

Bridgeport-Spaulling Community School District

Bridgeport, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2013

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Bridgeport-Spauling Community School District
Members of the Board of Education and Administration
June 30, 2013

Members of the Board of Education

Michael Gall – President

Martha Sageman – Vice President

Marvin Morris – Treasurer

Andrea LaBean – Secretary

Dempsey Allen – Trustee

Travis Gobeyn - Trustee

Larry Long - Trustee

Administration

Gloria Rubis – Superintendent

Dawn Bennett – Business & Payroll Manager



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Independent Auditors' Report

Management and the Board of Education
Bridgeport Spaulding Community School District

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 Bridgeport Spaulding Community School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Adoption of New Accounting Standards

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

Other Matters:

Required Supplemental Information

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

Other Supplemental Information

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

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

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

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

Prior Year Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Schools' financial statements as of and for the year ended June 30, 2012, which are not presented with the accompanying financial statements. In our report dated October 27, 2012, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Schools' financial statements as a whole. The 2012 information in the comparative supplemental schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 information in the comparative supplemental schedules are fairly stated in all material respects in relation to the financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

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

Yeo & Yeo, P.C.

Saginaw, MI
September 18, 2013

ADMINISTRATION'S DISCUSSION AND ANALYSIS



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Bridgeport-Spaulding Schools Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2013.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: School Service (Special Revenue), Debt Service, Capital Projects and various trust and agency accounts.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with restricted net position of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District wide financial statements.



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

Summary of Net Position:

The following summarizes the net position at June 30, 2012 and 2013.

	<u>2012</u>	<u>2013</u>
Assets		
Current assets	\$ 4,457,564	\$ 3,399,750
Capital assets - Not being depreciated	-	70,000
Capital assets	35,270,536	34,661,495
Less: Accumulated depreciation	19,575,371	19,991,652
Capital assets, net book value	<u>15,695,165</u>	<u>14,739,843</u>
Deferred Outflows of Resources	-	93,499
Total assets and deferred outflows of resources	<u>20,152,729</u>	<u>18,233,092</u>
Liabilities		
Current liabilities	6,628,047	6,233,749
Long-term liabilities	<u>7,954,440</u>	<u>6,861,637</u>
Total liabilities	<u>14,582,487</u>	<u>13,095,386</u>
Net Position		
Net investment in capital assets	7,778,397	8,124,705
Restricted	455,917	402,320
Unrestricted	<u>(2,664,072)</u>	<u>(3,389,319)</u>
Total Net Position	<u>\$ 5,570,242</u>	<u>\$ 5,137,706</u>



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

Analysis of Financial Position:

During fiscal year ended June 30, 2013, the District's net position decreased by \$432,536. A few of the significant factors affecting net assets during the year are discussed below:

A. General Fund Operations

The District expenditures from General Fund operations exceeded revenues by \$660,054 for the fiscal year ended June 30, 2013. See the section entitled Results of Operations, below for further discussion of General Fund operations.

B. Debt, Principal Payments

The District made principal payments on bonded, long-term debt obligations that reduced the amount of the districts long-term liabilities as follows:

	Principal			
	Balance June 30, 2012	Proceeds	Payments	Balance June 30, 2013
Durant Bonds	\$ 31,768	\$ -	\$ 31,768	\$ -
2002 School Improvement Bonds	780,000	-	780,000	-
2009 School Facilities Bonds	1,650,000	-	100,000	1,550,000
2011 School Improvement Refunding Bonds	5,455,000	-	320,000	5,135,000
Total long-term bond obligations	\$ 7,916,768	\$ -	\$ 1,231,768	\$ 6,685,000



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

C. Net Capital Assets

The District's net capital assets decreased by \$ 955,322 during the fiscal year. This can be summarized as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets	\$ 35,270,536	\$ -	\$ 539,041	\$ 34,731,495
Less: accumulated depreciation	(19,575,371)	-	416,281	(19,991,652)
Net capital assets	\$ 15,695,165	\$ -	\$ 955,322	\$ 14,739,843



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

Results of Operations:

For the fiscal years ended June 30, 2012 and 2013, the District wide results of operations were:

	<u>2012</u>	<u>2013</u>
Revenues		
General Revenues	\$ 11,507,532	\$ 11,489,116
Program revenues		
Operating Grants and Contributions	4,206,862	3,809,126
Charges for Services	<u>156,374</u>	<u>91,952</u>
Total Revenues	4,363,236	3,901,078
Expenses		
Instruction	10,141,660	8,769,775
Support services	5,495,576	5,778,178
Food service	908,442	991,762
Interest on long-term debt	498,035	271,633
Other	<u>2,678</u>	<u>11,382</u>
Total Expenses	<u>17,046,391</u>	<u>15,822,730</u>
Increase (Decrease) Net Position	(1,175,623)	(432,536)
Beginning Net Position	<u>6,745,865</u>	<u>5,570,242</u>
Ending Net Position	<u>\$ 5,570,242</u>	<u>\$ 5,137,706</u>



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment – Blended at 90 percent of current year's October count and 10 percent of prior year's February count
- c. The District's non-homestead levy

Per Student, Foundation Allowance:

Annually, the State of Michigan establishes the per student foundation allowance. The Bridgeport-Spaulding Community School District foundation allowance was \$7,053 per student for the 2012-13 school year. The foundation allowance was unchanged by the State of Michigan from the prior year.

Student Enrollment:

The District's student enrollment blended count for 2012-13 was 1,465 students. The blended count for 2012-2013 is 10% of the February 2012 and 90% of October 2012. The District's enrollment decreased from the prior school year's student count. The following summarizes fall student enrollments in the past five years:

Fiscal Year	Student FTE	FTE Change from Prior Year
2012-2013	1,465	15
2011-2012	1,450	3
2010-2011	1,447	-90
2009-2010	1,537	-182
2008-2009	1,719	-154

Subsequent to year-ended June 30, 2013 preliminary student enrollments for 2013–2014 indicate that enrollments may increase by about 150 students from 2012-2013. The stability in the students enrollment from 2010-2011 to 2012-2013 was primarily due to the school board decision to allow open enrollment for schools of choice students. The anticipated increase for 2013-14 is due to the dissolution of the Buena Vista School District .



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

2. Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)

The District levies mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxes are based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property revenue for the 2012-2013 fiscal year was \$1,318,984. The non-homestead tax levy was almost identical to the prior year.

The following summarizes the District's non-homestead levy the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Change from Prior Year
2012-2013	1,318,984	0.0013
2011-2012	1,317,323	-3.54
2010-2011	1,365,657	-3.72
2009-2010	1,418,437	1.65
2008-2009	1,395,346	-11.09



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

3. General Fund Activity

The District expenditures from General Fund operations exceeded revenues by \$660,054 for the fiscal year ended June 30, 2013.

4. Debt Fund Property and Industrial Facility In Lieu of Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) In Lieu of Taxes that are essentially taxed at 50 percent of the regular tax rate.

For 2012-2013 the District's debt millage levy was 5.02 that generated revenues of \$1,251,261.

5. Food Sales to Students and Adults (School Lunch Program)

The District's food program revenues increased by approximately \$57,007 to \$926,085 from the prior school year. Neither school lunch or milk prices were increased during the year. This was the second year that the district had a Universal Breakfast and Lunch program district wide. The additional revenues were also due to the increase in funding by the federal government.

The total expenditures for Food Service operations exceeded total revenues for the year by \$26,653 in the food services fund. The additional cost of food due to the new nutrition standards and higher food costs in general attributed to this loss.



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Bridgeport-Spaulding Community School District amends its budget during the school year. For fiscal year June 30, 2013 the budget was amended in November 2012 and April 2013. The June 2013 budget amendment was the final budget for the fiscal year.

Change from Original to Final Budget

General Fund Revenues:

Total Revenues Original Budget	\$ 13,240,604
Total Revenues Final Budget	13,595,660
Increase in Budgeted Revenues	355,056
Percent Increase	2.68%

There were no significant revenue changes in activity for the year.

General Fund Expenditures:

Total Expenditures Original Budget	\$ 12,743,328
Total Expenditures Final Budget	14,100,628
Increase in Budgeted Expenditures	1,357,300
Percent Increase	10.81%

The reason for significant change was that wage and benefit concessions did not meet the budgeted goals.



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances and to show the School District's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Business Office, Bridgeport-Spaulding Community School District.

BASIC FINANCIAL STATEMENTS

Bridgeport-Spaulling Community School District
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Cash	\$ 902,699
Accounts receivable	29,884
Due from other governmental units	2,447,083
Inventory	20,084
Capital assets not being depreciated	70,000
Capital assets - net of accumulated depreciation	14,669,843
Total assets	18,139,593
Deferred outflows of resources	
Deferred amount on debt refunding	93,499
Total assets and deferred outflows of resources	18,233,092
Liabilities	
Accounts payable	84,443
State aid anticipation note payable	4,950,000
Payroll deductions and withholdings	11,627
Accrued expenditures	413,718
Accrued salaries payable	705,015
Unearned revenue	68,946
Noncurrent liabilities	
Due within one year	1,275,000
Due in more than one year	5,586,637
Total liabilities	13,095,386
Net position	
Net investment in capital assets	8,124,705
Restricted for:	
Debt service	254,993
Capital projects	23,742
Food service	143,669
Unrestricted deficit	(3,409,403)
Total net position	\$ 5,137,706

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Statement of Activities
For the Year Ended June 30, 2013

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs					
Governmental activities					
Instruction	\$ 8,769,775	\$ -	\$ 2,559,423	\$ -	\$ (6,210,352)
Supporting services	5,778,178	64,258	351,312	-	(5,362,608)
Food services	991,762	27,694	898,391	-	(65,677)
Community services	11,382	-	-	-	(11,382)
Interest on long-term debt	271,633	-	-	-	(271,633)
Total governmental activities	\$ 15,822,730	\$ 91,952	\$ 3,809,126	\$ -	(11,921,652)
General revenues					
Property taxes, levied for general purposes					1,361,072
Property taxes, levied for debt service					1,251,105
State aid - unrestricted					8,703,221
Interest and investment earnings					840
Other					172,878
Total general revenues					11,489,116
Change in net position					(432,536)
Net position - beginning					5,570,242
Net position - ending					\$ 5,137,706

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Governmental Funds
Balance Sheet
June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 723,493	\$ 179,206	\$ 902,699
Accounts receivable	11,279	-	11,279
Due from other funds	27,960	226,599	254,559
Due from other governmental units	2,428,953	18,130	2,447,083
Inventory	-	20,084	20,084
Total assets	<u>\$ 3,191,685</u>	<u>\$ 444,019</u>	<u>\$ 3,635,704</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 72,183	\$ 12,260	\$ 84,443
State aid anticipation note payable	4,950,000	-	4,950,000
Due to other funds	226,599	9,355	235,954
Payroll deductions and withholdings	11,627	-	11,627
Accrued expenditures	378,588	-	378,588
Accrued salaries payable	705,015	-	705,015
Unearned revenue	68,946	-	68,946
Total liabilities	<u>6,412,958</u>	<u>21,615</u>	<u>6,434,573</u>
Fund balance			
Non-spendable			
Inventory	-	20,084	20,084
Restricted for:			
Debt service	-	254,993	254,993
Capital projects	-	23,742	23,742
Food service	-	123,585	123,585
Unassigned deficit	(3,221,273)	-	(3,221,273)
Total fund balance (deficit)	<u>(3,221,273)</u>	<u>422,404</u>	<u>(2,798,869)</u>
Total liabilities and fund balance	<u>\$ 3,191,685</u>	<u>\$ 444,019</u>	<u>\$ 3,635,704</u>

See Accompanying Notes to Financial Statements

Bridgeport-Spaulding Community School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

Total fund balances for governmental funds	\$ (2,798,869)
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	70,000
Capital assets - net of accumulated depreciation	14,669,843
Deferred outflows of resources resulting from debt refunding	93,499
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(35,130)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(153,000)
Bonds payable	<u>(6,708,637)</u>
Net position of governmental activities	<u>\$ 5,137,706</u>

See Accompanying Notes to Financial Statements

Bridgeport-Spaulding Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 1,565,545	\$ 1,279,021	\$ 2,844,566
State sources	10,216,512	78,501	10,295,013
Federal sources	1,442,396	853,171	2,295,567
Interdistrict sources	22,406	-	22,406
	<u>13,246,859</u>	<u>2,210,693</u>	<u>15,457,552</u>
Total revenues			
Expenditures			
Current			
Education			
Instruction	8,420,893	-	8,420,893
Supporting services	5,256,241	-	5,256,241
Food services	-	946,692	946,692
Community services	11,382	-	11,382
Capital outlay	32,544	6,046	38,590
Debt service			
Principal	-	1,231,768	1,231,768
Interest and other expenditures	-	262,777	262,777
	<u>13,721,060</u>	<u>2,447,283</u>	<u>16,168,343</u>
Total expenditures			
Deficiency of revenues over expenditures	<u>(474,201)</u>	<u>(236,590)</u>	<u>(710,791)</u>

See Accompanying Notes to Financial Statements

Bridgeport-Spaulding Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)			
Transfers in	\$ -	\$ 185,853	\$ 185,853
Transfers out	(185,853)	-	(185,853)
Total other financing sources (uses)	(185,853)	185,853	-
Net change in fund balance	(660,054)	(50,737)	(710,791)
Fund balance (deficit)- beginning	(2,561,219)	473,141	(2,088,078)
Fund balance (deficit) - ending	<u>\$ (3,221,273)</u>	<u>\$ 422,404</u>	<u>\$ (2,798,869)</u>

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - Total governmental funds \$ (710,791)

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

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

Operating grants (67,358)

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

Depreciation expense (696,203)

Impairment loss (259,119)

Expenses are recorded when incurred in the statement of activities.

Interest 8,610

Benefit claims 106,023

Compensated absences (28,000)

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

Repayments of long-term debt 1,231,768

Amortization of amount deferred on refunding (23,375)

Amortization of bond premium 5,909

Change in net position of governmental activities \$ (432,536)

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 32,142	\$ 72,651
Investments	<u>76,784</u>	<u>-</u>
Total assets	<u>108,926</u>	<u>\$ 72,651</u>
Liabilities		
Due to other funds	1,100	\$ 17,505
Due to agency fund activities	<u>-</u>	<u>55,146</u>
Total liabilities	<u>1,100</u>	<u>\$ 72,651</u>
Net position		
Assets held for scholarships and loans	<u>107,826</u>	
Total net position	<u>\$ 107,826</u>	

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 22,418
Interest and investment earnings	<u>96</u>
Total additions	<u>22,514</u>
Deductions	
Scholarships	<u>32,150</u>
Change in net position	(9,636)
Net position - beginning	<u>117,462</u>
Net position - ending	<u><u>\$ 107,826</u></u>

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Bridgeport-Spaulling Community School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

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

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

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

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

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

The School District reports the following major governmental fund:

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

Additionally, the School District reports the following fund types:

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

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

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

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

Assets, Liabilities and Net Position or Equity

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

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2013, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	5.0200

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The School District's entire tax roll lies within the Townships of Bridgeport and Spaulling.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and remitted to the School District by May 15.

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

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

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

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

Compensated Absences – Sick days are earned by employees at a prorated rate at 12 to 15 days per year. A maximum of 60 to 125 sick days may be accumulated by an employee. Terminating employees who meet certain service requirements are paid for accumulated sick days to a maximum number of days at a rate determined by their job category.

Vacation days are earned by various employee groups at various rates.

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

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

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

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

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

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

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

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

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

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

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

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity

and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

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

Upcoming Accounting and Reporting Changes

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

Bridgeport-Spauling Community School District
Notes to Financial Statements
June 30, 2013

beginning of the year.

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

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

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

Excess of Expenditures Over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 6,005,629	\$ 6,013,886	\$ 8,257
Supporting services			
Pupil	576,323.00	623,424.00	47,101
General administration	349,420	375,131	25,711
School administration	789,081	859,011	69,930
Business	341,096	356,008	14,912
Central	270,955	281,315	10,360
Capital outlay	-	32,544	32,544

Deficit Fund Balance

The School District has accumulated a deficit fund balance of \$3,221,273 in the General Fund. The district has an approved deficit elimination plan with the Michigan Department of Education.

Note 3 - Deposits and Investments

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 902,699	\$ 104,793	\$ 1,007,492
Investments	-	76,784	76,784
	<u>\$ 902,699</u>	<u>\$ 181,577</u>	<u>\$ 1,084,276</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 1,083,956
Petty cash and cash on hand	<u>320</u>
Total	<u>\$ 1,084,276</u>

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 6 months.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$ 919,393 of the District's bank balance of \$ 1,504,142 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Capital assets being depreciated				
Buildings and additions	34,271,806	-	539,041	33,732,765
Equipment and furniture	165,129	-	-	165,129
Buses and other vehicles	763,601	-	-	763,601
Total capital assets being depreciated	<u>35,200,536</u>	<u>-</u>	<u>539,041</u>	<u>34,661,495</u>
Less accumulated depreciation				
Buildings and additions	18,797,394	664,690	279,922	19,182,162
Equipment and furniture	126,290	3,591	-	129,881
Buses and other vehicles	651,687	27,922	-	679,609
Total accumulated depreciation	<u>19,575,371</u>	<u>696,203</u>	<u>279,922</u>	<u>19,991,652</u>
Net capital assets being depreciated	<u>15,625,165</u>	<u>(696,203)</u>	<u>259,119</u>	<u>14,669,843</u>
Net capital assets	<u>\$ 15,695,165</u>	<u>\$ (696,203)</u>	<u>\$ 259,119</u>	<u>\$ 14,739,843</u>

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

Governmental activities	
Instruction	\$ 400,897
Support services	250,236
Food services	<u>45,070</u>
Total governmental activities	<u>\$ 696,203</u>

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

Asset Impairment

Governmental activities include an impairment loss of \$259,119 due to an administration building held by the School District that is no longer being used for its originally intended use. The amount is allocated to support services.

Building	\$ 539,041
Accumulated depreciation	<u>(279,922)</u>
Loss on impairment	<u><u>\$ 259,119</u></u>

Note 5 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General	Nonmajor	\$ 9,355
Nonmajor	General	226,599
General	Private Purpose Trust	1,100
General	Agency	<u>17,505</u>
		<u><u>\$ 254,559</u></u>

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

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

Interfund transfers consist of the following:

	Transfers Out
	General Fund
Transfers in	
Other governmental funds	<u>\$ 185,853</u>

A transfer of \$185,853 from the General Fund to the Debt Service Fund was made to cover the interest payment on the facilities bond.

Note 6 – Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 68,946</u>
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Note 7 - State Aid Anticipation Note

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

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 4,200,000	\$ 4,950,000	\$ 4,200,000	\$ 4,950,000

Note 8 - Long-Term Debt

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 7,885,000	\$ -	\$ 1,200,000	\$ 6,685,000	\$ 1,275,000
Other bonds	31,768	-	31,768	-	-
Compensated absences	125,000	15,000	-	140,000	-
Premium on bonds	29,546	-	5,909	23,637	-
Total	<u>\$ 8,071,314</u>	<u>\$ 15,000</u>	<u>\$ 1,237,677</u>	<u>\$ 6,848,637</u>	<u>\$ 1,275,000</u>

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

\$1,950,000 serial bond due in annual installments of \$100,000 to \$200,000 through May 1, 2024, interest at 4.750% to 5.500%	\$ 1,550,000
\$5,530,000 serial bond due in annual installments of \$320,000 to \$1,390,000 through May 1, 2017, interest at 2.000% to 3.000%	<u>5,135,000</u>
Total general obligation bonded debt	<u>\$ 6,685,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,275,000	\$ 210,778	\$ 1,485,778
2015	1,350,000	176,652	1,526,652
2016	1,430,000	134,402	1,564,402
2017	1,510,000	100,852	1,610,852
2018	130,000	60,102	190,102
Thereafter	<u>990,000</u>	<u>201,178</u>	<u>1,191,178</u>
Total	<u>\$ 6,685,000</u>	<u>\$ 883,964</u>	<u>\$ 7,568,964</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$254,993 to pay this debt. Future debt and interest will be payable from future tax levies.

Long-term interest and other expenditures for the fiscal year in the Debt Service Funds were \$262,777.

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

Compensated Absences

Accrued compensated absences at year end, consists of \$85,000 of vacation hours earned and vested and \$55,000 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year. For governmental activities, compensated absences are primarily liquidated by the general fund.

Defeased Debt

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

The final payment date is May 1, 2017. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is \$3,960,000.

Operating Leases

The School District has a non-cancelable operating lease for buses. Total cost for the lease was \$32,544 for the year ended June 30, 2013.

The future minimum lease payments for this lease are as follows:

Year ending June 30,	
2014	\$ 98,280
2015	65,736
2016	65,736
Total	\$ 229,752

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees.

The School District has purchased commercial insurance for errors and omissions and malpractice. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment and employee medical claims, as described below, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$11,762 unemployment compensation expense for the year. No provision has been made for possible future claims.

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

Note 10 – Pension Plans and Post Employment Benefits

Plan Description

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

The pension plans provide retirement, survivor and disability benefits to plan members and their beneficiaries.

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

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

In September 2012, the Michigan legislature enacted additional changes (2012 Retirement Reform) to the Retirement Act, with different aspects becoming effective in late 2012 and early 2013. With

these changes MPSERS offers eight retirement plans: Basic, Member Investment Plan (MIP), Basic 4%, MIP 7%, Basic DC Converted, MIP DC Converted, Pension Plus, and the Defined Contribution (DC) plan. Multiple options exist within some of these plans.

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

Funding Policy

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

	2013	2012	2011
Funding percentage range	12.78 - 16.25%	10.66 - 15.96%	8.63 - 12.16%
School district defined benefit pension contributions	<u>\$ 1,141,278</u>	<u>\$ 1,205,075</u>	<u>\$ 946,928</u>

Defined Contribution Savings Plan

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

Bridgeport-Spauling Community School District
Notes to Financial Statements
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matching contribution. Participants in the Basic DC Converted and MIP DC Converted plans receive 4% employer contributions to a tax-deferred 401(k) plan. The Defined Contribution Plan provides a 50% employer match (up to 3% of salary) on employee contributions. Participants in any of these defined contribution options may elect to make contributions to a tax-deferred 457 account up to the maximum amounts permitted by the IRS.

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

	School District	Participants
Contributions to the:		
Pension Plus Savings Plan	\$ 1,673	\$ 2,962
Basic DC Converted and MIP DC Converted Plans	1,357	-
Defined Contribution Plan	22	43
	<u>\$ 3,052</u>	<u>\$ 3,005</u>

Post Employment Benefits

In addition to the pension benefits described above, state law requires the School District to provide post-retirement health care benefits for eligible retirees and beneficiaries through the Michigan Public School Employees Retirement System (MPSERS).

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

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

defined benefit Premium Subsidy benefit.

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

The District's actual contributions match the required contributions.

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

	2013	2012	2011
Funding percentage range	8.18 - 9.11%	8.50%	6.81 - 8.50%
School post employment benefits contributions	<u>\$ 679,735</u>	<u>\$ 681,031</u>	<u>\$ 614,843</u>

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

	School District	Participants
Contributions to the Personal Healthcare Fund	<u>\$ 2,546</u>	<u>\$ 2,546</u>

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2013

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2013, the School District had contributions in the amount of \$153,129 to the Michigan Public School Employee Retirement System (MPERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was 4.56% for the year. These contributions are not included in the above tables.

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2013.

Note 12 - Subsequent Event

Subsequent to June 30, 2013, the School District borrowed \$4,950,000 in short-term state aid anticipation notes through the Bank of New York Mellon Trust Company, N.A. Proceeds from the borrowing will be distributed to the School District in August of 2013.

REQUIRED SUPPLEMENTAL INFORMATION

Bridgeport-Spaulling Community School District
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 1,574,874	\$ 1,491,759	\$ 1,565,545	\$ 73,786
State sources	10,178,606	10,385,512	10,216,512	(169,000)
Federal sources	1,317,124	1,628,389	1,442,396	(185,993)
Interdistrict sources	<u>170,000</u>	<u>90,000</u>	<u>22,406</u>	<u>(67,594)</u>
Total revenues	<u>13,240,604</u>	<u>13,595,660</u>	<u>13,246,859</u>	<u>(348,801)</u>
Expenditures				
Instruction				
Basic programs	5,499,926	6,005,629	6,013,886	8,257
Added needs	2,492,542	2,657,362	2,407,007	(250,355)
Supporting services				
Pupil	587,300	576,323	623,424	47,101
Instructional staff	270,358	355,491	340,574	(14,917)
General administration	258,420	349,420	375,131	25,711
School administration	683,385	789,081	859,011	69,930
Business	345,943	341,096	356,008	14,912
Operations and maintenance	1,320,933	1,594,776	1,540,524	(54,252)
Pupil transportation services	628,874	718,083	696,947	(21,136)
Central	220,780	270,955	281,315	10,360
Athletics	220,000	220,000	183,307	(36,693)
Community services	22,215	29,760	11,382	(18,378)
Capital outlay	<u>-</u>	<u>-</u>	<u>32,544</u>	<u>32,544</u>
Total expenditures	<u>12,550,676</u>	<u>13,907,976</u>	<u>13,721,060</u>	<u>(186,916)</u>
Deficiency of revenues over expenditures	<u>689,928</u>	<u>(312,316)</u>	<u>(474,201)</u>	<u>(161,885)</u>

Bridgeport-Spaulling Community School District
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers out	\$ (192,652)	\$ (192,652)	\$ (185,853)	\$ 6,799
Net change in fund balance	497,276	(504,968)	(660,054)	(155,086)
Fund balance (deficit) - beginning	<u>(2,561,219)</u>	<u>(2,561,219)</u>	<u>(2,561,219)</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ (2,063,943)</u>	<u>\$ (3,066,187)</u>	<u>\$ (3,221,273)</u>	<u>\$ (155,086)</u>

OTHER SUPPLEMENTAL INFORMATION

Bridgeport-Spaulling Community School District
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund <u>Food Service</u>	Debt Service Fund <u> </u>	Capital Projects Fund <u> </u>	Total Nonmajor Governmental Funds <u> </u>
Assets				
Cash	\$ 14,675	\$ 131,434	\$ 33,097	\$ 179,206
Due from other funds	103,040	123,559	-	226,599
Due from other governmental units	18,130	-	-	18,130
Inventory	<u>20,084</u>	<u>-</u>	<u>-</u>	<u>20,084</u>
Total assets	<u>\$ 155,929</u>	<u>\$ 254,993</u>	<u>\$ 33,097</u>	<u>\$ 444,019</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 12,260	\$ -	\$ -	\$ 12,260
Due to other funds	<u>-</u>	<u>-</u>	<u>9,355</u>	<u>9,355</u>
Total liabilities	<u>12,260</u>	<u>-</u>	<u>9,355</u>	<u>21,615</u>
Fund balance				
Nonspendable				
Inventory	20,084	-	-	20,084
Restricted for:				
Debt service	-	254,993	-	254,993
Capital projects	-	-	23,742	23,742
Food service	<u>123,585</u>	<u>-</u>	<u>-</u>	<u>123,585</u>
Total fund balance	<u>143,669</u>	<u>254,993</u>	<u>23,742</u>	<u>422,404</u>
Total liabilities and fund balance	<u>\$ 155,929</u>	<u>\$ 254,993</u>	<u>\$ 33,097</u>	<u>\$ 444,019</u>

Bridgeport-Spaulling Community School District
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Food Service	Food Service	Food Service
Revenues				
Local sources	\$ 27,694	\$ 1,251,261	\$ 66	\$ 1,279,021
State sources	45,220	33,281	-	78,501
Federal sources	853,171	-	-	853,171
Total revenues	<u>926,085</u>	<u>1,284,542</u>	<u>66</u>	<u>2,210,693</u>
Expenditures				
Food services	946,692	-	-	946,692
Capital outlay	6,046	-	-	6,046
Debt service				
Principal	-	1,231,768	-	1,231,768
Interest and other expenditures	-	262,777	-	262,777
Total expenditures	<u>952,738</u>	<u>1,494,545</u>	<u>-</u>	<u>2,447,283</u>
Excess (deficiency) of revenues over expenditures	<u>(26,653)</u>	<u>(210,003)</u>	<u>66</u>	<u>(236,590)</u>
Other financing sources				
Transfers in	-	185,853	-	185,853
Net change in fund balance	<u>(26,653)</u>	<u>(24,150)</u>	<u>66</u>	<u>(50,737)</u>
Fund balance - beginning	<u>170,322</u>	<u>279,143</u>	<u>23,676</u>	<u>473,141</u>
Fund balance - ending	<u>\$ 143,669</u>	<u>\$ 254,993</u>	<u>\$ 23,742</u>	<u>\$ 422,404</u>

Bridgeport-Spaulding Community School District
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2013

	2013	2012
Assets		
Cash	\$ 723,493	\$ 1,822,614
Accounts receivable	11,279	20,085
Due from other funds	27,960	19,942
Due from other governmental units	2,428,953	2,189,636
Investments	-	50,842
	\$ 3,191,685	\$ 4,103,119
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 72,183	\$ 130,181
State aid anticipation note payable	4,950,000	4,950,000
Due to other funds	226,599	192,918
Payroll deductions and withholdings	11,627	13,640
Accrued expenditures	378,588	497,826
Accrued salaries payable	705,015	812,415
Unearned revenue	68,946	67,358
	6,412,958	6,664,338
Fund balance (deficit)		
Unassigned	(3,221,273)	(2,561,219)
	\$ 3,191,685	\$ 4,103,119
Total liabilities and fund balance	\$ 3,191,685	\$ 4,103,119

Bridgeport-Spaulling Community School District
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Prior Year
For the Year Ended June 30, 2013

	<u>2013</u> Actual	<u>2012</u> Actual
Revenue from local sources		
Property tax levy	\$ 1,361,072	\$ 1,306,932
Earnings on investments	618	1,506
Student activities	-	25,537
Other local revenues	<u>203,855</u>	<u>213,070</u>
Total revenues from local sources	<u>1,565,545</u>	<u>1,547,045</u>
Revenues from state sources		
Grants - unrestricted	8,703,221	8,528,618
Grants - restricted	<u>1,513,291</u>	<u>1,677,354</u>
Total revenues from state sources	<u>10,216,512</u>	<u>10,205,972</u>
Revenues from federal sources		
Grants	<u>1,442,396</u>	<u>1,549,464</u>
Interdistrict sources		
ISD collected millage	22,406	95,373
Other	<u>-</u>	<u>3,927</u>
Total interdistrict sources	<u>22,406</u>	<u>99,300</u>
Other financing sources		
Insurance recoveries	<u>-</u>	<u>25,743</u>
Total revenue and other financing sources	<u>\$ 13,246,859</u>	<u>\$ 13,427,524</u>

Bridgeport-Spaulling Community School District
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2013

	2013 Actual	2012 Actual
Basic program - elementary		
Salaries	\$ 1,423,144	\$ 1,400,707
Employee benefits	730,311	894,280
Purchased services	80,471	67,332
Supplies and materials	16,047	23,375
Total elementary	<u>2,249,973</u>	<u>2,385,694</u>
Basic program - middle school		
Salaries	1,123,613	1,130,752
Employee benefits	593,531	702,367
Purchased services	47,758	44,957
Supplies and materials	3,806	9,340
Total middle school	<u>1,768,708</u>	<u>1,887,416</u>
Basic program - high school		
Salaries	1,008,629	1,179,507
Employee benefits	553,212	758,174
Purchased services	81,842	71,547
Supplies and materials	52,671	28,788
Other	106,427	99,292
Total high school	<u>1,802,781</u>	<u>2,137,308</u>
Basic program - pre-school		
Salaries	35,587	163,036
Employee benefits	14,175	93,995
Purchased services	66,596	2,950
Supplies and materials	21,346	93
Total pre-school	<u>137,704</u>	<u>260,074</u>
Basic program - summer school		
Salaries	28,276	24,160
Employee benefits	9,397	7,240
Purchased services	3,771	2,231
Supplies and materials	13,276	27,880
Total summer school	<u>54,720</u>	<u>61,511</u>

Bridgeport-Spaulding Community School District
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2013

	<u>2013</u> Actual	<u>2012</u> Actual
Added needs - special education		
Salaries	\$ 1,092,581	\$ 1,247,037
Employee benefits	588,354	738,224
Purchased services	24,084	14,444
Supplies and materials	1,389	2,993
Other	<u>76,774</u>	<u>107,795</u>
Total special education	<u>1,783,182</u>	<u>2,110,493</u>
Added needs - compensatory education		
Salaries	347,437	326,221
Employee benefits	147,450	173,262
Purchased services	11,380	107,606
Supplies and materials	<u>29,534</u>	<u>68,378</u>
Total compensatory education	<u>535,801</u>	<u>675,467</u>
Added needs - career and technical education		
Salaries	57,195	60,121
Employee benefits	30,498	39,241
Purchased services	<u>331</u>	<u>41</u>
Total career and technical education	<u>88,024</u>	<u>99,403</u>
Pupil - truancy/absenteeism services		
Supplies and materials	<u>2,949</u>	<u>-</u>
Pupil - guidance services		
Salaries	112,053	103,611
Employee benefits	<u>56,900</u>	<u>62,037</u>
Total guidance services	<u>168,953</u>	<u>165,648</u>

Bridgeport-Spaulling Community School District
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2013

	2013 Actual	2012 Actual
Pupil - psychological services		
Supplies and materials	\$ -	\$ 137
Other	58,806	53,089
Total psychological services	<u>58,806</u>	<u>53,226</u>
Pupil - speech services		
Salaries	61,362	53,073
Employee benefits	31,897	37,358
Supplies and materials	247	289
Other	74,704	108,305
Total speech services	<u>168,210</u>	<u>199,025</u>
Pupil - social work services		
Salaries	84,959	96,143
Employee benefits	36,190	39,833
Purchased services	246	253
Supplies and materials	3,592	478
Total social work services	<u>124,987</u>	<u>136,707</u>
Pupil - other support services		
Salaries	51,795	45,627
Employee benefits	16,370	14,226
Purchased services	31,354	19,356
Total other pupil support services	<u>99,519</u>	<u>79,209</u>
Instructional staff - improvement of education		
Salaries	1,553	19,274
Employee benefits	502	2,296
Purchased services	63,027	31,150
Other	1,361	-
Total improvement of education	<u>66,443</u>	<u>52,720</u>

Bridgeport-Spaulding Community School District
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2013

	2013 Actual	2012 Actual
Instructional staff - educational media services		
Salaries	\$ 33,759	\$ 33,588
Employee benefits	14,901	20,778
Purchased services	2,700	-
Supplies and materials	19,179	49,828
Total educational media services	<u>70,539</u>	<u>104,194</u>
Instructional staff - supervision and direction of instructional staff		
Salaries	73,608	71,626
Employee benefits	28,687	25,508
Purchased services	1,040	1,006
Supplies and materials	714	1,168
Other	91,283	89,790
Total supervision and direction of instructional staff	<u>195,332</u>	<u>189,098</u>
Instructional staff - academic student assessment		
Supplies and materials	8,260	-
General administration - board of education		
Salaries	2,500	2,560
Purchased services	138,921	61,716
Supplies and materials	145	1,641
Other	759	7,578
Total board of education	<u>142,325</u>	<u>73,495</u>
General administration - executive administration		
Salaries	144,520	141,640
Employee benefits	82,204	75,383
Purchased services	3,064	3,173
Supplies and materials	679	1,162
Other	2,339	1,043
Total executive administration	<u>232,806</u>	<u>222,401</u>

Bridgeport-Spaulling Community School District
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2013

	<u>2013</u> Actual	<u>2012</u> Actual
School administration - office of the principal		
Salaries	\$ 489,222	\$ 491,428
Employee benefits	358,375	352,886
Purchased services	2,630	2,324
Supplies and materials	5,996	2,724
Other	<u>2,788</u>	<u>3,948</u>
Total office of the principal	<u>859,011</u>	<u>853,310</u>
Business - fiscal services		
Salaries	70,926	75,397
Employee benefits	56,150	60,168
Purchased services	34,989	29,731
Supplies and materials	1,012	2,664
Other	<u>4,231</u>	<u>3,780</u>
Total fiscal services	<u>167,308</u>	<u>171,740</u>
Business - internal services		
Salaries	6,708	6,545
Employee benefits	7,672	8,023
Purchased services	6,351	5,556
Supplies and materials	<u>463</u>	<u>-</u>
Total internal services	<u>21,194</u>	<u>20,124</u>
Business - other		
Employee benefits	27,655	23,311
Purchased services	1,037	354
Other	<u>138,814</u>	<u>107,000</u>
Total other business	<u>167,506</u>	<u>130,665</u>

Bridgeport-Spaulding Community School District
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2013

	<u>2013</u> Actual	<u>2012</u> Actual
Operations and maintenance - operating building services		
Salaries	\$ 384,046	\$ 405,445
Employee benefits	428,121	339,293
Purchased services	278,453	242,755
Supplies and materials	<u>432,477</u>	<u>506,488</u>
Total operating building services	<u>1,523,097</u>	<u>1,493,981</u>
Operations and maintenance - security services		
Salaries	-	2,647
Employee benefits	-	1,255
Purchased services	<u>17,427</u>	<u>37,305</u>
Total security services	<u>17,427</u>	<u>41,207</u>
Pupil transportation services		
Salaries	367,548	361,518
Employee benefits	170,215	137,953
Purchased services	52,044	63,639
Supplies and materials	105,862	127,198
Other	<u>1,278</u>	<u>623</u>
Total transportation services	<u>696,947</u>	<u>690,931</u>
Central - communication services		
Purchased services	<u>2,258</u>	<u>-</u>
Central - staff/personnel services		
Salaries	48,400	48,400
Employee benefits	26,082	33,234
Purchased services	6,035	3,626
Supplies and materials	331	455
Other	<u>931</u>	<u>541</u>
Total staff/personnel services	<u>81,779</u>	<u>86,256</u>

Bridgeport-Spaulding Community School District
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2013

	2013 Actual	2012 Actual
Central - support services technology		
Salaries	\$ 33,231	\$ 45,000
Employee benefits	24,752	32,082
Purchased services	52,922	29,433
Supplies and materials	22,782	27,128
Other	63,591	41,441
Total support services technology	<u>197,278</u>	<u>175,084</u>
Central - pupil accounting		
Other	-	8,619
Athletics activities		
Salaries	85,926	109,166
Employee benefits	12,965	11,288
Purchased services	72,582	106,270
Supplies and materials	8,057	13,976
Other	3,777	3,127
Total athletic activities	<u>183,307</u>	<u>243,827</u>
Community services - community activities		
Salaries	2,374	-
Employee benefits	760	-
Purchased services	578	1,953
Supplies and materials	7,670	725
Total community activities	<u>11,382</u>	<u>2,678</u>
Capital outlay		
Pupil transportation services	<u>32,544</u>	<u>32,544</u>
Other financing uses		
Transfers out	<u>185,853</u>	<u>190,353</u>
Total expenditures and other financing uses	<u>\$ 13,906,913</u>	<u>\$ 15,034,408</u>

Bridgeport-Spaulling Community School District
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2013

Date of issue: 2009
Original amount of issue: \$ 1,950,000
Purpose of issue: School Facilities

<u>Interest Rate</u>	<u>Year</u>	<u>Annual Maturity May 1st</u>	<u>Semi-annual Interest Payments</u>		<u>Total Fiscal Year Requirements</u>
			<u>November 1st</u>	<u>May 1st</u>	
4.750%	2014	\$ 100,000	\$ 40,551	\$ 40,551	\$ 181,102
4.750%	2015	100,000	38,176	38,176	176,352
5.000%	2016	110,000	35,801	35,801	181,602
5.000%	2017	120,000	33,051	33,051	186,102
5.000%	2018	130,000	30,051	30,051	190,102
5.150%	2019	135,000	26,801	26,801	188,602
5.250%	2020	150,000	23,325	23,325	196,650
5.500%	2021	155,000	19,387	19,387	193,774
5.500%	2022	170,000	15,125	15,125	200,250
5.500%	2023	180,000	10,450	10,450	200,900
5.500%	2024	<u>200,000</u>	<u>5,500</u>	<u>5,500</u>	<u>211,000</u>
		<u>\$ 1,550,000</u>	<u>\$ 278,218</u>	<u>\$ 278,218</u>	<u>\$ 2,106,436</u>

Date of issue: 2011
Original amount of issue: \$ 5,530,000
Purpose of issue: Refunding 2002 Bonds - Building and Site

<u>Interest Rate</u>	<u>Year</u>	<u>Annual Maturity May 1st</u>	<u>Semi-annual Interest Payments</u>		<u>Total Fiscal Year Requirements</u>
			<u>November 1st</u>	<u>May 1st</u>	
2.500%	2014	\$ 1,175,000	\$ 64,838	\$ 64,838	\$ 1,304,676
3.000%	2015	1,250,000	50,150	50,150	1,350,300
2.125%	2016	1,320,000	31,400	31,400	1,382,800
2.500%	2017	<u>1,390,000</u>	<u>17,375</u>	<u>17,375</u>	<u>1,424,750</u>
		<u>\$ 5,135,000</u>	<u>\$ 163,763</u>	<u>\$ 163,763</u>	<u>\$ 5,462,526</u>