The credit will be \$2,000 for participants who are at least 60 years of age at termination or \$1,000 for participants who are less than 60 years of age at termination.

Employer contributions

Required contributions for post-employment health care benefits were 8.5% of covered payroll for the fiscal year ended June 30, 2013.

Post-employment Plan Status

At September 30, 2011, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole was \$27.0 billion. The MPSERS net assets available for these benefits were \$1,155.9 million leaving an unfunded actuarial accrued liability of \$25.9 billion. At September 30, 2011, the funded ratio of actuarial liability was 4.3%; covered payroll totaled \$9.2 billion, and unfunded actuarial liability was 282.8% of covered payroll.

GODFREY-LEE PUBLIC SCHOOLS
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Note H – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,125,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$46,711 in premiums to the Trust for the year ended June 30, 2013.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$1,989,413 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2013, there were no material pending claims against the District. The District paid \$70,099 in premiums to the Fund for the year ended June 30, 2013.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note I – Stewardship, Compliance and Accountability

The following District fund had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2013, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Current:			
Supporting services:			
Pupil transportation	\$ 547,090	\$ 550,279	\$ 3,189
Central services	597,010	922,085	325,075

Note J – Restatement of Net Position

The District adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, at July 1, 2012. In addition to the revised classification and description of certain financial elements in the financial statements, the implementation of Statement No. 65 resulted in the elimination of bond issuance costs as an asset, instead, now being deducted in the year the costs were incurred. As a result of this change, beginning Net Position of governmental activities in the Basic Financial Statements decreased by \$215,702.

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2013 and 2012

Assets	2013	2012
Cash	\$ 350	\$ 350
Cash equivalents, deposits and investments	402,949	1,387,114
Receivables:		
Taxes	487	276
Accounts	61,863	43,879
Due from other funds	-	1,500
Due from other governmental units	3,430,248	2,819,350
Prepaid expenditures	39,832	38,354
	\$ 3,935,729	\$ 4,290,823
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 90,319	\$ 27,132
Due to other funds	127,740	-
Due to other governmental units	778,403	492,145
Salaries payable	882,846	782,091
Unearned revenue	111,854	118,888
	1,991,162	1,420,256
Fund Balances		
Nonspendable	39,832	38,354
Unassigned	1,904,735	2,832,213
	1,944,567	2,870,567
	\$ 3,935,729	\$ 4,290,823

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2013 and 2012

	2013	2012
Local sources:		
Property taxes:		
Current property taxes	\$ 863,825	\$ 883,844
Delinquent property taxes	40	230
Other property taxes	22,160	16,750
Interest on delinquent taxes	7,281	8,449
	<u>893,306</u>	<u>909,273</u>
Interest earnings:		
Interest on deposits and investments	1,252	3,315
Revenue from student activities:		
Athletic events	9,867	11,078
Other local revenue:		
Tuition	1,390	1,100
Universal service credit	159,222	43,879
Rental of school facilities	4,500	3,100
Donations	24,315	543
Sale of assets	1	53
Reimbursements	-	2,980
Refunds of expenditures	16,452	25,557
Miscellaneous	13,870	30,290
	<u>219,750</u>	<u>107,502</u>
Total local sources	1,124,175	1,031,168
State sources:		
State aid	13,215,456	12,731,380
Special education - itinerants	78,581	15,205
Special education - transportation	292,926	144,946
CTE transportation reimbursement	12,800	380,800
SPLASH	2,458	7,132
Other	510	-
	<u>13,602,731</u>	<u>13,279,463</u>
Total state sources	13,602,731	13,279,463
Federal sources:		
Education jobs program	-	27,572
School improvement grant - ARRA	1,047,745	772,213
Title I	591,317	626,444
Title IIA	51,762	49,185
Title III	155,762	152,498
Adult basic education	43,500	-
I.D.E.A. program	305,660	350,519
Drug free schools	-	5,995
Medicaid - school based	4,374	890
Team 21 grant	52,769	52,988
Safe and supportive schools	131,347	98,661
TANF grant	-	15,812
Learn and serve grant	52,856	8,701
McKinney Vento homeless grant	-	651
	<u>2,437,092</u>	<u>2,162,129</u>
Total federal sources	2,437,092	2,162,129

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Interdistrict sources:		
Special education - county	\$ 1,000,085	\$ 1,025,736
Vocational education	-	3,444
Medicaid fee for service	274,616	181,222
McKinney Vento homeless grant	2,434	-
Total interdistrict sources	<u>1,277,135</u>	<u>1,210,402</u>
Total Revenues	<u><u>\$ 18,441,133</u></u>	<u><u>\$ 17,683,162</u></u>

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2013 and 2012

	2013	2012
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 2,693,704	\$ 2,404,508
Employee benefits	1,583,124	1,383,612
Purchased services	65,581	74,580
Supplies	65,268	38,615
Miscellaneous	244	250
	<u>4,407,921</u>	<u>3,901,565</u>
Middle school:		
Salaries	962,133	881,458
Employee benefits	568,664	526,287
Purchased services	38,716	25,655
Supplies	35,434	14,833
Capital outlay	849	-
Miscellaneous	500	240
	<u>1,606,296</u>	<u>1,448,473</u>
High school:		
Salaries	1,556,093	1,437,250
Employee benefits	905,448	806,751
Purchased services	95,143	71,565
Supplies	57,762	42,656
Capital outlay	849	7,530
Miscellaneous	108	419
	<u>2,615,403</u>	<u>2,366,171</u>
Preschool:		
Salaries	-	220,172
Employee benefits	-	109,668
Purchased services	-	17,265
Supplies	-	1,285
Miscellaneous	-	145
	<u>-</u>	<u>348,535</u>
Summer school:		
Salaries	52,567	9,493
Employee benefits	17,235	2,738
Supplies	14,204	427
	<u>84,006</u>	<u>12,658</u>
Total basic programs	<u>8,713,626</u>	<u>8,077,402</u>
Added needs:		
Special education:		
Salaries	656,360	673,442
Employee benefits	407,141	431,065
Purchased services	21,682	23,482
Supplies	2,010	1,969
Payments to other districts	429,052	526,087
	<u>1,516,245</u>	<u>1,656,045</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2013 and 2012

	2013	2012
Compensatory education:		
Salaries	\$ 624,122	\$ 675,770
Employee benefits	305,372	337,786
Purchased services	230,037	271,166
Supplies	167,955	76,735
Capital outlay	-	28,893
	<u>1,327,486</u>	<u>1,390,350</u>
Career and technology education:		
Salaries	600	600
Employee benefits	195	196
Supplies	6,833	8,744
	<u>7,628</u>	<u>9,540</u>
Total added needs	2,851,359	3,055,935
Adult education services:		
Basic:		
Salaries	77,092	76,592
Employee benefits	40,029	40,731
Purchased services	-	620
Supplies	465	363
Miscellaneous	1,835	330
Total adult education services	<u>119,421</u>	<u>118,636</u>
Total instruction	11,684,406	11,251,973
Supporting services:		
Pupil services:		
Attendance services:		
Salaries	75,910	75,660
Employee benefits	43,881	43,041
	<u>119,791</u>	<u>118,701</u>
Guidance services:		
Salaries	236,062	225,550
Employee benefits	129,991	94,279
Supplies	400	2,673
	<u>366,453</u>	<u>322,502</u>
Health services:		
Salaries	-	14,153
Employee benefits	-	5,581
Purchased services	43,697	42,632
Supplies	150	120
Payments to other districts	28,544	28,279
	<u>72,391</u>	<u>90,765</u>
Psychological services:		
Salaries	25,557	-
Employee benefits	2,089	-
Supplies	620	576
Payments to other districts	38,533	61,284
	<u>66,799</u>	<u>61,860</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2013 and 2012

	2013	2012
Speech pathology services:		
Purchased services	\$ -	\$ 1,090
Supplies	514	640
Payments to other districts	267,650	274,754
	<u>268,164</u>	<u>276,484</u>
Social worker services:		
Supplies	100	80
Payments to other districts	190,954	108,313
	<u>191,054</u>	<u>108,393</u>
Visual aid services:		
Supplies	768	-
Teacher consultant services:		
Salaries	46,338	46,213
Employee benefits	20,466	20,575
Supplies	100	25
	<u>66,904</u>	<u>66,813</u>
Other pupil services:		
Salaries	165,891	148,809
Employee benefits	67,182	56,224
Purchased services	8,889	13,498
	<u>241,962</u>	<u>218,531</u>
Total pupil services	1,394,286	1,264,049
Instructional staff services:		
Improvement of instruction:		
Salaries	237,769	150,598
Employee benefits	103,312	53,391
Purchased services	519,764	370,123
Supplies	4,223	72
	<u>865,068</u>	<u>574,184</u>
Educational media services:		
Salaries	74,130	71,715
Employee benefits	43,854	43,667
Supplies	-	3,570
Miscellaneous	-	79
	<u>117,984</u>	<u>119,031</u>
Educational television:		
Miscellaneous	2,095	2,100
Instruction related technology:		
Salaries	32,091	23,951
Employee benefits	21,352	7,920
Purchased services	15,150	10,200
Supplies	-	646
Capital outlay	149,658	44,312
	<u>218,251</u>	<u>87,029</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2013 and 2012

	2013	2012
Supervision and direction of instruction:		
Salaries	\$ 138,667	\$ 140,478
Employee benefits	76,627	82,840
Purchased services	1,975	2,756
Supplies	1,723	1,590
Miscellaneous	210	260
	<u>219,202</u>	<u>227,924</u>
Shared time services:		
Salaries	1,234	-
Employee benefits	2,386	7,495
	<u>3,620</u>	<u>7,495</u>
Total instructional staff services	1,426,220	1,017,763
General administrative services:		
Board of education:		
Salaries	3,960	3,690
Employee benefits	476	444
Purchased services	35,590	45,361
Miscellaneous	21,474	15,704
	<u>61,500</u>	<u>65,199</u>
Executive administration:		
Salaries	173,413	170,739
Employee benefits	77,659	83,744
Purchased services	28,393	25,551
Supplies	941	888
Miscellaneous	3,104	1,786
	<u>283,510</u>	<u>282,708</u>
Total general administrative services	345,010	347,907
School administrative services:		
Office of the principal:		
Salaries	683,170	539,571
Employee benefits	383,348	367,315
Purchased services	14,040	11,335
Supplies	3,843	2,904
Miscellaneous	1,227	1,465
	<u>1,085,628</u>	<u>922,590</u>
Total school administrative services	1,085,628	922,590
Business services:		
Fiscal services:		
Salaries	194,109	183,598
Employee benefits	94,023	81,174
Purchased services	14,982	15,225
Supplies	3,726	1,451
Miscellaneous	1,223	861
	<u>308,063</u>	<u>282,309</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2013 and 2012

	2013	2012
Other business services:		
Employee benefits	\$ 223	\$ 104
Purchased services	15,592	14,957
Miscellaneous	7,665	9,553
	<u>23,480</u>	<u>24,614</u>
Total business services	331,543	306,923
Operation and maintenance services:		
Operation and maintenance:		
Salaries	215,758	214,423
Employee benefits	145,631	163,792
Purchased services	512,659	453,239
Supplies	252,869	246,699
Capital outlay	43,162	299
Miscellaneous	789	715
	<u>1,170,868</u>	<u>1,079,167</u>
Security:		
Purchased services	63,750	66,728
	<u>1,234,618</u>	<u>1,145,895</u>
Pupil transportation services:		
Pupil transportation:		
Salaries	78,569	94,408
Employee benefits	55,499	64,206
Purchased services	45,621	48,661
Supplies	15,553	22,028
Miscellaneous	180	390
Payments to other districts	354,857	334,214
	<u>550,279</u>	<u>563,907</u>
Central services:		
Staff/personnel services:		
Purchased services	8,258	3,298
Technology services:		
Salaries	116,158	97,886
Employee benefits	65,152	59,335
Purchased services	110,022	103,983
Supplies	3,153	1,079
Capital outlay	509,996	202,076
Miscellaneous	175	135
	<u>804,656</u>	<u>464,494</u>
Pupil accounting:		
Salaries	34,555	39,215
Employee benefits	29,099	28,479
	<u>63,654</u>	<u>67,694</u>
Other central services:		
Employee benefits	45,517	25,000
	<u>922,085</u>	<u>560,486</u>

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2013 and 2012

	2013	2012
Other supporting services:		
Athletics:		
Salaries	\$ 151,670	\$ 122,691
Employee benefits	55,822	44,595
Purchased services	33,377	67,872
Supplies	194	281
Capital outlay	29,393	24,582
Miscellaneous	9,281	10,572
Total other supporting services	<u>279,737</u>	<u>270,593</u>
Total supporting services	7,569,406	6,400,113
Community services:		
Community activities:		
Salaries	25,877	20,890
Employee benefits	8,400	6,830
Purchased services	166,347	101,747
Supplies	15,870	21,130
Miscellaneous	-	299
	<u>216,494</u>	<u>150,896</u>
Welfare activities:		
Purchased services	2,434	651
Supplies	-	864
	<u>2,434</u>	<u>1,515</u>
Non-public school pupils:		
Salaries	10,064	7,566
Employee benefits	3,288	2,364
Purchased services	22,112	8,600
Supplies	5,757	5,608
	<u>41,221</u>	<u>24,138</u>
Bilingual interpreters:		
Salaries	51,699	49,473
Employee benefits	17,047	15,811
Purchased services	1,500	-
Supplies	8,622	2,511
	<u>78,868</u>	<u>67,795</u>
Total community services	339,017	244,344
Capital outlay:		
Facilities acquisition	-	3,250
Interdistrict:		
Sub-grantee payments	-	2,013
Debt service:		
Principal repayment	97,034	6,600
Interest and fiscal charges	630	-
	<u>97,664</u>	<u>6,600</u>
Total Expenditures	<u><u>\$ 19,690,493</u></u>	<u><u>\$ 17,908,293</u></u>

NONMAJOR GOVERNMENTAL FUNDS

GODFREY-LEE PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2013

	Special Revenue	Debt		
	Food Service	2003	2005-A	2005-B
Assets				
Cash equivalents, deposits and investments	\$ 302,982	\$ -	\$ 58,524	\$ 9,000
Receivables:				
Taxes	-	-	2,506	385
Accounts	31,392	-	-	-
Due from other funds	127,740	-	-	-
Due from other governmental units	39,849	-	-	-
Inventory	16,967	-	-	-
Total Assets	\$ 518,930	\$ -	\$ 61,030	\$ 9,385
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 84,556	\$ -	\$ -	\$ -
Unearned revenue	-	-	2,506	385
Total Liabilities	84,556	-	2,506	385
Fund Balances				
Nonspendable	16,967	-	-	-
Restricted	417,407	-	58,524	9,000
Total Fund Balances	434,374	-	58,524	9,000
Total Liabilities and Fund Balances	\$ 518,930	\$ -	\$ 61,030	\$ 9,385

Service	2010 Energy Conservation	Durant	Capital Projects Building and Site	Total
2009				
\$ 2,790	\$ -	\$ -	\$ 4,874	\$ 378,170
- 120	-	-	636	3,647
	-	-	-	31,392
	-	-	-	127,740
	-	-	-	39,849
	-	-	-	16,967
<u>\$ 2,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,510</u>	<u>\$ 597,765</u>
\$ -	\$ -	\$ -	\$ -	\$ 84,556
- 120	-	-	636	3,647
<u>120</u>	<u>-</u>	<u>-</u>	<u>636</u>	<u>88,203</u>
-	-	-	-	16,967
<u>2,790</u>	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>492,595</u>
<u>2,790</u>	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>509,562</u>
<u>\$ 2,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,510</u>	<u>\$ 597,765</u>

GODFREY-LEE PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue	Debt		
	Food Service	2003	2005-A	2005-B
Revenues				
Local sources:				
Property taxes	\$ -	\$ 182,576	\$ 713,540	\$ 126,192
Interest earnings	266	70	279	50
Food sales	198,915	-	-	-
Total local sources	199,181	182,646	713,819	126,242
State sources	44,623	-	-	-
Federal sources	1,159,982	-	-	-
Total Revenues	1,403,786	182,646	713,819	126,242
Expenditures				
Current:				
Food service	1,409,524	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	175,000	580,000	90,000
Interest and fiscal charges	-	6,335	389,358	117,207
Total Expenditures	1,409,524	181,335	969,358	207,207
Excess (Deficiency) of Revenues Over Expenditures	(5,738)	1,311	(255,539)	(80,965)
Other Financing Sources (Uses)				
Loan proceeds	-	-	271,932	84,091
Transfers in	13,870	-	8,909	-
Transfers out	-	(8,909)	-	-
Total Other Financing Sources (Uses)	13,870	(8,909)	280,841	84,091
Net Change in Fund Balances	8,132	(7,598)	25,302	3,126
Fund Balances, Beginning of Year	426,242	7,598	33,222	5,874
Fund Balances, End of Year	\$ 434,374	\$ -	\$ 58,524	\$ 9,000

Service	2010 Energy Conservation	Durant	Capital Projects Building and Site	Total
2009				
\$ 40,125	\$ -	\$ -	\$ 223,891	\$ 1,286,324
17	-	-	30	712
-	-	-	-	198,915
40,142	-	-	223,921	1,485,951
-	-	21,953	-	66,576
-	-	-	-	1,159,982
40,142	-	21,953	223,921	2,712,509
-	-	-	-	1,409,524
-	-	-	343	343
30,000	205,000	20,955	-	1,100,955
35,833	65,892	998	-	615,623
65,833	270,892	21,953	343	3,126,445
(25,691)	(270,892)	-	223,578	(413,936)
26,614	-	-	-	382,637
-	270,892	-	11,000	304,671
-	-	-	(270,892)	(279,801)
26,614	270,892	-	(259,892)	407,507
923	-	-	(36,314)	(6,429)
1,867	-	-	41,188	515,991
\$ 2,790	\$ -	\$ -	\$ 4,874	\$ 509,562

GODFREY-LEE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2013

	Budget	Actual	Variance
Revenues			
Local sources	\$ 189,600	\$ 199,181	\$ 9,581
State sources	44,623	44,623	-
Federal sources	1,109,910	1,159,982	50,072
Total Revenues	<u>1,344,133</u>	<u>1,403,786</u>	<u>59,653</u>
Expenditures			
Current:			
Food service	1,424,864	1,409,524	15,340
Total Expenditures	<u>1,424,864</u>	<u>1,409,524</u>	<u>15,340</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80,731)</u>	<u>(5,738)</u>	<u>15,340</u>
Other Financing Sources			
Transfers in	13,870	13,870	-
Net Change in Fund Balances	(66,861)	8,132	74,993
Fund Balances, Beginning of Year	<u>426,242</u>	<u>426,242</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 359,381</u></u>	<u><u>\$ 434,374</u></u>	<u><u>\$ 74,993</u></u>

SPECIAL REVENUE FUND

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

GODFREY-LEE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2013 and 2012

	2013	2012
Assets		
Cash equivalents, deposits and investments	\$ 302,982	\$ 394,758
Accounts receivable	31,392	17,814
Due from other funds	127,740	-
Due from other governmental units	39,849	54,764
Inventory	16,967	16,206
Total Assets	\$ 518,930	\$ 483,542
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 84,556	\$ 55,800
Due to other funds	-	1,500
Total Liabilities	84,556	57,300
Fund Balances		
Nonspendable	16,967	16,206
Restricted	417,407	410,036
Total Fund Balances	434,374	426,242
Total Liabilities and Fund Balances	\$ 518,930	\$ 483,542

GODFREY-LEE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 266	\$ 648
Food sales:		
Children's lunches	-	2,173
Adult lunches	5,785	4,272
Ala carte	25,271	15,285
Banquets	104,779	87,126
Donations	2,000	-
Other	61,080	62,777
	<u>198,915</u>	<u>171,633</u>
Total local sources	199,181	172,281
State sources	44,623	38,619
Federal sources	1,159,982	1,156,650
	<u>1,403,786</u>	<u>1,367,550</u>
Total Revenues		
Expenditures		
Current:		
Food service:		
Purchased services	521,345	501,858
Supplies	694,329	681,373
Capital outlay	157,873	46,409
Miscellaneous	35,977	41,805
	<u>1,409,524</u>	<u>1,271,445</u>
Total Expenditures		
	1,409,524	1,271,445
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,738)</u>	<u>96,105</u>
Other Financing Sources		
Transfers in	13,870	-
	<u>13,870</u>	<u>-</u>
Net Change in Fund Balances	8,132	96,105
Fund Balances, Beginning of Year	<u>426,242</u>	<u>330,137</u>
Fund Balances, End of Year	<u>\$ 434,374</u>	<u>\$ 426,242</u>

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DEBT SERVICE FUNDS

Debt Service Funds—to accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

GODFREY-LEE PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2013

	<u>2003</u>	<u>2005-A</u>	<u>2005-B</u>
Assets			
Cash equivalents, deposits and investments	\$ -	\$ 58,524	\$ 9,000
Taxes receivables	-	2,506	385
Total Assets	<u>\$ -</u>	<u>\$ 61,030</u>	<u>\$ 9,385</u>
Liabilities and Fund Balances			
Liabilities			
Unearned revenue	\$ -	\$ 2,506	\$ 385
Fund Balances			
Restricted	-	58,524	9,000
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 61,030</u>	<u>\$ 9,385</u>

2009	2010 Energy Conservation	Durant	Totals	
			2013	2012
\$ 2,790	\$ -	\$ -	\$ 70,314	\$ 48,561
120		-	3,011	4,319
<u>\$ 2,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,325</u>	<u>\$ 52,880</u>
\$ 120	\$ -	\$ -	\$ 3,011	\$ 4,319
2,790	-	-	70,314	48,561
<u>\$ 2,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,325</u>	<u>\$ 52,880</u>

GODFREY-LEE PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013

	<u>2003</u>	<u>2005-A</u>	<u>2005-B</u>
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 178,914	\$ 699,208	\$ 123,654
Industrial facilities taxes	2,043	7,983	1,412
Delinquent property taxes	303	1,206	216
Interest on delinquent taxes	1,316	5,143	910
	<u>182,576</u>	<u>713,540</u>	<u>126,192</u>
Interest earnings:			
Interest on deposits and investments	70	279	50
Total local sources	<u>182,646</u>	<u>713,819</u>	<u>126,242</u>
State sources:			
State aid	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>182,646</u>	<u>713,819</u>	<u>126,242</u>
Expenditures			
Debt service:			
Principal repayment	175,000	580,000	90,000
Interest and fiscal charges:			
Interest expense	5,863	388,187	116,813
Paying agent fees	250	241	225
Tax refunds	222	930	169
	<u>181,335</u>	<u>969,358</u>	<u>207,207</u>
Total Expenditures	<u>181,335</u>	<u>969,358</u>	<u>207,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,311</u>	<u>(255,539)</u>	<u>(80,965)</u>
Other Financing Sources (Uses)			
Loan proceeds	-	271,932	84,091
Transfers in	-	8,909	-
Transfers out	(8,909)	-	-
	<u>(8,909)</u>	<u>280,841</u>	<u>84,091</u>
Total Other Financing Sources (Uses)	<u>(8,909)</u>	<u>280,841</u>	<u>84,091</u>
Net Change in Fund Balances	<u>(7,598)</u>	<u>25,302</u>	<u>3,126</u>
Fund Balances, Beginning of Year	<u>7,598</u>	<u>33,222</u>	<u>5,874</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 58,524</u>	<u>\$ 9,000</u>

2009	2010 Energy Conservation	Durant	Totals	
			2013	2012
\$ 39,315	\$ -	\$ -	\$ 1,041,091	\$ 1,097,770
449	-	-	11,887	11,165
72	-	-	1,797	735
289	-	-	7,658	7,885
<u>40,125</u>	<u>-</u>	<u>-</u>	<u>1,062,433</u>	<u>1,117,555</u>
17	-	-	416	1,328
<u>40,142</u>	<u>-</u>	<u>-</u>	<u>1,062,849</u>	<u>1,118,883</u>
-	-	21,953	21,953	21,953
<u>40,142</u>	<u>-</u>	<u>21,953</u>	<u>1,084,802</u>	<u>1,140,836</u>
30,000	205,000	20,955	1,100,955	1,070,003
35,678	65,892	998	613,431	654,658
100	-	-	816	816
55	-	-	1,376	31,672
<u>65,833</u>	<u>270,892</u>	<u>21,953</u>	<u>1,716,578</u>	<u>1,757,149</u>
<u>(25,691)</u>	<u>(270,892)</u>	<u>-</u>	<u>(631,776)</u>	<u>(616,313)</u>
26,614	-	-	382,637	315,700
-	270,892	-	279,801	268,870
-	-	-	(8,909)	-
<u>26,614</u>	<u>270,892</u>	<u>-</u>	<u>653,529</u>	<u>584,570</u>
923	-	-	21,753	(31,743)
1,867	-	-	48,561	80,304
<u>\$ 2,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,314</u>	<u>\$ 48,561</u>

CAPITAL PROJECTS FUNDS

Building and Site—to account for property tax revenues and interest earnings used to finance building improvements projects.

2013 Construction—to account for bond proceeds used to finance technology and building improvement projects.

GODFREY-LEE PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2013 and 2012

	2013	2012
Assets		
Cash equivalents, deposits and investments	\$ 4,874	\$ 41,188
Taxes receivable	636	916
Total Assets	\$ 5,510	\$ 42,104
 Liabilities and Fund Balances		
Liabilities		
Unearned revenue	\$ 636	\$ 916
Fund Balances		
Restricted	4,874	41,188
Total Liabilities and Fund Balances	\$ 5,510	\$ 42,104

GODFREY-LEE PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2013 and 2012

	2013	2012
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 219,392	\$ 232,177
Industrial facilities taxes	2,505	2,361
Delinquent property taxes	380	156
Interest on delinquent taxes	1,614	1,668
Total property taxes	223,891	236,362
Interest earnings:		
Interest on deposits and investments	30	50
Total Revenues	223,921	236,412
Expenditures		
Other business services:		
Taxes abated and written off	343	6,714
Excess of Revenues Over Expenditures	223,578	229,698
Other Financing Sources (Uses)		
Transfers in	11,000	70,084
Transfers out	(270,892)	(268,870)
Total Other Financing Sources (Uses)	(259,892)	(198,786)
Net Change in Fund Balances	(36,314)	30,912
Fund Balances, Beginning of Year	41,188	10,276
Fund Balances, End of Year	\$ 4,874	\$ 41,188

GODFREY-LEE PUBLIC SCHOOLS
2013 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2013 and 2012

	2013	2012
Assets		
Cash equivalents, deposits and investments	\$ 2,162,809	\$ -
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 6,269	\$ -
Fund Balances		
Restricted	2,156,540	-
Total Liabilities and Fund Balances	\$ 2,162,809	\$ -

GODFREY-LEE PUBLIC SCHOOLS
2013 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 19	\$ -
Expenditures		
Debt service:		
Bond issuance costs	38,253	-
Underwriter's discount	44,988	-
Total Expenditures	<u>83,241</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(83,222)</u>	<u>-</u>
Other Financing Sources		
Bonds issued	2,200,000	-
Bond premium	39,762	-
Total Other Financing Sources	<u>2,239,762</u>	<u>-</u>
Net Change in Fund Balances	2,156,540	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 2,156,540</u></u>	<u><u>\$ -</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

GODFREY-LEE PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2013

	<u>Balances</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2013</u>
Assets				
Cash equivalents, deposits and investments	<u>\$ 65,178</u>	<u>\$ 133,999</u>	<u>\$ 120,384</u>	<u>\$ 78,793</u>
Liabilities				
Due to student groups	<u>\$ 65,178</u>	<u>\$ 133,999</u>	<u>\$ 120,384</u>	<u>\$ 78,793</u>

OTHER INFORMATION

GODFREY-LEE PUBLIC SCHOOLS
Summary of 2012 Taxes Levied and Collected
For the year ended June 30, 2013

	City of Wyoming
Taxable Valuations	
Operating	\$ 46,544,648
Debt Service/Building and Site	109,904,758
Rates (Mills)	
General Fund	18.0000
2003 Debt Service Fund	1.6289
2005-A Debt Service Fund	6.3660
2005-B Debt Service Fund	1.1260
2009 Debt Service Fund	0.3580
Building and Site Fund	1.9976
	29.4765
Taxes Levied 2012 Rolls	
General Fund	\$ 864,119
2003 Debt Service Fund	179,024
2005-A Debt Service Fund	699,647
2005-B Debt Service Fund	123,729
2009 Debt Service Fund	39,339
Building and Site Fund	219,527
	2,125,385
Taxes Uncollected 2012 Rolls	
General Fund	294
2003 Debt Service Fund	110
2005-A Debt Service Fund	439
2005-B Debt Service Fund	75
2009 Debt Service Fund	24
Building and Site Fund	135
	1,077
Taxes Collected 2012 Rolls	
General Fund	863,825
2003 Debt Service Fund	178,914
2005-A Debt Service Fund	699,208
2005-B Debt Service Fund	123,654
2009 Debt Service Fund	39,315
Building and Site Fund	219,392
	2,124,308
Delinquent Taxes Collected	
General Fund	40
2003 Debt Service Fund	303
2005-A Debt Service Fund	1,201
2005-B Debt Service Fund	216
2009 Debt Service Fund	72
Building and Site Fund	380
	2,212

(Continued)

GODFREY-LEE PUBLIC SCHOOLS
Summary of 2012 Taxes Levied and Collected
For the year ended June 30, 2013

	City of Wyoming
Total Taxes Collected	
General Fund	\$ 863,865
2003 Debt Service Fund	179,217
2005-A Debt Service Fund	700,409
2005-B Debt Service Fund	123,870
2009 Debt Service Fund	39,387
Building and Site Fund	219,772
	\$ 2,126,520
 Taxes Uncollected – June 30, 2013	
General Fund:	
2012	\$ 294
2011	69
2010	124
	487
2005-A Debt Service Fund:	
2012	549
2011	-
2010	1,957
	2,506
2005-B Debt Service Fund:	
2012	75
2011	3
2010	307
	385
2009 Debt Service Fund:	
2012	24
2011	2
2010	94
	120
Building and Site Fund:	
2012	135
2011	-
2010	501
	636
 Total Taxes Uncollected	\$ 4,134