

Bridgeport-Spaulding Community School District

Bridgeport, Michigan

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

June 30, 2014

Table of Contents

| <u>Section</u> | <u>Page</u> | |
|----------------|--|--------|
| 1 | Members of the Board of Education and Administration | 1 - 1 |
| 2 | Independent Auditors' Report | 2 - 1 |
| 3 | Administration's Discussion and Analysis | 3 - 1 |
| 4 | Basic Financial Statements | |
| | District-wide Financial Statements | |
| | Statement of Net Position | 4 - 1 |
| | Statement of Activities | 4 - 2 |
| | Fund Financial Statements | |
| | Governmental Funds | |
| | Balance Sheet | 4 - 3 |
| | Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 4 - 4 |
| | Statement of Revenues, Expenditures and Changes in Fund Balances | 4 - 5 |
| | Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 4 - 7 |
| | Fiduciary Funds | |
| | Statement of Fiduciary Net Position | 4 - 8 |
| | Statement of Changes in Fiduciary Net Position | 4 - 9 |
| | Notes to Financial Statements | 4 - 10 |
| 5 | Required Supplementary Information | |
| | Budgetary Comparison Schedule – General Fund | 5 - 1 |

Section

Page

6

Other Supplementary Information

Nonmajor Governmental Funds

Combining Balance Sheet

6 - 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

6 - 2

General Fund

Comparative Balance Sheet

6 - 3

Schedule of Revenues Compared to Prior Year

6 - 4

Schedule of Expenditures Compared to Prior Year

6 - 5

Schedule of Outstanding Bonded Indebtedness

6 - 12

Bridgeport-Spaulling Community School District
Members of the Board of Education and Administration
June 30, 2014

Members of the Board of Education

Marti Sageman – President

Michael Gall – Vice President

Larry Long – Treasurer

Robert Lange – Secretary

Dempsey Allen – Trustee

Jay Bruns – Trustee

Travis Gobeyn – Trustee

Administration

Thomas Hill – Superintendent



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

Independent Auditors' Report

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport-Spaulling Community School District, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deficit Fund Balance

The School District has accumulated an unassigned deficit in the General Fund of \$2,924,402 as of June 30, 2014, which has resulted from operating deficits. The deficit and status of the District's Deficit Elimination Plan that is required by the Michigan Department of Education, are disclosed in Note 2. Our opinions are 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 and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schools' basic financial statements. The other supplementary 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 supplementary 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 supplementary 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 supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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, Bridgeport-Spaulding Community School District's financial statements as of and for the year ended June 30, 2013, which are not presented with the accompanying financial statements. In our report dated September 18, 2013, 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 Bridgeport-Spaulding Community School District's financial statements as a whole. The 2013 information in the comparative supplementary 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 2013 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 2013 information in the comparative supplementary 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 October 17, 2014 on our consideration of the Bridgeport-Spaulding Community 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 Bridgeport-Spaulding Community School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, MI

October 17, 2014

ADMINISTRATION'S DISCUSSION AND ANALYSIS



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2014

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, 2014.

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, 2014

Summary of Net Position:

The following summarizes the net position at June 30, 2013 and 2014.

| | <u>2013</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | \$ 3,399,750 | \$ 4,652,752 |
| Capital assets - Not being depreciated | 70,000 | 70,000 |
| Capital assets | 34,661,495 | 34,600,147 |
| Less: Accumulated depreciation | <u>19,991,652</u> | <u>20,583,316</u> |
| Capital assets, net book value | <u>14,739,843</u> | <u>14,086,831</u> |
| Deferred Outflows of Resources | 93,499 | 70,124 |
| Total assets and deferred outflows of resources | <u>18,233,092</u> | <u>18,809,707</u> |
| Liabilities | | |
| Current liabilities | 6,233,749 | 7,142,371 |
| Long-term liabilities | <u>6,861,637</u> | <u>5,542,728</u> |
| Total liabilities | <u>13,095,386</u> | <u>12,685,099</u> |
| Net Position | | |
| Net investment in capital assets | 8,124,705 | 8,729,227 |
| Restricted | 402,320 | 388,008 |
| Unrestricted | <u>(3,389,319)</u> | <u>(2,992,627)</u> |
| Total Net Position | <u>\$ 5,137,706</u> | <u>\$ 6,124,608</u> |



Bridgeport-Spaulling Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2014

Analysis of Financial Position:

During fiscal year ended June 30, 2014, the District's net position increased by \$986,902. A few of the significant factors affecting net assets during the year are discussed below:

A. General Fund Operations

The District revenues from General Fund exceeded expenditures by \$296,871 for the fiscal year ended June 30, 2014. 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, 2013 | Proceeds | Payments | Balance June 30, 2014 |
| 2009 School Facilities Bonds | \$ 1,550,000 | \$ - | \$ 100,000 | \$ 1,450,000 |
| 2011 School Improvement Refunding Bonds | 5,135,000 | - | 1,175,000 | 3,960,000 |
| Total long-term bond obligations | \$ 6,685,000 | \$ - | \$ 1,275,000 | \$ 5,410,000 |



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2014

C. Net Capital Assets

The District's net capital assets decreased by \$ 653,012 during the fiscal year. This can be summarized as follows:

| | Balance June 30, 2013 | Additions | Deletions | Balance June 30, 2014 |
|--------------------------------|----------------------------------|------------------|------------------|----------------------------------|
| Capital Assets | \$ 34,731,495 | \$ 40,500 | \$ (101,848) | \$ 34,873,843 |
| Less: accumulated depreciation | <u>(19,991,652)</u> | <u>(693,512)</u> | <u>101,848</u> | <u>(20,787,012)</u> |
| Net capital assets | \$ 14,739,843 | \$ (653,012) | \$ - | \$ 14,086,831 |



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2014

Results of Operations:

For the fiscal years ended June 30, 2013 and 2014, the District wide results of operations were:

| | <u>2013</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Revenues | | |
| General Revenues | \$ 11,489,116 | \$ 12,921,427 |
| Program revenues | | |
| Operating Grants and Contributions | 3,809,126 | 4,712,831 |
| Charges for Services | <u>91,952</u> | <u>133,963</u> |
| Total Revenues | 3,901,078 | 4,846,794 |
| Expenses | | |
| Instruction | 8,769,775 | 9,632,272 |
| Support services | 5,778,178 | 5,823,138 |
| Food service | 991,762 | 1,087,824 |
| Interest on long-term debt | 271,633 | 224,195 |
| Other | <u>11,382</u> | <u>13,890</u> |
| Total Expenses | <u>15,822,730</u> | <u>16,781,319</u> |
| Increase (Decrease) Net Position | (432,536) | 986,902 |
| Beginning Net Position | <u>5,570,242</u> | <u>5,137,706</u> |
| Ending Net Position | <u>\$ 5,137,706</u> | <u>\$ 6,124,608</u> |



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2014

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 \$7,112 per student for the 2013-14 school year. The foundation allowance was \$7,053 in the prior year.

Student Enrollment:

The District's student enrollment blended count for 2013-14 was 1,620 students. The blended count for 2013-2014 is 10% of the February 2013 and 90% of October 2013. 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 |
|-------------|-------------|-------------------------------|
| 2013-2014 | 1,620 | 155 |
| 2012-2013 | 1,465 | 15 |
| 2011-2012 | 1,450 | 3 |
| 2010-2011 | 1,447 | -90 |
| 2009-2010 | 1,537 | -182 |

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 student count 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, 2014

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 2013-2014 fiscal year was \$1,353,665. The non-homestead tax levy was \$34,681 higher than that of 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 |
|--------------------|-----------------------------------|-------------------------------------|
| 2013-2014 | 1,353,665 | 0.03 |
| 2012-2013 | 1,318,984 | 0.00 |
| 2011-2012 | 1,317,323 | -3.54 |
| 2010-2011 | 1,365,657 | -3.72 |
| 2009-2010 | 1,418,437 | 1.65 |



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2014

3. General Fund Activity

The District revenues from General Fund exceeded expenditures by \$296,871 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 2013-2014 the District's debt millage levy was 5.02 that generated revenues of \$1,262,932.

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

The District's food program revenues increased by \$154,322 to \$1,080,407 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 revenues for Food Service exceeded total expenditures for the year by \$38,414 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, 2014

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, 2014 the budget was amended in March 2014. The June 2014 budget amendment was the final budget for the fiscal year.

Change from Original to Final Budget

General Fund Revenues:

| | |
|--------------------------------|---------------|
| Total Revenues Original Budget | \$ 13,523,064 |
| Total Revenues Final Budget | 15,271,766 |
| Increase in Budgeted Revenues | 1,748,702 |
| Percent Increase | 12.93% |

The final revenues budget reflects the following change from the original budget:

- Increase in State Aid due to increase in student enrollment than projected at the Budget Hearing.

General Fund Expenditures:

| | |
|------------------------------------|---------------|
| Total Expenditures Original Budget | \$ 13,508,495 |
| Total Expenditures Final Budget | 14,636,272 |
| Increase in Budgeted Expenditures | 1,127,777 |
| Percent Increase | 8.35% |

The reason for significant change was that wage and benefit concessions did not meet the budgeted goals and there was an increase in staff due to increase enrollment.



Bridgeport-Spaulding Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2014

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, 2014

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Cash | \$ 1,395,146 |
| Accounts receivable | 2,797 |
| Due from other governmental units | 3,235,514 |
| Inventory | 19,295 |
| Capital assets not being depreciated | 70,000 |
| Capital assets - net of accumulated depreciation | 14,016,831 |
| Total assets | 18,739,583 |
| Deferred outflows of resources | |
| Deferred amount on debt refunding | 70,124 |
| Total assets and deferred outflows of resources | 18,809,707 |
| Liabilities | |
| Accounts payable | 224,468 |
| State aid anticipation note payable | 5,680,000 |
| Accrued expenditures | 386,495 |
| Accrued salaries payable | 792,572 |
| Unearned revenue | 58,836 |
| Noncurrent liabilities | |
| Due within one year | 1,350,000 |
| Due in more than one year | 4,192,728 |
| Total liabilities | 12,685,099 |
| Net position | |
| Net investment in capital assets | 8,729,227 |
| Restricted for: | |
| Food service | 182,083 |
| Debt service | 182,169 |
| Capital projects | 23,756 |
| Unrestricted deficit | (2,992,627) |
| Total net position | \$ 6,124,608 |

See Accompanying Notes to Financial Statements

Bridgeport-Spaulding Community School District
Statement of Activities
For the Year Ended June 30, 2014

| | Program Revenues | | | | |
|--------------------------------------|-------------------------|--|--|--|---------------------|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position | |
| Functions/Programs | | | | | |
| Governmental activities | | | | | |
| Instruction | \$ 9,632,272 | \$ - | \$ 3,296,169 | \$ - | \$ (6,336,103) |
| Supporting services | 5,823,138 | 83,829 | 386,389 | - | (5,352,920) |
| Food services | 1,087,824 | 50,134 | 1,030,273 | - | (7,417) |
| Community services | 13,890 | - | - | - | (13,890) |
| Interest on long-term debt | 224,195 | - | - | - | (224,195) |
| Total governmental activities | \$ 16,781,319 | \$ 133,963 | \$ 4,712,831 | \$ - | (11,934,525) |
| General revenues | | | | | |
| | | | | | 1,418,046 |
| | | | | | 1,262,908 |
| | | | | | 9,886,480 |
| | | | | | 1,718 |
| | | | | | 35,555 |
| | | | | | 316,720 |
| Total general revenues | | | | | 12,921,427 |
| Change in net position | | | | | 986,902 |
| Net position - beginning | | | | | 5,137,706 |
| Net position - ending | | | | | \$ 6,124,608 |

See Accompanying Notes to Financial Statements

Bridgeport-Spauling Community School District
Governmental Funds
Balance Sheet
June 30, 2014

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------------|-----------------------------------|--------------------------------|
| Assets | | | |
| Cash | \$ 1,376,456 | \$ 18,690 | \$ 1,395,146 |
| Due from other funds | 2,797 | 361,078 | 363,875 |
| Due from other governmental units | 3,198,707 | 36,807 | 3,235,514 |
| Inventory | - | 19,295 | 19,295 |
| Total assets | <u>\$ 4,577,960</u> | <u>\$ 435,870</u> | <u>\$ 5,013,830</u> |
| Liabilities | | | |
| Accounts payable | \$ 206,048 | \$ 18,420 | \$ 224,468 |
| State aid anticipation note payable | 5,680,000 | - | 5,680,000 |
| Due to other funds | 361,078 | - | 361,078 |
| Accrued expenditures | 357,053 | - | 357,053 |
| Accrued salaries payable | 792,572 | - | 792,572 |
| Unearned revenue | 58,836 | - | 58,836 |
| Total liabilities | <u>7,455,587</u> | <u>18,420</u> | <u>7,474,007</u> |
| Deferred inflows of resources | | | |
| Unavailable revenue | | | |
| Grants received | 46,775 | - | 46,775 |
| Fund balance | | | |
| Non-spendable | | | |
| Inventory | - | 19,295 | 19,295 |
| Restricted for: | | | |
| Debt service | - | 211,611 | 211,611 |
| Capital projects | - | 23,756 | 23,756 |
| Food service | - | 162,788 | 162,788 |
| Unassigned deficit | (2,924,402) | - | (2,924,402) |
| Total fund balance (deficit) | <u>(2,924,402)</u> | <u>417,450</u> | <u>(2,506,952)</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 4,577,960</u> | <u>\$ 435,870</u> | <u>\$ 5,013,830</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, 2014

| | |
|---|---------------------|
| Total fund balances (deficit) for governmental funds | \$ (2,506,952) |
| Total net position for governmental activities in the statement of net position is different because: | |
| Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 46,775 |
| 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 | 14,016,831 |
| Deferred outflows of resources resulting from debt refunding | 70,124 |
| Certain liabilities are not due and payable in the current period and are not reported in the funds. | |
| Accrued interest | (29,442) |
| 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 | (115,000) |
| Bonds payable | <u>(5,427,728)</u> |
| Net position of governmental activities | <u>\$ 6,124,608</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, 2014

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-------------------|-----------------------------------|--------------------------------|
| Revenues | | | |
| Local sources | \$ 1,845,275 | \$ 1,313,080 | \$ 3,158,355 |
| State sources | 11,828,601 | 42,534 | 11,871,135 |
| Federal sources | 1,638,615 | 987,739 | 2,626,354 |
| Interdistrict sources | 30,047 | - | 30,047 |
| | <u>15,342,538</u> | <u>2,343,353</u> | <u>17,685,891</u> |
| Expenditures | | | |
| Current | | | |
| Education | | | |
| Instruction | 9,250,726 | - | 9,250,726 |
| Supporting services | 5,474,811 | - | 5,474,811 |
| Food services | - | 1,041,993 | 1,041,993 |
| Community services | 13,890 | - | 13,890 |
| Capital outlay | 160,692 | - | 160,692 |
| Debt service | | | |
| Principal | - | 1,275,000 | 1,275,000 |
| Interest and other expenditures | - | 212,417 | 212,417 |
| | <u>14,900,119</u> | <u>2,529,410</u> | <u>17,429,529</u> |
| Excess (deficiency) of revenues over expenditures | <u>442,419</u> | <u>(186,057)</u> | <u>256,362</u> |

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------|-----------------------------------|--------------------------------|
| Other financing sources (uses) | | | |
| Proceeds from sale of capital assets | \$ 35,555 | \$ - | \$ 35,555 |
| Transfers in | - | 181,103 | 181,103 |
| Transfers out | (181,103) | - | (181,103) |
| Total other financing sources (uses) | (145,548) | 181,103 | 35,555 |
| Net change in fund balance | 296,871 | (4,954) | 291,917 |
| Fund balance (deficit) - beginning | (3,221,273) | 422,404 | (2,798,869) |
| Fund balance (deficit) - ending | \$ (2,924,402) | \$ 417,450 | \$ (2,506,952) |

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, 2014

| | |
|--|--------------------------|
| Net change in fund balances - Total governmental funds | \$ 291,917 |
| 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. | |
| Grants | 46,775 |
| 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 | (693,512) |
| Capital outlay | 40,500 |
| Expenses are recorded when incurred in the statement of activities. | |
| Interest | 5,688 |
| Compensated absences | 38,000 |
| 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 | 1,275,000 |
| Amortization of deferred amount on refunding | (23,375) |
| Amortization of bond premium | <u>5,909</u> |
| Change in net position of governmental activities | <u>\$ 986,902</u> |

See Accompanying Notes to Financial Statements

Bridgeport-Spaulding Community School District
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014

| | <u>Private Purpose Trust Funds</u> | <u>Agency Funds</u> |
|--|--|-------------------------|
| Assets | | |
| Cash | \$ 27,383 | \$ 107,948 |
| Investments | <u>75,784</u> | <u>-</u> |
| Total assets | <u>103,167</u> | <u>\$ 107,948</u> |
| Liabilities | | |
| Due to other funds | - | \$ 2,797 |
| Due to agency fund activities | <u>-</u> | <u>105,151</u> |
| Total liabilities | <u>-</u> | <u>\$ 107,948</u> |
| Net position | | |
| Assets held for scholarships and loans | <u>\$ 103,167</u> | |

See Accompanying Notes to Financial Statements

Bridgeport-Spaulding Community School District
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

| | <u>Private Purpose Trust Funds</u> |
|----------------------------------|--|
| Additions | |
| Local sources | \$ 17,354 |
| Interest and investment earnings | <u>67</u> |
| Total additions | <u>17,421</u> |
| Deductions | |
| Scholarships | <u>22,080</u> |
| Change in net position | (4,659) |
| Net position - beginning | <u>107,826</u> |
| Net position - ending | <u>\$ 103,167</u> |

See Accompanying Notes to Financial Statements

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

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

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

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

Fund Financial Statements

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

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

Bridgeport-Spauling Community School District
Notes to Financial Statements
June 30, 2014

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, 2014, the rates are as follows per \$1,000 of assessed value.

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

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

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 Spaulding.

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 10 to 15 days per year. A maximum of 60 to 145 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.

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

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

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

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

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

Committed – amounts that have been formally set aside by the Board of Education for 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 School 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 School 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.

Upcoming Accounting and Reporting Changes

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

The GASB has also issued Statement 69, *Government Combinations and Disposals of Government Operations*. Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was

Bridgeport-Spauling Community School District
Notes to Financial Statements
June 30, 2014

limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. Statement 69 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 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 | \$ 6,568,228 | \$ 6,752,068 | \$ 183,840 |
| Supporting services | | | |
| General administration | 293,590 | 307,886 | 14,296 |
| School administration | 907,386 | 953,333 | 45,947 |
| Business | 298,582 | 336,231 | 37,649 |
| Operations and maintenance | 1,546,734 | 1,763,491 | 216,757 |
| Pupil transportation services | 719,614 | 755,645 | 36,031 |
| Central | 239,520 | 255,149 | 15,629 |
| Capital outlay | 120,000 | 160,692 | 40,692 |
| | <u>\$ 10,693,654</u> | <u>\$ 11,284,495</u> | <u>\$ 590,841</u> |

Deficit Fund Balance

The School District has accumulated a deficit fund balance of \$2,924,402 in the General Fund as of June 30, 2014. The School District has filed a deficit elimination plan with the State of Michigan, which the School District is in compliance with as of year end. The School District also has a deficit unrestricted net position in the amount of \$2,992,627 on the Statement of Net Position.

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

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 | \$ 1,395,146 | \$ 135,331 | \$ 1,530,477 |
| Investments | - | 75,784 | 75,784 |
| | <u>\$ 1,395,146</u> | <u>\$ 211,115</u> | <u>\$ 1,606,261</u> |

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

| | |
|--|---------------------|
| Deposits (checking, savings accounts, money markets, certificates of deposit) | \$ 1,605,941 |
| Petty cash and cash on hand | 320 |
| Total | <u>\$ 1,606,261</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 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, \$1,507,818 of the District's bank balance of \$1,962,253 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.

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

Note 4 - Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 70,000 | \$ - | \$ - | \$ 70,000 |
| Capital assets being depreciated | | | | |
| Buildings and additions | 33,732,765 | - | - | 33,732,765 |
| Equipment and furniture | 165,129 | 6,500 | - | 171,629 |
| Buses and other vehicles | 763,601 | 34,000 | 101,848 | 695,753 |
| Total capital assets being depreciated | 34,661,495 | 40,500 | 101,848 | 34,600,147 |
| Less accumulated depreciation | | | | |
| Buildings and additions | 19,182,162 | 664,691 | - | 19,846,853 |
| Equipment and furniture | 129,881 | 4,024 | - | 133,905 |
| Buses and other vehicles | 679,609 | 24,797 | 101,848 | 602,558 |
| Total accumulated depreciation | 19,991,652 | 693,512 | 101,848 | 20,583,316 |
| Net capital assets being depreciated | 14,669,843 | (653,012) | - | 14,016,831 |
| Net capital assets | <u>\$ 14,739,843</u> | <u>\$ (653,012)</u> | <u>\$ -</u> | <u>\$ 14,086,831</u> |

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

| | |
|--------------------------------|-------------------|
| Governmental activities | |
| Instruction | \$ 406,879 |
| Support services | 240,802 |
| Food services | 45,831 |
| Total governmental activities | <u>\$ 693,512</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 Agency | Nonmajor General | \$ 361,078 |
| | | 2,797 |
| | | <u>\$ 363,875</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:

| | <u>Transfers Out</u> |
|--------------------------|----------------------|
| | General Fund |
| Transfers in | |
| Other governmental funds | <u>\$ 181,103</u> |

A transfer of \$181,103 from the General Fund to the Debt Service Fund was made to cover the principal and interest payment on the facilities bond.

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

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>\$ 58,836</u> |
|---|------------------|

Note 7 - State Aid Anticipation Note

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

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

| | <u>Beginning Balance</u> | <u>Proceeds</u> | <u>Repayments</u> | <u>Ending Balance</u> |
|-----------------------------|------------------------------|---------------------|---------------------|---------------------------|
| State aid anticipation note | <u>\$ 4,950,000</u> | <u>\$ 5,680,000</u> | <u>\$ 4,950,000</u> | <u>\$ 5,680,000</u> |

Note 8 - Operating Leases

The School District has a non-cancelable operating lease for buses. Total cost for the lease was \$120,192 or the year ended June 30, 2014.

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

| | <u>Year ending June 30,</u> | |
|-------|-----------------------------|-------------------|
| | 2015 | \$ 87,648 |
| | 2016 | <u>87,648</u> |
| Total | | <u>\$ 175,296</u> |

Note 9 - Long-Term Debt

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

Long-term obligation activity is summarized as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amount Due Within One Year</u> |
|-----------------------------|------------------------------|------------------|---------------------|---------------------------|---|
| Government obligation bonds | \$ 6,685,000 | \$ - | \$ 1,275,000 | \$ 5,410,000 | \$ 1,350,000 |
| Compensated absences | 140,000 | - | 25,000 | 115,000 | - |
| Premium on bonds | 23,637 | - | 5,909 | 17,728 | - |
| Total | <u>\$ 6,848,637</u> | <u>\$ -</u> | <u>\$ 1,305,909</u> | <u>\$ 5,542,728</u> | <u>\$ 1,350,000</u> |

Bridgeport-Spauling Community School District
Notes to Financial Statements
June 30, 2014

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% | \$ 1,450,000 |
| \$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% | 3,960,000 |
| Total general obligation bonded debt | \$ 5,410,000 |

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

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|--------------|------------|--------------|
| 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 |
| 2019 | 135,000 | 53,602 | 188,602 |
| 2020-2024 | 855,000 | 147,576 | 1,002,576 |
| Total | \$ 5,410,000 | \$ 673,186 | \$ 6,083,186 |

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$211,611 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 \$212,417.

Deferred Amount on Debt Refunding

The School District issued bonds in 2011 to advance refund and retire previously issued term bonds. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying

statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year.

Deferred amount on refunding activity is summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|------------------------------|----------------------|-----------|-------------|-------------------|----------------------------------|
| Deferred amount on refunding | \$ (93,499) | | \$ (23,375) | \$ (70,124) | \$ - |

Compensated Absences

Accrued compensated absences at year end, consists of \$51,000 of vacation hours earned and vested and \$64,000 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 \$2,710,000.

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

Note 10 - Risk Management

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

The School District 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 \$14,088 unemployment compensation expense for the year. No provision has been made for possible future claims.

Note 11 - Pension Plans and Post Employment Benefits

Plan Description

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

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

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, under the authority established by the Michigan Public School Employees Retirement Act (Retirement Act), as enacted and amended by the Michigan Legislature. The Michigan 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>.

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

Bridgeport-Spaulling Community School District
Notes to Financial Statements
June 30, 2014

Pension Benefits

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

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

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

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

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

The School District's required and actual contributions to the plans for the years ended June 30, 2014, 2013, and 2012 were approximately \$1,212,000, \$1,141,000, and \$1,205,000, respectively. Contributions made by the participants of the plan for the year ended June 30, 2014 were \$506,987.

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.

Bridgeport-Spauling Community School District
Notes to Financial Statements
June 30, 2014

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.

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

The District's actual contributions match the required contributions for the years ended June 30, 2014, 2013, and 2012 and were approximately \$570,000, \$680,000, and \$681,000, respectively.

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2014, the School District had contributions in the amount of \$99,942 to the Michigan Public School Employee Retirement System (MPERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 4.56% for the year. These contributions are not included in the above tables.

Note 12 - 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, 2014.

Note 13 - Subsequent Event

Subsequent to June 30, 2014, the School District entered into an operating lease agreement for 6 buses. The future minimum payments for this lease are as follows:

| Year ending June 30, | |
|----------------------|------------|
| 2015 | \$ 70,554 |
| 2016 | 70,554 |
| 2017 | 70,554 |
| Total | \$ 211,662 |

REQUIRED SUPPLEMENTARY INFORMATION

Bridgeport-Spaulding Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Over (Under) Budget</u> |
|---|-------------------------|-------------------|-------------------|------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | \$ 1,487,535 | \$ 1,626,243 | \$ 1,845,275 | \$ 219,032 |
| State sources | 10,429,057 | 11,935,229 | 11,828,601 | (106,628) |
| Federal sources | 1,546,472 | 1,613,094 | 1,638,615 | 25,521 |
| Interdistrict sources | <u>60,000</u> | <u>97,200</u> | <u>30,047</u> | <u>(67,153)</u> |
| Total revenues | <u>13,523,064</u> | <u>15,271,766</u> | <u>15,342,538</u> | <u>70,772</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Basic programs | 5,797,188 | 6,568,228 | 6,752,068 | 183,840 |
| Added needs | 2,610,497 | 2,538,230 | 2,498,658 | (39,572) |
| Supporting services | | | | |
| Pupil | 575,193 | 578,405 | 533,406 | (44,999) |
| Instructional staff | 356,764 | 409,966 | 372,172 | (37,794) |
| General administration | 287,090 | 293,590 | 307,886 | 14,296 |
| School administration | 765,265 | 907,386 | 953,333 | 45,947 |
| Business | 315,296 | 298,582 | 336,231 | 37,649 |
| Operations and maintenance | 1,447,121 | 1,546,734 | 1,763,491 | 216,757 |
| Pupil transportation services | 684,270 | 719,614 | 755,645 | 36,031 |
| Central | 223,490 | 239,520 | 255,149 | 15,629 |
| Athletics | 207,912 | 204,912 | 197,498 | (7,414) |
| Community services | 24,760 | 30,000 | 13,890 | (16,110) |
| Capital outlay | <u>32,544</u> | <u>120,000</u> | <u>160,692</u> | <u>40,692</u> |
| Total expenditures | <u>13,327,390</u> | <u>14,455,167</u> | <u>14,900,119</u> | <u>444,952</u> |
| Excess (deficiency) of revenues over expenditures | <u>195,674</u> | <u>816,599</u> | <u>442,419</u> | <u>(374,180)</u> |

Bridgeport-Spaulding Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Over (Under) Budget</u> |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | \$ - | \$ - | \$ 35,555 | \$ 35,555 |
| Transfers out | <u>(181,105)</u> | <u>(181,105)</u> | <u>(181,103)</u> | <u>2</u> |
| Total other financing sources (uses) | <u>(181,105)</u> | <u>(181,105)</u> | <u>(145,548)</u> | <u>35,557</u> |
| Net change in fund balance | 14,569 | 635,494 | 296,871 | (338,623) |
| Fund deficit - beginning | <u>(3,221,273)</u> | <u>(3,221,273)</u> | <u>(3,221,273)</u> | <u>-</u> |
| Fund deficit - ending | <u><u>\$ (3,206,704)</u></u> | <u><u>\$ (2,585,779)</u></u> | <u><u>\$ (2,924,402)</u></u> | <u><u>\$ (338,623)</u></u> |

OTHER SUPPLEMENTARY INFORMATION

Bridgeport-Spaulding Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

| | 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 | \$ 18,583 | \$ 107 | \$ - | \$ 18,690 |
| Due from other funds | 125,818 | 211,504 | 23,756 | 361,078 |
| Due from other governmental units | 36,807 | - | - | 36,807 |
| Inventory | 19,295 | - | - | 19,295 |
| Total assets | <u>\$ 200,503</u> | <u>\$ 211,611</u> | <u>\$ 23,756</u> | <u>\$ 435,870</u> |
| Liabilities and fund balance | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 18,420 | \$ - | \$ - | \$ 18,420 |
| Fund balance | | | | |
| Nonspendable | | | | |
| Inventory | 19,295 | - | - | 19,295 |
| Restricted for: | | | | |
| Food service | 162,788 | - | - | 162,788 |
| Debt service | - | 211,611 | - | 211,611 |
| Capital projects | - | - | 23,756 | 23,756 |
| Total fund balance | <u>182,083</u> | <u>211,611</u> | <u>23,756</u> | <u>417,450</u> |
| Total liabilities and fund balance | <u>\$ 200,503</u> | <u>\$ 211,611</u> | <u>\$ 23,756</u> | <u>\$ 435,870</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

| | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|----------------------------|-------------------------|-----------------------------|--|
| | Food Service | | | |
| Revenues | | | | |
| Local sources | \$ 50,134 | \$ 1,262,932 | \$ 14 | \$ 1,313,080 |
| State sources | 42,534 | - | - | 42,534 |
| Federal sources | 987,739 | - | - | 987,739 |
| Total revenues | <u>1,080,407</u> | <u>1,262,932</u> | <u>14</u> | <u>2,343,353</u> |
| Expenditures | | | | |
| Food services | 1,041,993 | - | - | 1,041,993 |
| Debt service | | | | |
| Principal | - | 1,275,000 | - | 1,275,000 |
| Interest and other expenditures | - | 212,417 | - | 212,417 |
| Total expenditures | <u>1,041,993</u> | <u>1,487,417</u> | <u>-</u> | <u>2,529,410</u> |
| Excess (deficiency) of revenues over expenditures | <u>38,414</u> | <u>(224,485)</u> | <u>14</u> | <u>(186,057)</u> |
| Other financing sources | | | | |
| Transfers in | - | 181,103 | - | 181,103 |
| Net change in fund balance | 38,414 | (43,382) | 14 | (4,954) |
| Fund balance - beginning | <u>143,669</u> | <u>254,993</u> | <u>23,742</u> | <u>422,404</u> |
| Fund balance - ending | <u>\$ 182,083</u> | <u>\$ 211,611</u> | <u>\$ 23,756</u> | <u>\$ 417,450</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2014

| | <u>2014</u> | <u>2013</u> |
|--|----------------------------|----------------------------|
| Assets | | |
| Cash | \$ 1,376,456 | \$ 723,493 |
| Accounts receivable | - | 11,279 |
| Due from other funds | 2,797 | 27,960 |
| Due from other governmental units | <u>3,198,707</u> | <u>2,428,953</u> |
| Total assets | <u>\$ 4,577,960</u> | <u>\$ 3,191,685</u> |
| Liabilities | | |
| Accounts payable | \$ 206,048 | \$ 72,183 |
| State aid anticipation note payable | 5,680,000 | 4,950,000 |
| Due to other funds | 361,078 | 226,599 |
| Payroll deductions and withholdings | - | 11,627 |
| Accrued expenditures | 357,053 | 378,588 |
| Accrued salaries payable | 792,572 | 705,015 |
| Unearned revenue | <u>58,836</u> | <u>68,946</u> |
| Total liabilities | <u>7,455,587</u> | <u>6,412,958</u> |
| Deferred inflows of resources | | |
| Unavailable revenue | | |
| Grants | <u>46,775</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | 7,502,362 | 6,412,958 |
| Fund deficit | | |
| Unassigned | <u>(2,924,402)</u> | <u>(3,221,273)</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 4,577,960</u> | <u>\$ 3,191,685</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Prior Year
For the Year Ended June 30, 2014

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|
| | Actual | Actual |
| Revenue from local sources | | |
| Property tax levy | \$ 1,418,046 | \$ 1,361,072 |
| Earnings on investments | 1,680 | 618 |
| Other local revenues | <u>425,549</u> | <u>203,855</u> |
| Total revenues from local sources | <u>1,845,275</u> | <u>1,565,545</u> |
| Revenues from state sources | | |
| Grants - unrestricted | 9,886,480 | 8,703,221 |
| Grants - restricted | <u>1,942,121</u> | <u>1,513,291</u> |
| Total revenues from state sources | <u>11,828,601</u> | <u>10,216,512</u> |
| Revenues from federal sources | | |
| Grants | <u>1,638,615</u> | <u>1,442,396</u> |
| Interdistrict sources | | |
| ISD collected millage | <u>30,047</u> | <u>22,406</u> |
| Other financing sources | | |
| Proceeds from sale of capital assets | <u>35,555</u> | <u>-</u> |
| Total revenue and other financing sources | <u>\$ 15,378,093</u> | <u>\$ 13,246,859</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2014

| | 2014 Actual | 2013 Actual |
|--------------------------------------|------------------|------------------|
| Basic program - elementary | | |
| Salaries | \$ 1,548,587 | \$ 1,423,144 |
| Employee benefits | 874,831 | 738,628 |
| Purchased services | 67,950 | 80,471 |
| Supplies and materials | <u>31,188</u> | <u>7,730</u> |
| Total elementary | <u>2,522,556</u> | <u>2,249,973</u> |
| Basic program - middle school | | |
| Salaries | 995,080 | 1,123,613 |
| Employee benefits | 623,911 | 593,531 |
| Purchased services | 42,725 | 47,758 |
| Supplies and materials | <u>16,159</u> | <u>3,806</u> |
| Total middle school | <u>1,677,875</u> | <u>1,768,708</u> |
| Basic program - high school | | |
| Salaries | 1,250,968 | 1,008,629 |
| Employee benefits | 719,109 | 553,212 |
| Purchased services | 87,617 | 81,842 |
| Supplies and materials | 90,839 | 52,671 |
| Other | <u>208,767</u> | <u>106,427</u> |
| Total high school | <u>2,357,300</u> | <u>1,802,781</u> |
| Basic program - pre-school | | |
| Salaries | 27,455 | 35,587 |
| Employee benefits | 11,168 | 14,175 |
| Purchased services | 89,727 | 66,596 |
| Supplies and materials | <u>28,106</u> | <u>21,346</u> |
| Total pre-school | <u>156,456</u> | <u>137,704</u> |
| Basic program - summer school | | |
| Salaries | 16,815 | 28,276 |
| Employee benefits | 5,423 | 9,397 |
| Purchased services | 980 | 3,771 |
| Supplies and materials | <u>14,663</u> | <u>13,276</u> |
| Total summer school | <u>37,881</u> | <u>54,720</u> |

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2014

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| | Actual | Actual |
| Added needs - special education | | |
| Salaries | \$ 987,948 | \$ 1,092,581 |
| Employee benefits | 544,643 | 588,354 |
| Purchased services | 23,755 | 24,084 |
| Supplies and materials | 1,792 | 1,389 |
| Other | <u>133,142</u> | <u>76,774</u> |
| Total special education | <u>1,691,280</u> | <u>1,783,182</u> |
| Added needs - compensatory education | | |
| Salaries | 320,519 | 347,437 |
| Employee benefits | 160,520 | 147,450 |
| Purchased services | 7,200 | 11,380 |
| Supplies and materials | <u>319,139</u> | <u>29,534</u> |
| Total compensatory education | <u>807,378</u> | <u>535,801</u> |
| Added needs - career and technical education | | |
| Salaries | - | 57,195 |
| Employee benefits | - | 30,498 |
| Purchased services | <u>-</u> | <u>331</u> |
| Total career and technical education | <u>-</u> | <u>88,024</u> |
| Pupil - truancy/absenteeism services | | |
| Supplies and materials | <u>-</u> | <u>2,949</u> |
| Pupil - guidance services | | |
| Salaries | 28,579 | 112,053 |
| Employee benefits | <u>13,591</u> | <u>56,900</u> |
| Total guidance services | <u>42,170</u> | <u>168,953</u> |

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2014

| | <u>2014</u> Actual | <u>2013</u> Actual |
|---|-----------------------|-----------------------|
| Pupil - health services | | |
| Purchased services | \$ 275 | \$ - |
| Pupil - psychological services | | |
| Other | <u>60,656</u> | <u>58,806</u> |
| Pupil - speech services | | |
| Salaries | 61,361 | 61,362 |
| Employee benefits | 37,846 | 31,897 |
| Supplies and materials | 206 | 247 |
| Other | <u>93,938</u> | <u>74,704</u> |
| Total speech services | <u>193,351</u> | <u>168,210</u> |
| Pupil - social work services | | |
| Salaries | 109,298 | 84,959 |
| Employee benefits | 68,622 | 36,190 |
| Purchased services | 1,135 | 246 |
| Supplies and materials | <u>117</u> | <u>3,592</u> |
| Total social work services | <u>179,172</u> | <u>124,987</u> |
| Pupil - other support services | | |
| Salaries | 36,791 | 51,795 |
| Employee benefits | 19,175 | 16,370 |
| Purchased services | <u>1,816</u> | <u>31,354</u> |
| Total other pupil support services | <u>57,782</u> | <u>99,519</u> |
| Instructional staff - improvement of education | | |
| Salaries | - | 1,553 |
| Employee benefits | - | 502 |
| Purchased services | 87,736 | 63,027 |
| Other | <u>-</u> | <u>1,361</u> |
| Total improvement of education | <u>87,736</u> | <u>66,443</u> |

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2014

| | 2014 Actual | 2013 Actual |
|---|----------------|----------------|
| Instructional staff - educational media services | | |
| Salaries | \$ 25,140 | \$ 33,759 |
| Employee benefits | 8,999 | 14,901 |
| Purchased services | 9,956 | 2,700 |
| Supplies and materials | 12,330 | 19,179 |
| Total educational media services | <u>56,425</u> | <u>70,539</u> |
| Instructional staff - supervision and direction of instructional staff | | |
| Salaries | 71,489 | 73,608 |
| Employee benefits | 27,429 | 28,687 |
| Purchased services | 1,498 | 1,040 |
| Supplies and materials | 894 | 714 |
| Other | 110,606 | 91,283 |
| Total supervision and direction of instructional staff | <u>211,916</u> | <u>195,332</u> |
| Instructional staff - academic student assessment | | |
| Purchased services | 16,095 | - |
| Supplies and materials | - | 8,260 |
| Total academic student assessment | <u>16,095</u> | <u>8,260</u> |
| General administration - board of education | | |
| Salaries | 2,140 | 2,500 |
| Purchased services | 73,924 | 138,921 |
| Supplies and materials | 108 | 145 |
| Other | 4,389 | 759 |
| Total board of education | <u>80,561</u> | <u>142,325</u> |
| General administration - executive administration | | |
| Salaries | 142,520 | 144,520 |
| Employee benefits | 78,122 | 82,204 |
| Purchased services | 2,624 | 3,064 |
| Supplies and materials | 748 | 679 |
| Other | 3,311 | 2,339 |
| Total executive administration | <u>227,325</u> | <u>232,806</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2014

| | <u>2014</u> Actual | <u>2013</u> Actual |
|--|-----------------------|-----------------------|
| School administration - office of the principal | | |
| Salaries | \$ 556,876 | \$ 489,222 |
| Employee benefits | 385,948 | 358,375 |
| Purchased services | - | 2,630 |
| Supplies and materials | 6,537 | 5,996 |
| Other | <u>3,972</u> | <u>2,788</u> |
| Total office of the principal | <u>953,333</u> | <u>859,011</u> |
| Business - fiscal services | | |
| Salaries | 77,959 | 70,926 |
| Employee benefits | 61,880 | 56,150 |
| Purchased services | 36,959 | 34,989 |
| Supplies and materials | 1,282 | 1,012 |
| Other | <u>4,233</u> | <u>4,231</u> |
| Total fiscal services | <u>182,313</u> | <u>167,308</u> |
| Business - internal services | | |
| Salaries | 6,695 | 6,708 |
| Employee benefits | 7,423 | 7,672 |
| Purchased services | 5,760 | 6,351 |
| Supplies and materials | <u>2,628</u> | <u>463</u> |
| Total internal services | <u>22,506</u> | <u>21,194</u> |
| Business - other | | |
| Employee benefits | 36,083 | 27,655 |
| Purchased services | 1,019 | 1,037 |
| Other | <u>94,310</u> | <u>138,814</u> |
| Total other business | <u>131,412</u> | <u>167,506</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2014

| | <u>2014</u> Actual | <u>2013</u> Actual |
|---|-----------------------|-----------------------|
| Operations and maintenance - operating building services | | |
| Salaries | \$ 386,739 | \$ 384,046 |
| Employee benefits | 326,329 | 428,121 |
| Purchased services | 438,907 | 278,453 |
| Supplies and materials | <u>523,336</u> | <u>432,477</u> |
| Total operating building services | <u>1,675,311</u> | <u>1,523,097</u> |
| Operations and maintenance - security services | | |
| Purchased services | <u>88,180</u> | <u>17,427</u> |
| Pupil transportation services | | |
| Salaries | 408,230 | 367,548 |
| Employee benefits | 170,402 | 170,215 |
| Purchased services | 36,383 | 52,044 |
| Supplies and materials | 139,913 | 105,862 |
| Other | <u>717</u> | <u>1,278</u> |
| Total transportation services | <u>755,645</u> | <u>696,947</u> |
| Central - communication services | | |
| Purchased services | <u>-</u> | <u>2,258</u> |
| Central - staff/personnel services | | |
| Salaries | 49,060 | 48,400 |
| Employee benefits | 28,178 | 26,082 |
| Purchased services | 11,378 | 6,035 |
| Supplies and materials | 990 | 331 |
| Other | <u>-</u> | <u>931</u> |
| Total staff/personnel services | <u>89,606</u> | <u>81,779</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2014

| | <u>2014</u> Actual | <u>2013</u> Actual |
|--|-----------------------|-----------------------|
| Central - support services technology | | |
| Salaries | \$ - | \$ 33,231 |
| Employee benefits | - | 24,752 |
| Purchased services | 101,382 | 52,922 |
| Supplies and materials | 1,563 | 22,782 |
| Other | <u>62,598</u> | <u>63,591</u> |
| Total support services technology | <u>165,543</u> | <u>197,278</u> |
| Athletics activities | | |
| Salaries | 91,568 | 85,926 |
| Employee benefits | 12,020 | 12,965 |
| Purchased services | 69,115 | 72,582 |
| Supplies and materials | 21,310 | 8,057 |
| Other | <u>3,485</u> | <u>3,777</u> |
| Total athletic activities | <u>197,498</u> | <u>183,307</u> |
| Community services - community activities | | |
| Salaries | 3,052 | 2,374 |
| Employee benefits | 796 | 760 |
| Purchased services | 3,669 | 578 |
| Supplies and materials | <u>6,373</u> | <u>7,670</u> |
| Total community activities | <u>13,890</u> | <u>11,382</u> |
| Capital outlay | | |
| Pupil transportation services | <u>160,692</u> | <u>32,544</u> |
| Other financing uses | | |
| Transfers out | <u>181,103</u> | <u>185,853</u> |
| Total expenditures and other financing uses | <u>\$ 15,081,222</u> | <u>\$ 13,906,913</u> |

Bridgeport-Spaulding Community School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014

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

| Interest Rate | Year | Annual Maturity May 1st | Semi-annual Interest Payments | | Total Fiscal Year Requirements |
|---------------|------|-------------------------|-------------------------------|-------------------|--------------------------------|
| | | | November 1st | May 1st | |
| 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 | 200,000 | 5,500 | 5,500 | 211,000 |
| | | <u>\$ 1,450,000</u> | <u>\$ 237,667</u> | <u>\$ 237,667</u> | <u>\$ 1,925,334</u> |

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

| Interest Rate | Year | Annual Maturity May 1st | Semi-annual Interest Payments | | Total Fiscal Year Requirements |
|---------------|------|-------------------------|-------------------------------|------------------|--------------------------------|
| | | | November 1st | May 1st | |
| 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 | 1,390,000 | 17,375 | 17,375 | 1,424,750 |
| | | <u>\$ 3,960,000</u> | <u>\$ 98,925</u> | <u>\$ 98,925</u> | <u>\$ 4,157,850</u> |