

**Redford Union School District #1  
Redford, Michigan**

**FINANCIAL STATEMENTS**

**June 30, 2014**

Redford Union School District #1

Redford, Michigan

June 30, 2014

BOARD OF EDUCATION AND ADMINISTRATION

Mark Wierimaa	President
Lisa Gubachy	Vice-President
Patricia Isabell	Secretary
Sherri Caloia	Treasurer
Terri Graham	Trustee
Jennifer Kurland	Trustee
Evelyn Pridemore	Trustee
*****	
Ron Stoneman	Superintendent

Redford Union School District #1

TABLE OF CONTENTS

June 30, 2014

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i-ii
MANAGEMENT'S DISCUSSION AND ANALYSIS	iii-viii
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	6
Fiduciary Fund	
Statement of Assets and Liabilities	7
Notes to Financial Statements	8-22
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Budgetary Comparison Schedule	23-24
SPECIAL EDUCATION CENTER PROGRAM FUND	
Budgetary Comparison Schedule	25
Note to Required Supplementary Information	26
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	27
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	28

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA



3511 Coolidge Road  
Suite 100  
East Lansing, MI 48823  
(517) 351-6836  
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Redford Union School District #1  
Redford, Michigan

**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 Redford Union School District #1 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***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 Redford Union School District #1, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

October 10, 2014

Redford Union School District #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Redford Union School District #1 financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's most significant fund - the General Fund - with all other funds presented in one column as other nonmajor governmental funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents.

*Management's Discussion and Analysis (MD&A)*  
*(Required Supplemental Information)*

Basic Financial Statements

*District-wide Financial Statements*      *Fund Financial Statements*

*Notes to the Basic Financial Statements*

*(Required Supplementary Information)*  
*Budgetary Information for Major Funds*

*Other Supplementary Information*

**Reporting the District as a Whole - District-wide Financial Statements**

One of the most important questions asked about the District is, "As a whole, what is the District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position - the difference between assets, deferred outflows, liabilities, and deferred inflows as reported in the statement of net position - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the District.

The statement of net position and the statement of activities report the governmental activities for the District, which encompass all of the District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

**Reporting the District's Most Significant Funds - Fund Financial Statements**

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes (the Food Service is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the District use the following accounting approach:

Redford Union School District #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Governmental funds - All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation.

***The District as Trustee - Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The District as a Whole**

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2013 and 2014:

Table 1  
Condensed Statement of Net Position  
As of June 30, 2013 and 2014

	Governmental Activities	
	2013	2014
<b>Assets</b>		
Current Assets	\$ 15,931,539	\$ 15,515,302
Capital Assets	26,259,153	25,478,722
<b>Total Assets</b>	<b>42,190,692</b>	<b>40,994,024</b>
<b>Deferred Outflows</b>	<b>80,799</b>	<b>67,333</b>
<b>Liabilities</b>		
Current Liabilities	17,651,212	15,431,411
Long-Term Liabilities	22,747,429	20,509,477
<b>Total Liabilities</b>	<b>40,398,641</b>	<b>35,940,888</b>
<b>Net Position</b>		
Investment in Capital Assets	3,520,332	3,356,873
Restricted	542,263	1,471,982
Unrestricted	(2,189,745)	291,614
<b>Total Net Position</b>	<b>\$ 1,872,850</b>	<b>\$ 5,120,469</b>

Redford Union School District #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

The above analysis focuses on the net position. The change in net position of the District's governmental activities is discussed below. The District's net position was 1,872,850 and \$5,120,469 at June 30, 2013 and 2014, respectively. Net investment capital assets totaling \$3,520,332 and \$3,356,873 at June 30, 2013 and 2014, respectively, compares the original cost, less depreciation of the District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net position for day-to-day operations. Net position restricted was \$542,263 and \$1,471,982 at June 30, 2013 and 2014, respectively. The remaining amount of net position, (\$2,189,745) and \$291,614 at June 30, 2013 and 2014, respectively, was unrestricted.

The \$291,614 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position shows how the District is able to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years 2013 and 2014.

Table 2  
Change in Net Position from Operations  
As of June 30, 2013 and 2014

	Governmental Activities	
	2013	2014
<b>Revenues</b>		
Program Revenues		
Charges for Service	\$ 718,163	\$ 702,609
Operating Grants	18,241,603	17,115,824
Capital Grants	197,681	-
General Revenues		
Property Taxes	5,674,215	6,277,398
State School Aid-unrestricted	16,337,307	17,838,021
Investment earnings	325,359	55,034
Miscellaneous	244,533	89,914
<b>Total Revenues</b>	<b>41,738,861</b>	<b>42,078,800</b>
<b>Functions/Program Expenses</b>		
Instruction	20,520,465	21,131,931
Supporting services	12,727,728	12,958,448
Community services	170,888	155,887
Food Services	1,009,574	1,008,501
Interest on long-term debt	1,645,172	1,506,088
Other	-	-
Unallocated depreciation	2,031,541	2,070,326
<b>Total Expenses</b>	<b>38,105,368</b>	<b>38,831,181</b>
<b>Increase (decrease) in Net Position</b>	<b>\$ 3,633,493</b>	<b>\$ 3,247,619</b>



Redford Union School District #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

As reported in the statement of activities, the cost of all of our governmental activities this year was \$38,831,181. Certain activities were partially funded from those who benefited from the programs (\$702,609) or by other governments and organizations that subsidized certain programs with grants and contributions (\$17,115,824). We paid for the remaining "public benefit" portion of our governmental activities with \$5,934,641 in taxes, \$17,838,021 in state foundation allowance, and with our other revenues, i.e., interest and general entitlements.

The District experienced an increase in net position of \$3,247,619. Key reasons for the change in net position in 2013-2014 include an increase in local revenue from employee donations and an increase in state revenue due to increased enrollment.

As discussed above, the net cost shows the financial burden that was placed on the State and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the District and balance those needs with state-prescribed available unrestricted resources.

**The District's Funds**

As we noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of \$2,889,096, which is an increase of \$1,383,781 from last year. The primary reasons for the change are as follows:

In the General Fund, our principal operating fund, the fund balance increased from (\$1,962,335) to \$523,187. The change is due mainly to significant reductions in expenditures and an increase in revenue compared to the prior year.

Our Special Education Center Program Fund decreased fund balance (\$571,874) from the prior year due to a decrease in revenue in the current year.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were revisions made to the 2013-2014 General Fund original budget. Budgeted revenues and other financing sources were decreased by \$243,161 mainly due to reduced special Education revenue from state.

Budgeted expenditures were increased by \$940,736 due to increase in enrolment with online academies and shared services.

Redford Union School District #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2014, the District had \$25,478,722 invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions and depreciation) of \$780,431, or 2.97 percent, from last year.

Table 3  
Capital Assets, Net  
Years Ended June 30, 2013 and 2014

	Balance June 30, 2013	Balance June 30, 2014
Land	\$ 30,123	\$ 30,123
Construction in progress	4,809,056	23,192
Buildings and additions	21,232,388	25,220,915
Equipment and furniture	168,489	190,851
Vehicles	19,097	13,641
<b>Total</b>	<b><u>\$ 26,259,153</u></b>	<b><u>\$ 25,478,722</u></b>

This year's additions of \$6 million consisted mainly of building improvements and equipment. No additional debt was issued for this addition.

We present more detailed information about our capital assets in the notes to the financial statements.

**Debt**

At the end of this year, the District had \$22,361,396 in debt outstanding versus \$24,460,896 in the previous year - a change of 8.58 percent. Those bonds consisted of the following:

Table 4  
Outstanding Debt  
Years Ended June 30, 2012 and 2013

	Balance June 30, 2013	Balance June 30, 2014
1997 School Improvement Bonds	\$ 10,075,000	\$ 8,920,000
2007 School Improvement Bonds	1,630,000	1,630,000
2009 School Improvement Bonds	12,530,000	11,670,000
Installment Loans	225,896	141,396
<b>Total</b>	<b><u>\$ 24,460,896</u></b>	<b><u>\$ 22,361,396</u></b>

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. If the District issues "qualified debt", i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The District's outstanding unqualified general obligation debt of \$22,361,396 is below the statutorily imposed limit.

Redford Union School District #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Other obligations include accrued vacation pay, sick leave, and employee benefit liabilities. We present more detailed information about our long-term liabilities in the notes to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration considered many factors when setting the District's 2014-2015 fiscal year budget. One of the most important factors affecting the budget is our student count and state foundation revenue. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2015 fiscal year is 10 percent and 90 percent of the February 2015 and October 2014 student counts, respectively. The 2014-2015 budget was adopted in June 2014, based on an estimate of students who will be enrolled in September 2014. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under state law, the District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2014-2015 school year, we anticipate that the fall student count will be better with the estimates used in creating the 2014-2015 budget. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimated future funding will continue to be in jeopardy of being cut on a per student basis.

**Contacting the District's Management**

This report is designed to give an overview of the financial conditions of the Redford Union School District #1. Additional financial information can be obtained by contacting Central Office, Redford Union School District #1:

19990 Beech Daly Road, Redford, MI 48240  
Business office

Asst. Supt. of Business  
Greg McIntyre  
(Tel) 313-242-6009

Accounting Manager  
Jennie Li  
(Tel) 313-242-6015

## **BASIC FINANCIAL STATEMENTS**

Redford Union School District #1

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 9,966,363
Cash on hand with paying agent	446,871
Due from other governmental units	4,857,071
Accounts receivable	125,806
Inventory	16,645
Prepays	<u>102,546</u>
Total current assets	15,515,302
Noncurrent assets	
Capital assets not being depreciated	53,315
Capital assets, net of accumulated depreciation	<u>25,425,407</u>
Total noncurrent assets	<u>25,478,722</u>
TOTAL ASSETS	40,994,024
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	67,333
LIABILITIES	
Current liabilities	
Accounts payable	455,389
Accrued payroll	2,597,533
Accrued interest payable	228,987
Unearned revenue	5,749
Short-term notes payable	9,567,535
Employee benefit liability	97,246
Current portion of compensated absences	233,377
Current portion of long-term debt	<u>2,245,595</u>
Total current liabilities	15,431,411
Noncurrent liabilities	
Noncurrent portion of compensated absences	393,676
Noncurrent portion of long-term debt	<u>20,115,801</u>
Total noncurrent liabilities	<u>20,509,477</u>
TOTAL LIABILITIES	<u>35,940,888</u>
NET POSITION	
Net investment in capital assets	3,356,873
Restricted for food service	750,703
Restricted for debt service	721,279
Unrestricted	<u>291,614</u>
TOTAL NET POSITION	<u>\$ 5,120,469</u>

See accompanying notes to financial statements.

Redford Union School District #1

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 21,131,931	\$ 21,235	\$ 13,699,512	\$ (7,411,184)
Supporting services	12,958,448	478,565	2,349,451	(10,130,432)
Community services	155,887	-	-	(155,887)
Food service	1,008,501	202,809	1,066,861	261,169
Interest on long-term debt	1,506,088	-	-	(1,506,088)
Unallocated depreciation	2,070,326	-	-	(2,070,326)
<b>TOTAL</b>	<b>\$ 38,831,181</b>	<b>\$ 702,609</b>	<b>\$ 17,115,824</b>	<b>(21,012,748)</b>
General revenues				
Property taxes, levied for general purposes				2,355,109
Property taxes, levied for debt service				3,922,289
State school aid - unrestricted				17,838,021
Investment earnings				55,034
Miscellaneous				89,914
			<b>TOTAL GENERAL REVENUES</b>	<b>24,260,367</b>
			<b>CHANGE IN NET POSITION</b>	<b>3,247,619</b>
Net position, beginning of year				<u>1,872,850</u>
Net position, end of year				<u>\$ 5,120,469</u>

See accompanying notes to financial statements.

Redford Union School District #1

Governmental Funds

BALANCE SHEET

June 30, 2014

	General	Special Education Center Program	1997 Bond Issue	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,835,580	\$ -	\$ 950,266	\$ 180,517	\$ 9,966,363
Cash on hand with paying agent	446,871	-	-	-	446,871
Accounts receivable	124,588	-	-	1,218	125,806
Due from other governmental units	4,176,779	672,603	-	7,689	4,857,071
Due from other funds	-	-	-	734,607	734,607
Inventory	3,277	-	-	13,368	16,645
Prepays	102,546	-	-	-	102,546
<b>TOTAL ASSETS</b>	<b>\$ 13,689,641</b>	<b>\$ 672,603</b>	<b>\$ 950,266</b>	<b>\$ 937,399</b>	<b>\$ 16,249,909</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 438,533	\$ 6,973	\$ -	\$ 9,883	\$ 455,389
Accrued payroll	2,597,533	-	-	-	2,597,533
Due to other funds	560,320	172,904	-	1,383	734,607
Unearned revenue	2,533	-	-	3,216	5,749
Short-term notes payable	9,567,535	-	-	-	9,567,535
<b>TOTAL LIABILITIES</b>	<b>13,166,454</b>	<b>179,877</b>	<b>-0-</b>	<b>14,482</b>	<b>13,360,813</b>
<b>FUND BALANCES</b>					
Nonspendable					
Prepays	102,546	-	-	-	102,546
Inventory	3,277	-	-	13,368	16,645
Restricted					
Food service	-	-	-	737,335	737,335
Debt service	-	-	950,266	-	950,266
Capital projects	-	-	-	172,214	172,214
Unassigned	417,364	492,726	-	-	910,090
<b>TOTAL FUND BALANCES</b>	<b>523,187</b>	<b>492,726</b>	<b>950,266</b>	<b>922,917</b>	<b>2,889,096</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,689,641</b>	<b>\$ 672,603</b>	<b>\$ 950,266</b>	<b>\$ 937,399</b>	<b>\$ 16,249,909</b>

See accompanying notes to financial statements.

Redford Union School District #1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET POSITION

June 30, 2014

**Total fund balances - governmental funds** \$ 2,889,096

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 59,312,754	
Accumulated depreciation is	<u>(33,834,032)</u>	
Capital assets, net		25,478,722

Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:

Deferred charges on refunding		67,333
-------------------------------	--	--------

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and loans payable	(22,361,396)	
Accrued interest payable	(228,987)	
Compensated absences	(627,053)	
Employee benefit liability	<u>(97,246)</u>	
		<u>(23,314,682)</u>

**Net position of governmental activities** \$ 5,120,469



Redford Union School District #1

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2014

	General	Special Education Center Program	1997 Bond Issue	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Local sources	\$ 4,268,284	\$ -	\$ 3,949,953	\$ 202,939	\$ 8,421,176
State sources	20,829,127	1,999,901	-	42,271	22,871,299
Federal sources	2,021,304	372,187	291,533	1,024,589	3,709,613
<b>TOTAL REVENUES</b>	<b>27,118,715</b>	<b>2,372,088</b>	<b>4,241,486</b>	<b>1,269,799</b>	<b>35,002,088</b>
<b>EXPENDITURES</b>					
Current					
Instruction	16,394,997	4,949,806	-	-	21,344,803
Supporting services	9,487,321	3,601,652	-	-	13,088,973
Community services	155,887	-	-	-	155,887
Food service	-	-	-	1,008,501	1,008,501
Capital outlay	-	-	-	1,495,793	1,495,793
Debt service	90,331	-	1,671,781	1,838,950	3,601,062
<b>TOTAL EXPENDITURES</b>	<b>26,128,536</b>	<b>8,551,458</b>	<b>1,671,781</b>	<b>4,343,244</b>	<b>40,695,019</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>990,179</b>	<b>(6,179,370)</b>	<b>2,569,705</b>	<b>(3,073,445)</b>	<b>(5,692,931)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Payments from other districts	543,691	6,533,021	-	-	7,076,712
Transfers in	951,652	-	-	1,838,950	2,790,602
Transfers out	-	(925,525)	(1,838,950)	(26,127)	(2,790,602)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,495,343</b>	<b>5,607,496</b>	<b>(1,838,950)</b>	<b>1,812,823</b>	<b>7,076,712</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,485,522</b>	<b>(571,874)</b>	<b>730,755</b>	<b>(1,260,622)</b>	<b>1,383,781</b>
Fund balance (deficit), beginning of year	(1,962,335)	1,064,600	219,511	2,183,539	1,505,315
Fund balance, end of year	\$ 523,187	\$ 492,726	\$ 950,266	\$ 922,917	\$ 2,889,096

See accompanying notes to financial statements.

Redford Union School District #1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

**Net change in fund balances - total governmental funds** **\$ 1,383,781**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,289,895	
Depreciation expense	<u>(2,070,326)</u>	
Excess of depreciation expense over capital outlay		(780,431)

Items resulting from the repayment of long-term debt and borrowing of long-term debt are reported as expenditures, other financing uses, and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings and other liabilities increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Amortization of deferred charge on refunding	(13,466)	
Bond and loan principal retirement	<u>2,099,500</u>	
		2,086,034

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences	8,940	
Decrease in accrued interest payable	19,905	
Decrease in employee benefit liability	<u>529,390</u>	
		<u>558,235</u>

**Change in net position of governmental activities** **\$ 3,247,619**

Redford Union School District #1

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 216,049</u>
LIABILITIES	
Due to individuals and others	<u>\$ 216,049</u>

See accompanying notes to financial statements.

Redford Union School District #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Redford Union School District #1 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; these financial statements present the financial activities of Redford Union School District #1. The District has no activities that would be classified as component units.

Based upon the application of these criteria, the financial statements contain all the funds controlled by the District.

2. Basis of Presentation

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the district-wide financial statements) present information for the district as a whole. All nonfiduciary activities of the district are included (i.e., fiduciary fund activities are not included in the district-wide financial statements). Interfund activity has been eliminated in the preparation of the district-wide financial statements.

The statement of activities presents the direct functional expenses of the District and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State aid payments and shows how governmental functions are either self-financing or supported by the general revenues of the District.

FUND FINANCIAL STATEMENTS

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District utilizes governmental and fiduciary funds.

The governmental fund financial statements present the District's individual major funds and aggregated nonmajor funds. A separate column is shown for the major funds on the balance sheet and statement of revenues, expenditures, and changes in fund balances. Nonmajor funds are combined and shown in a single column. Fiduciary funds are reported by type.

The major funds of the District are:

- a. General Fund - The General Fund is used to account for money or other resources provided to the District to support the educational programs and general operations of the District.
- b. Special Education Center Program Fund - The Special Education Center Program Fund is used by the District to account for proceeds that are restricted to expenditures within the Special Education Center Program.
- c. 1997 Bond Issue Fund - The 1997 Bond Issue Fund is used to account for the financial resources related to the retirement of long-term debt.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Measurement Focus

The district-wide and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the district-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for the fiduciary agency fund since assets equal liabilities.

4. Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The district-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property tax revenue is recognized in the fiscal year for which it is levied. Revenues for grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received by the before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenditures.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include property taxes, state and federal aid, and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The District reports unearned revenue on its governmental funds balance sheet, as applicable. Unearned revenues arise when the District receives resources before it has a legal claim to them. In subsequent periods, when revenue recognition criteria are met, it is removed from the balance sheet and revenue is recognized.

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

5. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. All annual appropriations lapse at fiscal year end.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Budgets and Budgetary Accounting - continued

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means for financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amounts appropriated.
- d. The budgets are legally adopted at the functional level; however, they are maintained at the object level for control purposes. Any revisions that alter the total expenditures at the functional level must be approved by the School Board.
- e. The Superintendent is authorized to transfer budgeted amounts for purposes of meeting emergency needs of the District; however, these transfers must be approved subsequently by the Board of Education.
- f. Formal budgetary integration is employed as a management control device during the year for the General fund and all Special Revenue funds.
- g. The budget, as presented, has been amended in a legally permissible manner.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts, pooled investment funds, and imprest cash. Cash equivalents are recorded at market value.

7. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the governmental funds balance sheet.

8. Inventories

Inventories are stated at cost on a first in/first out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Food Service Fund inventory consists of food and paper goods. Inventory amounts are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of fund balance.

9. Due From Other Governmental Units

Due from other governmental units consists of various amounts owed to the District for grant programs and State Aid payments. The State of Michigan's funding stream of State Aid payments results in the final two (2) payments for the fiscal year ended June 30, 2014 to be paid in July and August 2014. Of the total amount of \$4,857,071 due from other governmental units, \$4,306,957 consists of State Aid and the remaining \$550,114 is from other governmental grants.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

10. Capital Assets

Capital assets include land, construction in progress, buildings and additions, equipment, furniture, and other assets, and buses and vehicles and are recorded (net of accumulated depreciation, if applicable) in the district-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than five years. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the district-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Equipment, furniture, and other assets	5 - 10 years
Buses and vehicles	5 - 10 years

11. Compensated Absences

Based on the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*, the District has recorded all liabilities associated with compensated absences. Accumulated vested severance amounts and nonvested severance amounts that are probable to vest and be paid at termination are considered payable from future resources and are recorded along with the related payroll taxes as a long-term liability in the district-wide financial statements.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the balance sheet when applicable will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of a net position/fund balance that applies to a future period and so it will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. Deferred charges on refunding result from differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and the balance sheet when applicable will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow or resources (revenue) until that time. Currently, the District does not report any deferred inflows of resources.

13. Short-Term Note Obligations

Short-term debt is recognized as a liability of a governmental fund and is included on the balance sheet of the applicable fund. During the current year the District paid off the short-term note that was outstanding at the beginning of the year and subsequently borrowed funds to meet short-term cash flow borrowing needs. The final payment is due and payable in August 2014, and anticipated State Aid is expected to be sufficient to cover this commitment.

14. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the district-wide financial statements. Accrued interest payable is due within one year and is reported as a current liability.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

15. Long-term Obligations

Long-term debt is recognized as a liability in the district-wide financial statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

16. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied to the extent that they result in current revenue (collected as of year-end). Amounts received subsequent to June 30 are recognized as revenue when collected.

The District levies taxes of \$18.00 per \$1,000 of taxable valuation on most nonprimary residence exempt property (2013 value \$133,169,993) and \$6.00 per \$1,000 of taxable valuation on commercial personal property for general governmental services (2013 value \$7,861,500) and \$12.23 per \$1,000 of taxable valuation on the total applicable taxable valuation of all property within the District for debt service. The District is also permitted to levy additional amounts for enhancement and/or debt service if voter approval is obtained. Total 2013 taxable value of the District was \$326,761,770.

17. State Foundation Revenue

Beginning with the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. Prior to the fiscal year ended June 30, 1995, the State utilized a district power equalizing approach. The foundation is funded from State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts. For the year ended June 30, 2014, the foundation allowance was based on the average of pupil membership counts taken in October 2013 and February 2014. The average calculation was weighted 90% for the October 2013 count and 10% for the February 2014 count.

The State portion of the foundation is provided primarily by a State education property tax millage of 6 mills and an allocated portion of State sales and other taxes. The local portion of the foundation is funded primarily by nonhomestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through nine (9) payments made during the fiscal year and two (2) payments made subsequent to year-end. The local revenue is recognized as outlined above under Property Taxes.

18. State Categorical Revenue

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.



NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

19. Interfund Transactions

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers on the governmental fund financial statements. Transfers are netted as part of the reconciliation to the district-wide financial statements.

20. Restrictions of Net Position

Restrictions of net position shown in the district-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

21. Federal Programs

Federal programs are accounted for in the specific governmental funds to which they relate. The District has not integrated its Single Audit reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

22. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

23. Comparative Data

Comparative data for the prior year has not been presented in the basic financial statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE B: CASH AND CASH EQUIVALENTS**

In accordance with Michigan Public Act 451 of 1976, Section 1223(1), as amended, the District is authorized to invest its surplus funds in the following types of investments:

1. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
2. Certificates of deposit issued by a State or National bank, savings accounts of a State or Federal savings and loan association, or certificates of deposit or share certificates of a State or Federal credit union organized and authorized to operate in this State.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
4. Securities issued or guaranteed by agencies or instrumentalities of the United States government.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED**

5. United States government or Federal agency obligation repurchase agreements.
6. Bankers' acceptances issued by a bank that is a member of the Federal Depository Insurance Corporation.
7. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a School District.
8. Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a School District.

Michigan Public Acts authorize school districts in Michigan to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations. Deposits of the District are at federally insured banks and credit unions in the State of Michigan in the name of the School District.

Deposits

There is custodial credit risk as it relates to 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. As of June 30, 2014, the carrying amount of the District's deposits was \$9,846,724 and the bank balance was \$9,913,543 of which \$848,860 was covered by Federal depository insurance. The balance of \$9,064,683 was uninsured, but collateralized. The District also had \$446,871 on deposit with the State of Michigan at the Michigan Finance Authority in relation to the set aside payments to repay the State Aid Anticipation Note, Series 2013B that is due and payable August 20, 2014.

Investments

As of June 30, 2014, the District had the following investments:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>
Uncategorized pooled investment funds			
MILAF+ Cash Management Class	<u>\$ 334,389</u>	<u>\$ 335,450</u>	<60 days

The difference between the carrying amount and the market value in the MILAF fund was outstanding checks at June 30, 2014.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2014, the District's investments in the uncategorized pooled investment (the Michigan Liquid Asset Fund Plus) are rated AAAM according to Standard & Poor's.

Interest rate risk

The District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Redford Union School District #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED**

Concentration of credit risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business in accordance with Board approved policy.

As of June 30, 2014, the District's deposits and investments were reported in the financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 9,966,363	\$ 216,049	\$ 10,182,412
Cash on hand with paying agent	446,871	-	446,871
	<u>\$ 10,413,234</u>	<u>\$ 216,049</u>	<u>\$ 10,629,283</u>

The District had \$1,299 of cash on hand as of June 30, 2014.

Due to significantly higher cash flow at certain periods during the year, the amount the District held as cash and cash equivalents decreased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

**NOTE C: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 30,123	\$ -	\$ -	\$ 30,123
Construction in progress	4,809,056	-	(4,785,864)	23,192
Total capital assets not being depreciated	4,839,179	-0-	(4,785,864)	53,315
Capital assets being depreciated				
Buildings and additions	48,002,012	6,007,772	-	54,009,784
Equipment, furniture, and other assets	5,138,018	67,987	-	5,206,005
Buses and vehicles	43,650	-	-	43,650
Total capital assets being depreciated	53,183,680	6,075,759	-0-	59,259,439

Redford Union School District #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE C: CAPITAL ASSETS - CONTINUED**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities - continued				
Less accumulated depreciation for:				
Buildings and additions	\$ (26,769,624)	\$ (2,019,245)	\$ -	\$ (28,788,869)
Equipment, furniture, and other assets	(4,969,529)	(45,625)	-	(5,015,154)
Buses and vehicles	(24,553)	(5,456)	-	(30,009)
Total accumulated depreciation	(31,763,706)	(2,070,326)	-0-	(33,834,032)
Net capital assets being depreciated	21,419,974	4,005,433	-0-	25,425,407
Capital assets, net	<u>\$ 26,259,153</u>	<u>\$ 4,005,433</u>	<u>\$ (4,785,864)</u>	<u>\$ 25,478,722</u>

Depreciation expense was not allocated to governmental functions. It appears on the Statement of Activities as "unallocated."

**NOTE D: LONG-TERM DEBT**

The following is a summary of changes in long-term debt obligations of the District for the year ended June 30, 2014.

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
1997 Refunding Bonds	\$ 10,075,000	\$ -	\$ (1,155,000)	\$ 8,920,000	\$ 1,260,000
2007 Refunding Bonds	1,630,000	-	-	1,630,000	-
2009 Building and Site Bonds	12,530,000	-	(860,000)	11,670,000	900,000
Installment Loans	225,896	-	(84,500)	141,396	85,595
Compensated Absences	635,993	333,600	(342,540)	627,053	233,377
	<u>\$ 25,096,889</u>	<u>\$ 333,600</u>	<u>\$ (2,442,040)</u>	<u>\$ 22,988,449</u>	<u>\$ 2,478,972</u>

Significant details regarding outstanding long-term debt (including current portions) are presented below:

General Obligation Bonds

\$35,575,000 1997 Refunding Bonds dated December 1, 1997, due in annual installments ranging from \$1,260,000 to \$2,120,000 through May 1, 2022 with interest ranging from 5.00 to 5.50 percent, payable semi-annually. \$ 8,920,000

\$6,590,000 2007 Refunding Bonds dated March 29, 2007, due in annual installments ranging from \$485,000 to \$605,000 through May 1, 2018 with interest of 4.00 percent, payable semi-annually. 1,630,000

\$12,530,000 2009 Building and Site Bonds dated June 29, 2009, due in annual installments ranging from \$630,000 to \$1,730,000 through May 1, 2024 with interest ranging from 6.75 to 7.75 percent, payable semi-annually. 11,670,000

\$ 22,220,000

Redford Union School District #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE D: LONG-TERM DEBT - CONTINUED**

Installment Loans

\$324,976 2009 Installment Loan dated August 11, 2009, due in an installment of \$54,976 on May 1, 2015 with interest of 4.29 percent, payable annually.	\$ 54,976
\$99,119 2009 Additional Installment Loan dated October 7, 2009, due in an installment of \$16,619 on May 1, 2015 with interest of 3.49 percent, payable quarterly.	16,619
\$108,301 2011 Installment Agreement dated July 29, 2011, due in quarterly installments ranging from \$3,301 to \$3,500, including interest, through April 1, 2019.	<u>69,801</u>
	<u>\$ 141,396</u>

Compensated Absences

Sick Leave - In recognition of services to the District, a sick leave payment will be made upon termination to eligible employees according to their respective employment contracts or past practice.

Vacation Payable - In recognition of services to the District, any accumulated unused vacation days payment will be made upon termination to eligible employees according to past practice. This payment will be paid on all unused vacation days at the employee's rate of pay at the time of termination.

The sick and vacation liabilities, including the related payroll taxes, have been recorded in the district-wide financial statements as compensated absences in the amount of \$627,053.

Annual Requirements for Bonded and Installment Loan Debt

The annual requirements to pay the debt principal and interest outstanding for the Long-Term Debt are as follows:

Year Ending June 30,	General Obligation Debt		Installment Loan Debt	
	Principal	Interest	Principal	Interest
2015	\$ 2,160,000	\$ 1,373,925	\$ 85,595	\$ 2,938
2016	1,985,000	1,243,875	14,000	-
2017	2,100,000	1,123,225	14,000	-
2018	2,245,000	992,425	14,000	-
2019	2,345,000	853,425	13,801	-
2020-2024	<u>11,385,000</u>	<u>2,121,825</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,220,000</u>	<u>\$ 7,708,700</u>	<u>\$ 141,396</u>	<u>\$ 2,938</u>

Advance Refunding - Prior

The District has issued various refunding bonds to defease bonded debt. These refundings were accomplished by establishing irrevocable trusts with escrow agents composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The various refunding bonds were used to fund escrow amounts, pay the cost of issuance of the refunding bonds, and to pay the remaining balances of the defeased obligations. Accordingly, the various trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

Redford Union School District #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE E: INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfunds receivables and payables at June 30, 2014 is as follows:

Due to nonmajor governmental funds from:	
General Fund	\$ 560,320
Special Education Center Program Fund	172,904
Nonmajor governmental funds	<u>1,383</u>
	<u>\$ 734,607</u>

Amounts appearing as interfunds payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE F: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfer to General Fund from:	
Special Education Center Program Fund	\$ 925,525
Nonmajor governmental fund	<u>26,127</u>
	<u>\$ 951,652</u>
Transfer to nonmajor governmental funds from:	
1997 Bond Issue Fund	<u>\$ 1,838,950</u>

The transfers from the Special Education Center Program Fund and the nonmajor governmental fund to the General Fund were to cover indirect costs. The transfers between the nonmajor governmental funds and the 1997 Bond Issue Fund were to ensure that the various debt service funds had enough cash available to make principal and interest payments as necessary.

**NOTE G: SHORT-TERM NOTES**

On August 20, 2012, the District issued a short-term State School Aid Anticipation Note in the amount of \$10,900,000. This note was paid in full on August 20, 2013.

On August 20, 2013, the District issued a short-term State School Aid Anticipation Note in the amount of \$9,470,000 for the purpose of funding operating expenditures until the 2014 State Aid payments resumed. This short-term note, which has a net outstanding balance of \$9,470,000 at June 30, 2014, is reported in the General Fund under the caption short-term notes payable, with a balance of \$9,567,535 which includes accrued interest. The outstanding balance is due in full on August 20, 2014.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE H: EMPLOYEE PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

All of the District's employees, except students, are eligible to participate in the State wide Michigan Public School Employees' Retirement System (MPSERS), a multiple-employer, cost-sharing, State wide public employee retirement system. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The report for the fiscal year-end September 30, 2013, the last year available, may be obtained by contacting the State of Michigan Department of Technology, Management and Budget.

Funding Policy

Employer contributions to the pension system result from implementing effects of the School Finance Reform Act. Member contribution rates vary based on date of hire and certain voluntary elections. Employees who selected MIP on or before December 31, 1989, contributed 4% from January 1, 1987 to December 31, 1989 and 3.9% thereafter. Employees first hired on or after January 1, 1990 through June 30, 2008 are required to contribute based on a graduated rate: 3% of the first \$5,000 (up to \$150); \$150 plus 3.6% of \$5,001 through \$15,000 (up to \$510 total); \$510 plus 4.3% of all wages over \$15,000. Employees first hired on or after July 1, 2008 are required to contribute based on a graduated rate: 3% of the first \$5,000 (up to \$150); \$150 plus 3.6% of \$5,001 through \$15,000 (up to \$510 total); \$510 plus 6.4% of all wages over \$15,000. In addition, employees first hired on or after July 1, 2010 are required to enroll in the Pension Plus Plan, which includes a defined contribution component of 1%-3% of all wages to a retiree health care fund and 0%-2% to a hybrid defined contribution pension plan.

Pension Benefits

Each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits.

Other Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10.0 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate.

Contribution rates for the year ended June 30, 2014, are as follows:

	<u>Pension Contribution Rate</u>		<u>Health Contribution Rate</u>	
	<u>Basic/MIP</u>	<u>Pension Plus</u>	<u>Basic/MIP</u>	<u>Pension Plus</u>
July 1, 2013-September 30, 2013	12.78-15.21%	12.78-15.02%	9.11%	8.18-9.11%
October 1, 2013-June 30, 2014	15.44-18.34%	15.44-18.11%	5.52-6.45%	5.52-6.45%

Redford Union School District #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE H: EMPLOYEE PENSION AND OTHER POSTEMPLOYMENT BENEFITS - CONTINUED**

The District's required and actual contributions to the various plans for the last three fiscal years are as follows:

Fiscal year ended June 30,	Defined Benefit Plan		Defined Contribution Plan	
	Employer Retirement Contributions	Employer Health Contributions	Employer Contributions	Employee Contributions
2014	\$ 3,519,170	\$ 1,237,658	\$ 8,096	\$ 10,909
2013	2,956,237	1,546,339	4,813	4,794
2012	3,068,290	1,634,114	1,216	2,431

**NOTE I: RISK MANAGEMENT**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, errors and omissions; the District is self-insured for workers' compensation and medical claims, up to certain limits but carries stop-loss insurance for excess claims in these areas. The District carries commercial insurance for various other liability exposures.

MAISL is a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The District estimates the liability for workers' compensation, medical claims, and prescription drug benefits 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 governmental-wide financial statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2014	2013
Unpaid claims - Beginning of year	\$ 626,636	\$ 962,518
Estimated claims incurred - Including changes in estimates	41,614	2,794,078
Claim payments	(571,004)	(3,129,960)
Unpaid claims - End of year	\$ 97,246	\$ 626,636

**NOTE J: SUBSEQUENT EVENT**

In August 2014, the District received funds from the Michigan Municipal Bond Authority short-term cash flow borrowing program. The loan in the amount of \$6,500,000 was for the purpose of funding operating expenditures until the fiscal year 2015 State Aid payments resume. Future anticipated State Aid and other local funds are expected to be sufficient to cover this commitment.



NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE K: DETAILS OF FUND BALANCE CLASSIFICATIONS**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

**Fund Balance Classification Policies and Procedures**

For committed fund balance, Redford Union School District #1's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment has not been determined by Redford Union School District #1.

For assigned fund balance, Redford Union School District #1 has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Education.

The District has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

**NOTE L: CONTINGENT LIABILITIES**

Under the terms of various Federal and State grants, periodic compliance audits are required and certain costs may be questioned, allowed, or disallowed, which could result in funds being returned and/or received from grantor agencies.

There is legal action pending against the District. Due to the inconclusive nature of the action, it is not possible for Counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. This potential liability, if any, is considered by District management and legal counsel to be immaterial or the potential liability would be covered by insurance.

Redford Union School District #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE M: BONDED CONSTRUCTION FUNDS**

The Capital Projects 2009 Bond Fund of the District includes the capital project activities funded by the 2009 School Improvement Bonds. For the projects recorded in this fund, the District has complied with the applicable provisions of Section 1351 (a) of the Revised School Code in the current year.

**NOTE N: UPCOMING ACCOUNTING PRONOUNCEMENT**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the financial statements for the District's 2014-2015 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

Redford Union School District #1

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2014

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 4,433,000	\$ 4,280,875	\$ 4,268,284	\$ (12,591)
State sources	19,886,414	20,774,594	20,829,127	54,533
Federal sources	2,549,711	2,047,479	2,021,304	(26,175)
<b>TOTAL REVENUES</b>	<b>26,869,125</b>	<b>27,102,948</b>	<b>27,118,715</b>	<b>15,767</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	11,460,019	10,928,409	11,041,361	(112,952)
Added needs	4,129,929	3,904,989	3,921,209	(16,220)
Adult and continuing education	1,784,500	1,997,516	1,432,427	565,089
<b>Total Instruction</b>	<b>17,374,448</b>	<b>16,830,914</b>	<b>16,394,997</b>	<b>435,917</b>
Supporting services				
Pupil	1,900,890	2,052,855	1,821,742	231,113
Instructional staff	391,460	379,003	304,224	74,779
General administration	471,561	460,508	456,012	4,496
School administration	1,405,768	1,332,019	1,206,468	125,551
Business	889,022	738,814	676,447	62,367
Pupil transportation	1,246,325	1,238,090	1,353,213	(115,123)
Operations and maintenance	2,832,997	2,566,799	2,617,624	(50,825)
Central support	655,860	741,433	760,979	(19,546)
Athletics	322,753	320,040	290,612	29,428
<b>Total supporting services</b>	<b>10,116,636</b>	<b>9,829,561</b>	<b>9,487,321</b>	<b>342,240</b>
Community services	198,080	163,871	155,887	7,984
Debt service	164,203	90,331	90,331	-0-
Capital outlay	2,046	-	-	-0-
<b>TOTAL EXPENDITURES</b>	<b>27,855,413</b>	<b>26,914,677</b>	<b>26,128,536</b>	<b>786,141</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(986,288)</b>	<b>188,271</b>	<b>990,179</b>	<b>801,908</b>

Redford Union School District #1

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2014

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Payments from other districts	\$ 605,790	\$ 358,000	\$ 543,691	\$ 185,691
Transfers in	1,339,613	1,110,419	951,652	(158,767)
Transfers out	-	(77,323)	-	77,323
 TOTAL OTHER FINANCING SOURCES (USES)	 1,945,403	 1,391,096	 1,495,343	 104,247
 NET CHANGE IN FUND BALANCE	 959,115	 1,579,367	 2,485,522	 906,155
 Fund balance (deficit), beginning of year	 (1,962,335)	 (1,962,335)	 (1,962,335)	 -0-
 Fund balance (deficit), end of year	 <u>\$ (1,003,220)</u>	 <u>\$ (382,968)</u>	 <u>\$ 523,187</u>	 <u>\$ 906,155</u>

Redford Union School District #1  
Special Education Center Program Fund  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2014

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
State sources	\$ 2,783,362	\$ 1,939,887	\$ 1,999,901	\$ 60,014
Federal sources	465,100	381,687	372,187	(9,500)
<b>TOTAL REVENUES</b>	<b>3,248,462</b>	<b>2,321,574</b>	<b>2,372,088</b>	<b>50,514</b>
<b>EXPENDITURES</b>				
Current				
Salaries	5,199,167	4,829,013	5,048,623	(219,610)
Fringe benefits	3,000,511	2,941,500	3,125,865	(184,365)
Purchased services	224,020	357,964	228,520	129,444
Supplies	245,137	111,330	148,450	(37,120)
<b>TOTAL EXPENDITURES</b>	<b>8,668,835</b>	<b>8,239,807</b>	<b>8,551,458</b>	<b>(311,651)</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(5,420,373)</b>	<b>(5,918,233)</b>	<b>(6,179,370)</b>	<b>(261,137)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Payments from other districts	6,501,501	6,501,501	6,533,021	31,520
Transfers out	(1,081,128)	(583,267)	(925,525)	(342,258)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,420,373</b>	<b>5,918,234</b>	<b>5,607,496</b>	<b>(310,738)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-0-</b>	<b>1</b>	<b>(571,874)</b>	<b>(571,875)</b>
Fund balance, beginning of year	1,064,600	1,064,600	1,064,600	-0-
Fund balance, end of year	<u>\$ 1,064,600</u>	<u>\$ 1,064,601</u>	<u>\$ 492,726</u>	<u>\$ (571,875)</u>

Redford Union School District #1

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2014

**NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated. The District's budgeted expenditures in the General Fund have been adopted at the functional classification level. The District's budgeted expenditures in the Special Education Center Program Fund have been adopted by object/activity. The District's budgeted expenditures in the Food Service Fund have been adopted at the total expenditure level.

During year ended June 30, 2014 the District incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
Instruction			
Basic programs	\$ 10,928,409	\$ 11,041,361	\$ 112,952
Added needs	3,904,989	3,921,209	16,220
Supporting services			
Pupil transportation	1,238,090	1,353,213	115,123
Operations and maintenance	2,566,799	2,617,624	50,825
Central support	741,433	760,979	19,546
Special Education Center Program Fund			
Current			
Salaries	4,829,013	5,048,623	219,610
Fringe benefits	2,941,500	3,125,865	184,365
Supplies	111,330	148,450	37,120
Other financing uses			
Transfers out	583,267	925,525	342,258

## **OTHER SUPPLEMENTARY INFORMATION**



Redford Union School District #1

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

Year Ended June 30, 2014

	Special Revenue	Debt Service		Capital Projects	Total
	Food Service	2007 Refunding Issue	2009 Bond Issue	2009 Bond Issue	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 180,517	\$ 180,517
Accounts receivable	1,218	-	-	-	1,218
Due from other governmental units	7,689	-	-	-	7,689
Due from other funds	734,607	-	-	-	734,607
Inventory	13,368	-	-	-	13,368
<b>TOTAL ASSETS</b>	<b>\$ 756,882</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 180,517</b>	<b>\$ 937,399</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,963	\$ -	\$ -	\$ 6,920	\$ 9,883
Due to other funds	-	-	-	1,383	1,383
Unearned revenue	3,216	-	-	-	3,216
<b>TOTAL LIABILITIES</b>	<b>6,179</b>	<b>-0-</b>	<b>-0-</b>	<b>8,303</b>	<b>14,482</b>
<b>FUND BALANCES</b>					
Nonspendable					
Inventory	13,368	-	-	-	13,368
Restricted					
Food service	737,335	-	-	-	737,335
Capital projects	-	-	-	172,214	172,214
<b>TOTAL FUND BALANCES</b>	<b>750,703</b>	<b>-0-</b>	<b>-0-</b>	<b>172,214</b>	<b>922,917</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 756,882</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 180,517</b>	<b>\$ 937,399</b>

Redford Union School District #1

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2014

	Special Revenue	Debt Service		Capital Projects	
	Food Service	2007 Refunding Issue	2009 Bond Issue	2009 Bond Issue	Total
<b>REVENUES</b>					
Local sources	\$ 202,810	\$ -	\$ -	\$ 129	\$ 202,939
State sources	42,271	-	-	-	42,271
Federal sources	1,024,589	-	-	-	1,024,589
<b>TOTAL REVENUES</b>	<b>1,269,670</b>	<b>-0-</b>	<b>-0-</b>	<b>129</b>	<b>1,269,799</b>
<b>EXPENDITURES</b>					
Current					
Food service	1,008,501	-	-	-	1,008,501
Debt service					
Principal retirement	-	-	860,000	-	860,000
Interest, fiscal, and other charges	-	65,525	913,425	-	978,950
Capital outlay	26,602	-	-	1,469,191	1,495,793
<b>TOTAL EXPENDITURES</b>	<b>1,035,103</b>	<b>65,525</b>	<b>1,773,425</b>	<b>1,469,191</b>	<b>4,343,244</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>234,567</b>	<b>(65,525)</b>	<b>(1,773,425)</b>	<b>(1,469,062)</b>	<b>(3,073,445)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	65,525	1,773,425	-	1,838,950
Transfers out	(26,127)	-	-	-	(26,127)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(26,127)</b>	<b>65,525</b>	<b>1,773,425</b>	<b>-0-</b>	<b>1,812,823</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>208,440</b>	<b>-0-</b>	<b>-0-</b>	<b>(1,469,062)</b>	<b>(1,260,622)</b>
Fund balances, beginning of year	542,263	-	-	1,641,276	2,183,539
Fund balances, end of year	<u>\$ 750,703</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 172,214</u>	<u>\$ 922,917</u>