

St. Charles Community Schools

St. Charles, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2012

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St. Charles Community Schools
Members of the Board of Education and Administration
June 30, 2012

Members of the Board of Education

John Germain	President
Lenny LeFevre	Vice-President
Leon Larsen	Secretary
Duane Reyhl	Treasurer
Steven McNally	Trustee
Tammy Fuller	Trustee
Laurasue Holcomb	Trustee

Administration

Michael Wallace	Superintendent
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Independent Auditors' Report

To the Board of Education
St. Charles Community Schools
St Charles, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of St. Charles Community Schools as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of St. Charles Community Schools' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of St. Charles Community Schools as of June 30, 2012, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 11, 2012, on our consideration of the St. Charles Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, St. Charles Community Schools' financial statements for the year ended June 30, 2011, which are not presented with the accompanying financial statements. In our report dated October 3, 2011, we expressed unqualified 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 St. Charles Community Schools' financial statements as a whole. The 2011 information in the comparative statements 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 2011 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 2011 information in the comparative statements is fairly stated in all material respects in relation to the financial statements from which they have been derived.

Yeo & Yeo, P.C.

Saginaw, Michigan

October 11, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Charles Community Schools

Management's Discussion and Analysis

Year Ended June 30, 2012

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB) in their Statement Number 34 issued in June of 2000.

District – Wide Financial Statements

The District-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: The Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various district services.

When analyzed together, the two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the district, reporting the District's operation in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized only to the extent they are likely 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 *Public School 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. The funds used by St. Charles Community Schools include Fiduciary Funds and Special Revenue Funds for food service, community education, and Kids Care activities.

St. Charles Community Schools is the trustee, or fiduciary, for its student activity funds. These fiduciary activities are reported in separate statements of fiduciary net assets. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

St. Charles Community Schools
Management's Discussion and Analysis
Year Ended June 30, 2012

Financial Analysis of the District as a Whole

Summary of Net Assets

	Governmental Activities	
	2012	2011
Assets		
Current assets	\$ 2,911,113	\$ 3,027,929
Capital assets	12,329,243	12,279,091
Less accumulated depreciation	(4,725,954)	(4,344,069)
Capital assets, net book value	7,603,289	7,935,022
Total assets	<u>10,514,402</u>	<u>10,962,951</u>
Liabilities		
Current liabilities	1,421,984	1,021,437
Long-term liabilities	7,577,147	7,877,089
Total liabilities	<u>8,999,131</u>	<u>8,898,526</u>
Net Assets		
Invested in capital assets	165,343	218,958
Restricted	395,539	376,947
Unrestricted	954,389	1,468,520
Total net assets	<u>\$ 1,515,271</u>	<u>\$ 2,064,425</u>

Unrestricted net assets are similar but not identical to fund balance. Reserves for grants and deferred gifts within the fund balance are treated as restricted net assets since they are not available for general operations. A reconciliation of the difference between increased net assets and an increase in fund balance is on page 4-7.

Statement of Net Assets from Operating Results

	Governmental Activities	
	2012	2011
Revenues		
Program revenues		
Charges for services	\$ 438,063	\$ 387,885
Operating grants and contributions	1,090,976	1,035,729
General revenues		
Property taxes	1,221,916	1,199,966
State foundation allowance	7,414,509	7,347,655
Other	75,648	61,049
Total revenues	<u>10,241,112</u>	<u>10,032,284</u>
Expenses		
Instruction	6,753,054	6,209,249
Support services	3,053,313	3,030,185
Food services	536,403	509,776
Community services	86,278	68,088
Other transactions	361,218	372,062
Total expenses	<u>10,790,266</u>	<u>10,189,360</u>
Change in net assets	<u>\$ (549,154)</u>	<u>\$ (157,076)</u>

The School District's Funds

In the General Fund expenditures exceeded revenues resulting in a decrease in fund balance of \$ 249,675.

St. Charles Community Schools
Management's Discussion and Analysis
Year Ended June 30, 2012

In the Food Service Fund revenues exceeded expenditures resulting in an increase in fund balance of \$27,214.

In the Community Service Fund the revenues exceeded expenditures resulting in an increase in fund balance of \$23,339.

In the Debt Service Fund the expenditures exceeded revenues resulting in a decrease in fund balance of \$8,622.

Per Student Foundation Allowance

Approximately 89% of the District's revenues are received from State sources and local tax. The Net State Foundation Grant is based on three variables:

1. The State of Michigan State Aid Act per student foundation allowance.
2. Student enrollment calculated by blending 90 percent of the current year's fall count and 10 percent of the prior year's winter count.
3. The amount raised by the District's non-homestead property tax levy of 18 mills

Annually, the State of Michigan establishes the per student foundation allowance.

In 2010-11, the district's allowance of \$7,316 was cut by \$119, which the district was able to recoup through a federal government grant, the American Recovery and Reinvestment Act of 2009. However, in addition, the allowance was cut an additional \$170 bringing the actual foundation allowance to \$7,146.

For 2011-12, the foundation allowance was decreased again by \$ 300 per pupil, bringing the foundation allowance to \$6,846.

For 2012-13 the state foundation allowance is expected to be \$ 6,966 per pupil.

Student Enrollment

The District's blended count enrollment has decreased from 1,151.60 full time equivalent (FTE) students in 2007-08 to 1,092.13 FTEs in 2011-12.

2007-08	1,151.60
2008-09	1,125.81
2009-10	1,110.47
2010-11	1,083.87
2011-12	1,092.13

Fall enrollment data are combined with district enrollments of the previous February to determine the blended count upon which state aid is based. In recent years, the fall count has been taken on the fourth Wednesday of September and winter counts are taken on the second Wednesday of February. In 2004-05 the formula for computing the blended count changed to 75% of the fall enrollment and 25% of the previous winter enrollment.

For the 2011-12 school year, the fall count was on the first Wednesday of October and the formula for computing the blended count changed to 90% of the fall enrollment and 10% of the previous winter enrollment. Most public schools in Michigan, including the St. Charles Community Schools, lose student enrollment during the course of a school year.

St. Charles Community Schools
Management's Discussion and Analysis
Year Ended June 30, 2012

A general pattern of increasing enrollment that began in the mid-1980s peaked at 1,330 students in 1996-97 and has declined moderately but steadily since. However, enrollment increased from 1083.87 in 2010-11 to 1092.13 in 2011-12, due to virtual student enrollment.

The district anticipates continued enrollment growth as our virtual program expands.

Property Taxes Levied for General Operations

The District levies 18 mills of property taxes for operations (General Fund) against Non-Homestead properties. Under Michigan law, the tax levy is 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 Consumer Price Index increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value. The following summarizes the local tax revenues as a percent of all general fund revenues for the past five years:

	Local Property Tax	% of General Fund
	Revenue	Revenue
2011/12	\$597,994	6.7%
2010/11	572,161	6.5%
2009/10	572,255	6.4%
2008/09	537,771	5.9%
2007/08	570,408	6.1%

Capital Assets

As of June 30, 2012, the District had \$7,603,289 invested in Capital assets including land, buildings, furniture and equipment.

	2012	2011
Capital assets		
Land	\$ 30,000	\$ 30,000
Buildings and improvements	10,397,074	10,397,074
Buses and other vehicles	569,503	559,503
Furniture and equipment	<u>1,332,666</u>	<u>1,292,514</u>
Subtotal	12,329,243	12,279,091
Less accumulated depreciation	<u>(4,725,954)</u>	<u>(4,344,069)</u>
	<u>\$ 7,603,289</u>	<u>\$ 7,935,022</u>

Long-Term Debt

General obligation bonds payable at June 30, 2012, consist of the following:

2004 School Improvement Bonds \$9,200,000 due in annual installments of \$250,000 to \$635,000 through 5/1/2029, interest at 4.0% to 4.9%. \$ 7,515,000

St. Charles Community Schools
Management's Discussion and Analysis
Year Ended June 30, 2012

Original versus Revised Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Both the general fund revenue budget and expenditure budget for 2011/12 were approved on June 22, 2011. The revenue and expenditure budgets were amended on March 21, 2012 and June 20, 2012.

	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Revenues	\$ 8,679,570	\$ 8,971,354	\$ 291,784
Expenditures	<u>8,955,973</u>	<u>9,295,191</u>	<u>339,218</u>
Net change in fund balance	<u>\$ (276,403)</u>	<u>\$ (323,837)</u>	<u>\$ (47,434)</u>

The original revenue budget was amended to reflect actual student enrollment, grant awards, and property tax revenue.

The original expenditure budget was amended to reflect actual employee salary and benefit costs as well as supply and equipment costs.

General Fund Revenues

	<u>2011/12</u>
General Fund revenue budget	\$ 8,971,354
Actual General Fund revenue	<u>8,976,743</u>
	<u>\$ 5,389</u>

In 2011/12 the District's actual general fund revenues were more than the budget by \$5,389 a variance of .06%.

General Fund Expenditures

	<u>2011/12</u>
General Fund expenditure budget	\$ 9,295,191
Audited General Fund expenditures	<u>9,226,418</u>
	<u>\$ (68,773)</u>

In 2011/12 the District's actual general fund expenditures were less than the budget by \$68,773 a variance of .74%.

St. Charles Community Schools
Management's Discussion and Analysis
Year Ended June 30, 2012

Economic Factors and Next Year's Budget and Rates

As most of the District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. Once the final student count is known in early October, state law requires the District to amend the budget if actual revenues will vary significantly from those originally appropriated.

Actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Additional detail is available on the district's web site (www.stccs.org). Questions concerning this report or requests for additional information should be addressed to Michael Wallace at wallacem@stccs.org.

BASIC FINANCIAL STATEMENTS

St. Charles Community Schools
Statement of Net Assets
June 30, 2012

	Governmental Activities
Assets	
Cash	\$ 1,093,768
Taxes receivable	5,118
Accounts receivable	35,883
Due from other governmental units	1,714,019
Other assets	187,778
Capital assets not being depreciated	30,000
Capital assets - net of accumulated depreciation	7,573,289
Total assets	10,639,855
 Liabilities	
Accounts payable	222,281
Accrued expenditures	690,330
Accrued salaries payable	505,378
Deferred revenue	11,481
Noncurrent liabilities	
Due within one year	297,282
Due in more than one year	7,279,865
Total liabilities	9,006,617
 Net assets	
Invested in capital assets, net of related debt	165,343
Restricted	
Debt service	233,282
Food service	162,257
Unrestricted	1,072,356
Total net assets	\$ 1,633,238

See Accompanying Notes to Financial Statements

St. Charles Community Schools
Statement of Activities
For the Year Ended June 30, 2012

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in	Net Assets
Functions/Programs					
Governmental activities					
Instruction	\$ 6,676,566	\$ 58,522	\$ 764,749	\$ -	\$ (5,853,295)
Supporting services	3,018,886	73,207	-	-	(2,945,679)
Food services	530,328	192,727	336,895	-	(706)
Community services	85,301	102,939	-	-	17,638
Interest on long-term debt	361,218	-	-	-	(361,218)
Total governmental activities	\$ 10,672,299	\$ 427,395	\$ 1,101,644	\$ -	(9,143,260)
General revenues					
Property taxes, levied for general purposes					597,994
Property taxes, levied for debt service					623,922
State aid - unrestricted					7,414,509
Interest and investment earnings					3,795
Gain on sale of capital assets					6,450
Other					65,403
Total general revenues					8,712,073
Change in net assets					(431,187)
Net assets - beginning					2,064,425
Net assets - ending					\$ 1,633,238

See Accompanying Notes to Financial Statements

St. Charles Community Schools
Governmental Funds
Balance Sheet
June 30, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 650,480	\$ 443,288	\$ 1,093,768
Taxes receivable	468	4,650	5,118
Accounts receivable	23,048	12,835	35,883
Due from other governmental units	1,710,354	3,665	1,714,019
Other assets	62,325	-	62,325
Total assets	\$ 2,446,675	\$ 464,438	\$ 2,911,113
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 220,486	\$ 1,795	\$ 222,281
Accrued expenditures	310,260	3,156	313,416
Accrued salaries payable	499,196	6,182	505,378
Deferred revenue	8,036	3,445	11,481
Total liabilities	1,037,978	14,578	1,052,556
Fund balance			
Restricted			
Debt service	-	233,282	233,282
Food service	-	162,257	162,257
Assigned			
Community service		54,321	54,321
Unassigned	1,408,697	-	1,408,697
Total fund balance	1,408,697	449,860	1,858,557
Total liabilities and fund balance	\$ 2,446,675	\$ 464,438	\$ 2,911,113

See Accompanying Notes to Financial Statements

St. Charles Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2012

Total fund balances for governmental funds	\$ 1,858,557
Total net assets for governmental activities in the statement of net assets is different because:	
Certain expenditures in the governmental funds are prepaid for governmental activities.	125,453
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	30,000
Capital assets - net of accumulated depreciation	7,573,289
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(57,935)
July and August benefits	(179,213)
Incurred but not reported benefit claims	(139,766)
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	(139,201)
Bonds payable	<u>(7,437,946)</u>
Net assets of governmental activities	<u>\$ 1,633,238</u>

See Accompanying Notes to Financial Statements

St. Charles Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 757,747	\$ 922,180	\$ 1,679,927
State sources	7,386,999	31,464	7,418,463
Federal sources	754,081	332,941	1,087,022
Interdistrict sources	49,250	-	49,250
Total revenues	<u>8,948,077</u>	<u>1,286,585</u>	<u>10,234,662</u>
Expenditures			
Current			
Education			
Instruction	6,303,482	-	6,303,482
Supporting services	2,837,228	-	2,837,228
Food services	-	500,693	500,693
Community services	-	80,535	80,535
Capital outlay	85,708	-	85,708
Debt service			
Principal	-	281,951	281,951
Interest and other expenditures	-	359,259	359,259
Total expenditures	<u>9,226,418</u>	<u>1,222,438</u>	<u>10,448,856</u>
Excess (deficiency) of revenues over expenditures	<u>(278,341)</u>	<u>64,147</u>	<u>(214,194)</u>

See Accompanying Notes to Financial Statements

St. Charles Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	\$ 6,450	\$ -	\$ 6,450
Transfers in	22,216	-	22,216
Transfers out	<u>-</u>	<u>(22,216)</u>	<u>(22,216)</u>
Total other financing sources (uses)	<u>28,666</u>	<u>(22,216)</u>	<u>6,450</u>
Net change in fund balance	(249,675)	41,931	(207,744)
Fund balance - beginning	<u>1,658,372</u>	<u>407,929</u>	<u>2,066,301</u>
Fund balance - ending	<u>\$ 1,408,697</u>	<u>\$ 449,860</u>	<u>\$ 1,858,557</u>

See Accompanying Notes to Financial Statements

St. Charles Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balances - Total governmental funds \$ (207,744)

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

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	(381,885)
Capital outlay	50,152

Expenses are recorded when incurred in the statement of activities.

Interest	1,874
Benefit claims	(193,526)
Compensated absences	21,824

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayments of long-term debt	281,951
Amortization of bond discount	<u>(3,833)</u>

Change in net assets of governmental activities **\$ (431,187)**

St. Charles Community Schools
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2012

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 133,310</u>
Liabilities	
Due to student activities	<u>\$ 133,310</u>

See Accompanying Notes to Financial Statements

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough 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

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

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

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

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

The School District reports the following major governmental funds:

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

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service and Community Services.

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 Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

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

Property taxes and other receivables are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2012, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	3.3800

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. All the School District's tax roll lies within the County of Saginaw.

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.

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

Investments – Investments are stated at cost, which approximated fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. 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	20-30 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Compensated Absences – The high school principal receives \$100 of accumulation of sick leave, up to a maximum of 120 days. The elementary principal receives \$90 of accumulated sick days, up to a maximum of 120 days. The superintendent receives 42% of accumulated sick leave, up to a maximum of 120 days. The superintendent receives 30 vacation days annually. A total of 10 vacation days may be carried forward each year.

Employees who are not administrators are not eligible to receive compensation for sick pay at termination, except upon retirement. This liability is measured using the termination method.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

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

Non-spendable - assets that are not available in a spendable form.

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

Committed – amounts constrained on use imposed by the District’s highest level of decision-making, its board of education. A fund balance commitment may be established, modified, or rescinded by a resolution of the board of education.

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

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

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

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the District

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

considers the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Eliminations and Reclassifications

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

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. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 4,812,560	\$ 4,841,308	\$ 28,748
Business	171,484	175,452	3,968
Central	89,820	90,664	844
Athletics	178,045	178,575	530

Upcoming Accounting and Reporting Changes

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

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

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

Note 2 - 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	\$ 1,093,768	\$ 133,310	\$ 1,227,078

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 1,206,619
Investments in securities, mutual funds, and similar vehicles	20,209
Petty cash and cash on hand	250
Total	\$ 1,227,078

As of year-end, the District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
MILAF + Cash Management Class	\$ 5,105	6 months Average	AAAm	Standard & Poor's
Michigan Liquid Asset Fund	15,104	6 months Average	AAAm	Standard & Poor's
Total investments	\$ 20,209			

Interest rate risk – The district considers quality of commercial paper, interest rate available and accessibility of funds on short notice to manage its exposure to fair value losses arising from changes in interest rates.

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, \$793,332 of the District's bank balance of \$1,404,682 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. As of year end, none of the District's investments were exposed to custodial credit risk.

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

Note 3 - 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	\$ 30,000	\$ -	\$ -	\$ 30,000
Capital assets being depreciated				
Buildings and additions	10,397,074	-	-	10,397,074
Equipment and furniture	1,292,514	40,152	-	1,332,666
Buses and other vehicles	559,503	10,000	-	569,503
Total capital assets being depreciated	<u>12,249,091</u>	<u>50,152</u>	<u>-</u>	<u>12,299,243</u>
Less accumulated depreciation for				
Buildings and additions	3,210,050	269,725	-	3,479,775
Equipment and furniture	680,069	88,777	-	768,846
Buses and other vehicles	453,950	23,383	-	477,333
Total accumulated depreciation	<u>4,344,069</u>	<u>381,885</u>	<u>-</u>	<u>4,725,954</u>
Net capital assets being depreciated	<u>7,905,022</u>	<u>(331,733)</u>	<u>-</u>	<u>7,573,289</u>
Net capital assets	<u>\$ 7,935,022</u>	<u>\$ (331,733)</u>	<u>\$ -</u>	<u>\$ 7,603,289</u>

Depreciation for the fiscal year ended June 30, 2012, amounted to \$381,885. Depreciation expense was charged to the various governmental activities as follows:

Governmental activities	
Instruction	\$ 247,606
Support services	111,448
Food services	19,668
Community services	3,163
Total governmental activities	<u>\$ 381,885</u>

Note 4 - Interfund Receivable and Payable and Transfers

There were no interfund receivables or payables as of June 30, 2012.

Interfund transfers consisted of transfers from Food Service to the General Fund totaling \$ 22,216. The transfer was made to cover the costs of School District expenses that were associated with these activities.

Note 5 - Deferred Revenue

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

	<u>Unearned</u>
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 11,481</u>

Note 6 - 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.

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Govt obligation bonds	\$ 7,790,000	\$ -	\$ 275,000	\$ 7,515,000	\$ 290,000
Other bonds	14,233	-	6,951	7,282	7,282
Compensated absences	161,025	-	21,824	139,201	-
Discount on bonds	(88,169)	-	3,833	(84,336)	-
Total	\$ 7,877,089	\$ -	\$ 307,608	\$ 7,577,147	\$ 297,282

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

2004 School Improvement Bonds \$9,200,000 due in annual installments of \$275,000 to \$635,000 through 5/1/2029, interest at 4.0% to 4.9% \$ 7,515,000

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

Year Ending June 30,	Principal	Interest	Total
2013	\$ 290,000	\$ 347,346	\$ 637,346
2014	305,000	335,746	640,746
2015	320,000	323,392	643,392
2016	335,000	310,112	645,112
2017	350,000	295,876	645,876
2018-2022	2,050,000	1,228,392	3,278,392
2023-2027	2,625,000	699,478	3,324,478
2028-2029	1,240,000	91,876	1,331,876
Total	\$ 7,515,000	\$ 3,632,218	\$ 11,147,218

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$241,904 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

\$108,640 Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually \$ 7,282

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

Future principal and interest requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	<u><u>\$ 7,282</u></u>	<u><u>\$ 347</u></u>	<u><u>\$ 7,629</u></u>

Compensated Absences

Accrued compensated absences at year end, consists of \$35,021 of vacation hours earned and vested and \$104,000 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. Typically, the majority of the liability is liquidated in the General Fund.

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

Note 7 - 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 general liability, property and casualty and health and vision claims. 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 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's dental insurance plan provides for a dental premium stabilization fund of premiums paid in excess of claims and administration fees. The School District's balance of \$18,862 is deemed to be adequate to cover outstanding claims.

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 no unemployment compensation expense for the year. No provision has been made for possible future claims.

The School District is self-insured for employee medical claims through Michigan Employee Health Insurance Pool (MiEHIP). The School District became self-insured during 2012.

The School District estimates the liability for employee medical claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the district-wide statement.

The change in the employee medical benefits estimated liability for the past fiscal year is as follows:

	2012
Estimated liability - beginning of year	\$ -
Estimated claims incurred - Including changes in estimates	1,027,799
Claim payments	<u>(888,033)</u>
Estimated liability - end of year	<u>\$ 139,766</u>

As of June 30, 2012, the prepaid reserve capitalization amount for MiEHIP was \$125,453.

Note 8 - Pension Plans and Post Employment Benefits

Plan Description

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

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

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services who has the authority to establish and amend benefit provisions. The Michigan Department of Technology, Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. The report

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

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

Funding Policy

The School is required by the School Finance Reform Act to contribute to MPSERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 6.4% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2009 through June 30, 2012.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Funding percentage range	10.66-15.96%	8.63-12.16%	9.73-10.13%
Total payroll	\$ 4,917,836	\$ 4,939,001	\$ 5,251,525
Total covered payroll	5,015,274	4,884,224	5,145,200
School contributions	841,653	768,562	516,463
Employee MIP contributions	322,553	285,535	171,951
Tax deferred payment program	19,733	28,105	326,636

Defined Contribution Savings Plan

For the Pension Plus savings plan, participants are automatically enrolled and 2% of their pay is withheld and deposited into the account. Participants may elect to not contribute, or may elect to increase their personal contribution up to the annual limits

established by the IRS. The District matches 50% of the employee contributions into the Pension Plus savings plan, up to 1%. Participants opting to not contribute receive no employer matching contribution. Contributions by the District and participants during the year ended June 30, 2012, were:

	<u>School District</u>	<u>Participants</u>
Contributions to the Pension Plus Savings Plan	<u>\$ 422</u>	<u>\$ 211</u>

Post Employment Benefits

In addition to the pension benefits described above, the School Finance and Reform Act requires the School District to provide post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS). Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health care, dental and visions coverage at the time of receiving the benefits. The School's actual contributions match the required contributions.

The following table discloses pertinent information relative to MPSERS post employment benefits funding for the three-year period beginning July 1, 2009 through June 30, 2012.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Funding percentage range	8.50%	6.81-8.50%	6.81%
School post employment Benefits contributions	<u>\$ 341,487</u>	<u>\$ 525,314</u>	<u>\$ 350,388</u>

St. Charles Community Schools
Notes to Financial Statements
June 30, 2012

Note 9 - 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 current year June 30, 2012.

Note 10 – Subsequent Event

Subsequent to year end, the School District refunded \$7,325,000 in October 2012.

REQUIRED SUPPLEMENTAL INFORMATION

St. Charles Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 734,962	\$ 756,576	\$ 757,747	\$ 1,171
State sources	7,176,946	7,370,484	7,386,999	16,515
Federal sources	753,862	760,594	754,081	(6,513)
Interdistrict sources	<u>13,800</u>	<u>49,250</u>	<u>49,250</u>	<u>-</u>
Total revenues	<u>8,679,570</u>	<u>8,936,904</u>	<u>8,948,077</u>	<u>11,173</u>
Expenditures				
Instruction				
Basic programs	4,771,800	4,812,560	4,841,308	28,748
Added needs	1,195,021	1,500,092	1,462,174	(37,918)
Supporting services				
Pupil	360,668	348,193	344,193	(4,000)
Instructional staff	151,571	136,704	130,972	(5,732)
General administration	330,885	338,604	318,662	(19,942)
School administration	569,377	554,307	550,755	(3,552)
Business	195,891	171,484	175,452	3,968
Operations and maintenance	642,169	659,377	639,941	(19,436)
Pupil transportation services	385,268	407,076	404,060	(3,016)
Central	95,140	89,820	90,664	844
Athletics	172,083	178,045	178,575	530
Other	-	3,954	3,954	-
Capital outlay	<u>86,100</u>	<u>94,975</u>	<u>85,708</u>	<u>(9,267)</u>
Total expenditures	<u>8,955,973</u>	<u>9,295,191</u>	<u>9,226,418</u>	<u>(68,773)</u>
Excess (deficiency) of revenues over expenditures	<u>(276,403)</u>	<u>(358,287)</u>	<u>(278,341)</u>	<u>79,946</u>

St. Charles Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources				
Proceeds from sale of capital assets	\$ -	\$ 6,450	\$ 6,450	\$ -
Transfers in	<u>-</u>	<u>28,000</u>	<u>22,216</u>	<u>(5,784)</u>
Total other financing sources	<u>-</u>	<u>34,450</u>	<u>28,666</u>	<u>(5,784)</u>
Net change in fund balance	(276,403)	(323,837)	(249,675)	74,162
Fund balance - beginning	<u>1,658,372</u>	<u>1,658,372</u>	<u>1,658,372</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,381,969</u>	<u>\$ 1,334,535</u>	<u>\$ 1,408,697</u>	<u>\$ 74,162</u>

OTHER SUPPLEMENTAL INFORMATION

St. Charles Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Community Service</u>	<u>Food Service</u>		
Assets				
Cash	\$ 54,765	\$ 159,891	\$ 228,632	\$ 443,288
Taxes receivable	-	-	4,650	4,650
Accounts receivable	556	12,279	-	12,835
Due from other governmental units	-	3,665	-	3,665
Total assets	<u>\$ 55,321</u>	<u>\$ 175,835</u>	<u>\$ 233,282</u>	<u>\$ 464,438</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ 1,795	\$ -	\$ 1,795
Accrued expenditures	243	2,913	-	3,156
Accrued salaries payable	757	5,425	-	6,182
Deferred revenue	-	3,445	-	3,445
Total liabilities	<u>1,000</u>	<u>13,578</u>	<u>-</u>	<u>14,578</u>
Fund balance				
Restricted				
Debt service	-	-	233,282	233,282
Food service	-	162,257	-	162,257
Assigned				
Community service	<u>54,321</u>	<u>-</u>	<u>-</u>	<u>54,321</u>
Total fund balance	<u>54,321</u>	<u>162,257</u>	<u>233,282</u>	<u>449,860</u>
Total liabilities and fund balance	<u>\$ 55,321</u>	<u>\$ 175,835</u>	<u>\$ 233,282</u>	<u>\$ 464,438</u>

St. Charles Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Community Service</u>	<u>Food Service</u>		
Revenues				
Local sources	\$ 103,874	\$ 193,347	\$ 624,959	\$ 922,180
State sources	-	23,835	7,629	31,464
Federal sources	-	332,941	-	332,941
Total revenues	<u>103,874</u>	<u>550,123</u>	<u>632,588</u>	<u>1,286,585</u>
Expenditures				
Current				
Education				
Food services	-	500,693	-	500,693
Community services	80,535	-	-	80,535
Debt service				
Principal	-	-	281,951	281,951
Interest and other expenditures	-	-	359,259	359,259
Total expenditures	<u>80,535</u>	<u>500,693</u>	<u>641,210</u>	<u>1,222,438</u>
Excess (deficiency) of revenues over expenditures	<u>23,339</u>	<u>49,430</u>	<u>(8,622)</u>	<u>64,147</u>
Other financing uses				
Transfers out	-	(22,216)	-	(22,216)
Net change in fund balance	23,339	27,214	(8,622)	41,931
Fund balance - beginning	<u>30,982</u>	<u>135,043</u>	<u>241,904</u>	<u>407,929</u>
Fund balance - ending	<u>\$ 54,321</u>	<u>\$ 162,257</u>	<u>\$ 233,282</u>	<u>\$ 449,860</u>

St. Charles Community Schools
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2012

	2012	2011
Assets		
Cash	\$ 650,480	\$ 993,995
Taxes receivable	468	34,619
Accounts receivable	23,048	3,000
Due from other governmental units	1,710,354	1,546,452
Other assets	62,325	31,362
Total assets	\$ 2,446,675	\$ 2,609,428
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 220,486	\$ 9,034
Due to other funds	-	4,336
Accrued expenditures	310,260	246,971
Accrued salaries payable	499,196	639,102
Deferred revenue	8,036	51,613
Total liabilities	1,037,978	951,056
Fund balance		
Assigned		
Budget deficit	-	276,405
Unassigned	1,408,697	1,381,967
Total fund balance	1,408,697	1,658,372
Total liabilities and fund balance	\$ 2,446,675	\$ 2,609,428

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues from local sources				
Property tax levy	\$ 580,037	\$ 597,669	\$ 597,994	\$ 325
Tuition	-	6,718	6,718	-
Earnings on investments	2,425	2,650	2,758	108
Student activities	69,800	72,196	72,272	76
Community service activities	42,000	51,333	51,554	221
Other local revenues	40,700	26,010	26,451	441
Total revenues from local sources	<u>734,962</u>	<u>756,576</u>	<u>757,747</u>	<u>1,171</u>
Revenues from state sources				
Grants - unrestricted	6,568,926	6,854,285	6,899,906	45,621
Grants - restricted	608,020	516,199	487,093	(29,106)
Total revenues from state sources	<u>7,176,946</u>	<u>7,370,484</u>	<u>7,386,999</u>	<u>16,515</u>
Revenues from federal sources				
Grants	<u>753,862</u>	<u>760,594</u>	<u>754,081</u>	<u>(6,513)</u>
Interdistrict sources				
Tuition	500	250	250	-
ISD collected millage	12,000	10,668	10,668	-
Other	1,300	38,332	38,332	-
Total interdistrict sources	<u>13,800</u>	<u>49,250</u>	<u>49,250</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	-	6,450	6,450	-
Transfers in	-	28,000	22,216	(5,784)
Total other financing sources	<u>-</u>	<u>34,450</u>	<u>28,666</u>	<u>(5,784)</u>
Total revenue and other financing sources	<u>\$ 8,679,570</u>	<u>\$ 8,971,354</u>	<u>\$ 8,976,743</u>	<u>\$ 5,389</u>

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 1,203,532	\$ 1,212,180	\$ 1,215,542	\$ 3,362
Employee benefits	615,121	646,475	640,680	(5,795)
Purchased services	23,000	18,000	17,237	(763)
Supplies and materials	28,750	23,150	22,757	(393)
Other	250	250	150	(100)
Total elementary	<u>1,870,653</u>	<u>1,900,055</u>	<u>1,896,366</u>	<u>(3,689)</u>
Basic program - middle school				
Salaries	771,067	761,656	763,343	1,687
Employee benefits	390,862	415,907	424,868	8,961
Purchased services	12,000	20,809	20,139	(670)
Supplies and materials	13,500	15,500	15,107	(393)
Other	250	400	382	(18)
Total middle school	<u>1,187,679</u>	<u>1,214,272</u>	<u>1,223,839</u>	<u>9,567</u>
Basic program - high school				
Salaries	985,615	905,151	907,014	1,863
Employee benefits	511,825	491,819	515,658	23,839
Purchased services	23,000	49,500	49,145	(355)
Supplies and materials	15,750	15,825	15,256	(569)
Other	129,000	189,585	189,089	(496)
Total high school	<u>1,665,190</u>	<u>1,651,880</u>	<u>1,676,162</u>	<u>24,282</u>

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - pre-school				
Salaries	\$ 34,827	\$ 34,827	\$ 33,827	\$ (1,000)
Employee benefits	11,228	11,228	10,819	(409)
Supplies and materials	400	-	-	-
Other	500	-	-	-
Total pre-school	<u>46,955</u>	<u>46,055</u>	<u>44,646</u>	<u>(1,409)</u>
Basic program - summer school				
Salaries	1,000	224	223	(1)
Employee benefits	323	74	72	(2)
Total summer school	<u>1,323</u>	<u>298</u>	<u>295</u>	<u>(3)</u>
Added needs - special education				
Salaries	413,709	415,999	417,432	1,433
Employee benefits	190,571	220,087	220,323	236
Purchased services	219,000	239,700	204,059	(35,641)
Supplies and materials	700	405	397	(8)
Other	88,000	176,207	176,207	-
Total special education	<u>911,980</u>	<u>1,052,398</u>	<u>1,018,418</u>	<u>(33,980)</u>

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - compensatory education				
Salaries	\$ 157,075	\$ 270,073	\$ 265,011	\$ (5,062)
Employee benefits	65,447	108,980	108,791	(189)
Purchased services	58,019	67,816	69,654	1,838
Supplies and materials	500	825	300	(525)
Other	2,000	-	-	-
Total compensatory education	<u>283,041</u>	<u>447,694</u>	<u>443,756</u>	<u>(3,938)</u>
Pupil - guidance services				
Salaries	99,443	99,443	93,493	(5,950)
Employee benefits	57,461	56,967	57,796	829
Supplies and materials	3,600	3,035	2,459	(576)
Total guidance services	<u>160,504</u>	<u>159,445</u>	<u>153,748</u>	<u>(5,697)</u>
Pupil - speech services				
Purchased services	81,397	60,000	60,000	-
Supplies and materials	400	-	-	-
Total speech services	<u>81,797</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Pupil - social work services				
Salaries	65,618	65,618	65,936	318
Employee benefits	35,962	36,691	37,972	1,281
Total social work services	<u>101,580</u>	<u>102,309</u>	<u>103,908</u>	<u>1,599</u>

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - other support services				
Salaries	\$ 12,695	\$ 20,000	\$ 20,118	\$ 118
Employee benefits	4,092	6,439	6,419	(20)
Total other support services	<u>16,787</u>	<u>26,439</u>	<u>26,537</u>	<u>98</u>
Instructional staff - improvement of education				
Salaries	17,506	17,987	18,685	698
Employee benefits	11,180	11,212	12,763	1,551
Purchased services	54,020	40,274	35,891	(4,383)
Supplies and materials	3,500	3,500	3,461	(39)
Total improvement of education	<u>86,206</u>	<u>72,973</u>	<u>70,800</u>	<u>(2,173)</u>
Instructional staff - educational media services				
Salaries	33,661	34,163	33,661	(502)
Employee benefits	10,853	11,014	10,778	(236)
Purchased services	14,650	14,650	11,915	(2,735)
Supplies and materials	5,200	3,904	3,590	(314)
Total educational media services	<u>64,364</u>	<u>63,731</u>	<u>59,944</u>	<u>(3,787)</u>
Instructional staff - supervision and direction of instructional staff				
Supplies and materials	1,000	-	-	-

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
General administration - board of education				
Salaries	\$ 4,200	\$ 4,200	\$ 3,560	\$ (640)
Employee benefits	326	326	277	(49)
Purchased services	20,900	22,600	19,984	(2,616)
Total board of education	<u>25,426</u>	<u>27,126</u>	<u>23,821</u>	<u>(3,305)</u>
General administration - executive administration				
Salaries	161,351	162,651	161,779	(872)
Employee benefits	106,308	103,242	101,125	(2,117)
Purchased services	16,000	25,685	14,080	(11,605)
Supplies and materials	4,800	4,900	4,597	(303)
Other	17,000	15,000	13,260	(1,740)
Total executive administration	<u>305,459</u>	<u>311,478</u>	<u>294,841</u>	<u>(16,637)</u>
School administration - office of the principal				
Salaries	275,892	276,517	271,344	(5,173)
Employee benefits	175,503	160,515	167,039	6,524
Purchased services	103,382	102,625	100,195	(2,430)
Supplies and materials	14,600	14,650	12,177	(2,473)
Total office of the principal	<u>569,377</u>	<u>554,307</u>	<u>550,755</u>	<u>(3,552)</u>

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Business - fiscal services				
Salaries	\$ 29,601	\$ 29,601	\$ 30,747	\$ 1,146
Employee benefits	13,402	13,807	13,115	(692)
Purchased services	122,688	121,076	118,728	(2,348)
Total fiscal services	<u>165,691</u>	<u>164,484</u>	<u>162,590</u>	<u>(1,894)</u>
Business - other				
Other	<u>30,200</u>	<u>7,000</u>	<u>12,862</u>	<u>5,862</u>
Operations and maintenance - operating building services				
Salaries	195,611	204,836	196,379	(8,457)
Employee benefits	138,439	138,682	149,234	10,552
Purchased services	124,194	126,684	121,828	(4,856)
Supplies and materials	183,425	188,675	172,134	(16,541)
Other	500	500	366	(134)
Total operating building services	<u>642,169</u>	<u>659,377</u>	<u>639,941</u>	<u>(19,436)</u>
Pupil transportation services				
Salaries	135,304	135,200	136,355	1,155
Employee benefits	81,645	72,006	74,183	2,177
Purchased services	99,938	120,131	119,379	(752)
Supplies and materials	66,081	78,532	73,336	(5,196)
Other	2,300	1,207	807	(400)
Total transportation services	<u>385,268</u>	<u>407,076</u>	<u>404,060</u>	<u>(3,016)</u>

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services				
Purchased services	\$ 2,890	\$ 1,255	\$ 1,219	\$ (36)
Central - support services technology				
Purchased services	38,000	37,905	39,315	1,410
Supplies and materials	750	750	335	(415)
Other	53,500	49,600	49,488	(112)
Total support services technology	92,250	88,255	89,138	883
Athletics				
Salaries	23,070	23,975	23,702	(273)
Employee benefits	6,807	8,650	8,072	(578)
Purchased services	125,706	127,420	129,599	2,179
Supplies and materials	3,500	5,000	4,963	(37)
Other	13,000	13,000	12,239	(761)
Total athletics	172,083	178,045	178,575	530
Other supporting services				
Other	-	3,954	3,954	-

St. Charles Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Capital outlay				
Basic program - elementary	\$ 2,800	\$ 500	\$ 457	\$ (43)
Basic program - middle school	1,500	1,000	974	(26)
Basic program - high school	4,200	1,875	1,871	(4)
Added needs - special education	-	-	888	888
Pupil transportation services	-	10,000	10,000	-
Instructional staff - technology assisted instruction	36,000	35,000	28,570	(6,430)
Athletics	1,600	1,600	1,269	(331)
Other support services	40,000	45,000	41,679	(3,321)
Total capital outlay	<u>86,100</u>	<u>94,975</u>	<u>85,708</u>	<u>(9,267)</u>
Total expenditures and financing uses	<u>\$ 8,955,973</u>	<u>\$ 9,295,191</u>	<u>\$ 9,226,418</u>	<u>\$ (68,773)</u>

St. Charles Community Schools
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2012

	Due to (From) Student Groups July 1, 2011	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2012
High School				
Academic Awards	\$ 4	\$ 1,323	\$ 534	\$ 793
Adult open gym	154	-	154	-
Athletics	-	17,521	17,476	45
Athletic playoffs	223	2,186	1,576	833
Athletic Improvements	340	6,862	2,354	4,848
Band Council	(96)	3,873	3,298	479
Baseball Club	304	3,509	3,605	208
Books and supplies	246	247	203	290
Trophy Cases	-	1,789	-	1,789
Boys basketball	182	940	1,018	104
Bowling	138	2,000	1,845	293
National Honor Society	1,367	1,333	1,280	1,420
Class of 2011	2,679	60	2,739	-
Class of 2012	1,508	5,295	6,803	-
Class of 2013	2,753	13,218	11,886	4,085
Class of 2014	738	6,714	4,707	2,745
Class of 2015	-	3,840	2,612	1,228
Community Education	147	-	-	147
Cross Country	36	639	674	1
Development	444	3,626	3,353	717
Drafting	49	5	-	54
Drama	2,750	5,113	2,360	5,503
Drama Scholarship	285	103	300	88
Ecology Club	6,426	3,597	8,333	1,690
Equestrian Team	435	610	250	795
Football Club	4,606	15,197	14,789	5,014
Golf	19	-	-	19
Girls Basketball	387	2,870	3,070	187
GVB Club	1,625	-	-	1,625
Journalism	502	1,584	1,165	921
Homeless Set Aside	-	2,593	-	2,593
JV Cheerleaders	75	85	85	75
Credit Recovery	-	2,880	1,417	1,463
Summer School	7,998	3,860	7,898	3,960
Library	537	465	565	437
Link Crew	771	542	730	583
Math Supplies	1,377	-	85	1,292
Central Office Act.	2,440	175	-	2,615
New St. Chemlockrop	102	-	102	-
Pep Club	12	-	-	12

St. Charles Community Schools
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2012

	Due to (From) Student Groups July 1, 2011	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2012
High School				
Permits and badges	\$ 193	\$ 198	\$ 293	\$ 98
Pride program	150	-	-	150
SADD	854	-	-	854
Scholarship Foundation Grants	(833)	912	-	79
Science Club	373	-	101	272
S.C.O.R.E.	824	-	824	-
Softball	657	339	300	696
Special education	759	922	1,092	589
Staff Flower Fund	535	808	672	671
Student Council	1,786	3,031	1,543	3,274
SCC Fundraisers	-	3,452	-	3,452
Track	59	102	130	31
Transportation	159	-	23	136
Varsity Cheerleaders	382	37,350	37,571	161
Video Editing	1	-	-	1
Yearbook	7,702	8,103	5,917	9,888
Weight room Program	384	-	384	-
MHSAA Scope Award	1,780	916	964	1,732
Wrestling Club	1,974	-	-	1,974
Middle School				
Bulldog Pride	712	1,153	1,544	321
Fundraising	680	7,022	5,945	1,757
Student Council	618	1,708	1,660	666
Library	355	4,062	3,490	927
Yearbook	1,030	1,468	2,424	74
Science Club	1,701	3,753	3,793	1,661
6th Grade Activities	81	666	677	70
7th Grade Activities	1,575	990	943	1,622
8th Grade Activities	(24)	1,366	1,510	(168)
Special education	350	923	872	401
Shop	457	-	-	457
Service Learn	81	-	81	-
6th Grade English	120	-	84	36
Softball Club	429	1,270	-	1,699

St. Charles Community Schools
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2012

	Due to (From) Student Groups July 1, 2011	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2012
Elementary Schools				
Bulldog Kids' Care	\$ 190	\$ -	\$ 341	\$ (151)
Cafeteria	4,360	-	-	4,360
Joint Account	686	-	686	-
Grant Funds	1,244	2,244	2,559	929
GBB-AAU	752	-	-	752
6 BB Boys Travel	278	-	-	278
3-5 BB Boys community service	614	-	152	462
1Gr Activities	-	900	372	528
2Gr Activities	39	-	39	-
4Gr Activities	3,070	3,053	1,180	4,943
5Gr Activities	-	171	-	171
Activities	13,338	31,771	30,885	14,224
Bulldog Kid's Care equipment	347	-	-	347
Elementary Flower Fund	-	513	452	61
Sunshine Learning Center equipment	1,049	-	-	1,049
Breakfast with Santa	1,624	-	1,624	-
Elementary Summer School	-	2,409	-	2,409
Elementary After School Program	-	145	-	145
Playground	-	561	-	561
Sundry	-	1,222	-	1,222
Earned Revenue	-	171	-	171
Miller Special Projects	5,196	295	1,974	3,517
Library	2,763	9,246	9,384	2,625
Military Moms	940	-	940	-
Preschool	10,909	-	106	10,803
Safety Patrol	533	6,622	6,663	492
Special Education	290	855	265	880
Total student activities	115,689	255,346	237,725	133,310
Revolving accounts	1,497	1,279	2,463	-
Total revolving accounts and student activities	\$ 117,186	\$ 256,625	\$ 240,188	\$ 133,310

St. Charles Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2012

<u>Year Ending June 30,</u>	<u>2004 School Building and Site Bonds</u>	<u>1998 School Improvement Bonds - Durant</u>	<u>Total</u>
2013	\$ 290,000	\$ 7,282	\$ 297,282
2014	305,000	-	305,000
2015	320,000	-	320,000
2016	335,000	-	335,000
2017	350,000	-	350,000
2018	370,000	-	370,000
2019	390,000	-	390,000
2020	410,000	-	410,000
2021	430,000	-	430,000
2022	450,000	-	450,000
2023	475,000	-	475,000
2024	500,000	-	500,000
2025	525,000	-	525,000
2026	550,000	-	550,000
2027	575,000	-	575,000
2028	605,000	-	605,000
2029	635,000	-	635,000
Total	<u>\$ 7,515,000</u>	<u>\$ 7,282</u>	<u>\$ 7,522,282</u>

St. Charles Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2012

	<u>2004 School Building and Site Bonds</u>	<u>1998 School Improvement Bonds - Durant</u>
Principal payments due the first day of	May	May
Interest payments due the first day of	May and November	May
Interest rate	4.00% - 4.90%	4.76%
Original issue	<u>\$ 9,200,000</u>	<u>\$ 108,640</u>