

West Bloomfield School District

**Financial Report
with Supplemental Information
June 30, 2013**

West Bloomfield School District

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Independent Auditor's Report

To the Board of Education
West Bloomfield School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Bloomfield School District (the "School District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise West Bloomfield School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

To the Board of Education
West Bloomfield School District

Opinion

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 West Bloomfield School District as of June 30, 2013 and the respective changes in its financial position, and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, in July 2012, the entity adopted new accounting guidance for financial reporting of net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Bloomfield School District's basic financial statements. The accompanying nonmajor governmental funds combining balance sheet and combining statement of revenue, expenditures, and change in fund balance, the schedule of bonded indebtedness, and detail of bonded debt are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the Board of Education
West Bloomfield School District

The nonmajor governmental funds combining balance sheet and combining statement of revenue, expenditures, and change in fund balance, the schedule of bonded indebtedness, and detail of bonded debt 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 nonmajor governmental funds combining balance sheet and combining statement of revenue, expenditures, and change in fund balance, the schedule of bonded indebtedness, and detail of bonded debt 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 September 11, 2013 on our consideration of West Bloomfield School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Bloomfield School District's internal control over financial reporting and compliance.

Plante & Morse, PLLC

September 11, 2013

West Bloomfield School District

Management's Discussion and Analysis

This section of West Bloomfield School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2013. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

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 the School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds (the General Fund, the 2010 Capital Projects Fund, and the 2011 Capital Projects Fund) with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

These financial statements contain the following elements:

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

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Information for Major Funds

Other Supplemental Information

West Bloomfield School District

Management's Discussion and Analysis (Continued)

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about West Bloomfield School District is, "As a whole, what is the School 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 School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. The statements were prepared 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 revenue and expenses are taken into account regardless of when cash is received or expenses paid. These two statements report the School District's net position - the difference between assets, deferred outflows of resources, and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School 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 revenue and expenses is the School District's operating results. However, the specified goal of the School District 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, test scores, favorable class size, percentage of students who go on to college, and the safety of the schools) to assess the overall health of West Bloomfield School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School 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 School District's Most Significant Funds - Fund Financial Statements

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

West Bloomfield School District

Management's Discussion and Analysis (Continued)

Governmental Funds - All of the School 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 School 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 School District's programs. A reconciliation is also provided to help readers understand the differences between the accounting methods used to report results for the governmental activities (reported in the statement of net position and the statement of activities) and governmental funds (fund level statements).

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

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

The School District as a Whole

Summary of Net Position

The statement of net position provides the perspective of West Bloomfield School District as a whole. Table I provides a summary of the School District's net position as of June 30, 2013 and 2012:

	Governmental Activities	
	June 30	
	2013	2012
	(in millions)	
Assets		
Current and other assets	\$ 21.4	\$ 24.9
Capital assets	124.5	124.4
Total assets	145.9	149.3
Deferred Outflows of Resources - Deferred charges on bond refunding	2.1	2.0
Total assets and deferred outflow of resources	148.0	151.3

West Bloomfield School District

Management's Discussion and Analysis (Continued)

TABLE I (Continued)

	Governmental Activities	
	June 30	
	2013	2012
	(in millions)	
Liabilities		
Current liabilities	\$ 24.1	\$ 23.5
Long-term liabilities	<u>81.8</u>	<u>93.5</u>
Total liabilities	<u>105.9</u>	<u>117.0</u>
Net Position		
Net investment in capital assets	41.8	26.5
Restricted	0.9	10.2
Unrestricted	<u>(0.6)</u>	<u>(2.4)</u>
Total net position	<u>\$ 42.1</u>	<u>\$ 34.3</u>

West Bloomfield School District's net position was \$42.1 million at June 30, 2013. Net investment in capital assets totaling \$41.8 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. These debts will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use the net position for day-to-day operations. The remaining amount of net position totaling (\$0.6) million was unrestricted.

The (\$0.6) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position represents the School District's tight cash flow position to meet working capital and operating needs. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Summary of Activities

The results of this year's operations for West Bloomfield School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years ended June 30, 2013 and 2012.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

TABLE 2

	Governmental Activities	
	2013	2012
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 3.7	\$ 4.1
Operating grants and contributions	14.1	14.4
General revenue:		
Property taxes	25.1	25.9
State foundation allowance	41.2	43.6
Federal sources - Unrestricted	-	0.1
Other	0.7	0.3
Total revenue	<u>84.8</u>	<u>88.4</u>
Functions/Program Expenses		
Instruction	45.0	44.6
Support services	23.0	25.1
Athletics	1.0	1.0
Food services	2.0	2.2
Community services	1.9	2.2
Interest on long-term debt	3.9	4.5
Other	0.2	-
Total functions/program expenses	<u>77.0</u>	<u>79.6</u>
Increase in Net Position	7.8	8.8
Net Position - Beginning of year	<u>34.3</u>	<u>25.5</u>
Net Position - End of year	<u><u>\$ 42.1</u></u>	<u><u>\$ 34.3</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$77.0 million. Certain activities were partially funded from those who benefited from the programs (\$3.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14.1 million). We paid for the remaining "public benefit" portion of our governmental activities with \$25.1 million in taxes, \$41.2 million in State foundation allowance, and \$0.7 million with our other revenue, such as interest and general entitlements.

The School District experienced an increase in net position of \$7.8 million.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

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

The School District's Funds

As we noted earlier, West Bloomfield School District uses funds to help it control and manage money for particular purposes. This fund-by-fund breakdown of revenue and expenditures (and related assets and liabilities) helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$9.3 million, which is a decrease of \$3.2 million from last year. The main reason for the decrease in combined fund balance is due to the substantial completion of the 2010 Capital Projects Fund during the year (see capital asset section below for further information). Other significant changes by fund are as follows:

In the General Fund, our principal operating fund, the fund balance increased approximately \$1.1 million to a balance of \$2.9 million. The change is a direct result of a favorable variance of budgeted versus actual expenditures of approximately \$1.1 million or 1.79 percent. The favorable variance for expenditures is a result of a combination of conservative budgeting and concerted efforts district-wide to purchase only those items and/or services that are absolutely necessary in order to successfully maintain educational programs and district operational standards. This was also the first year that the district had outsourced two major support service functions (custodial and pupil transportation) and those costs have been reduced in aggregate by approximately \$1 million for each function from the last year (2011-2012) that the School District retained its own employees to deliver these services. These savings have helped the School District to improve its financial standing and fund balance at June 30, 2013.

In the Special Revenue Funds, the fund balance decreased approximately \$0.1 million to \$0.2 million. The change is mainly due to the excess of expenditures over revenue in the Cafeteria Fund of \$0.1 million. The district experienced what is a state-wide trend in reduced student participation which resulted in a negative impact on program revenue. A modest price increase that retains competitive pricing with neighboring school districts has been approved for next year in order to project a balanced budget going forward.

In the Debt Service Funds, the fund balance remained consistent compared to the prior year.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, West Bloomfield School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The budget was amended in January 2013 and final amendments to the budget were adopted by the board in June 2013. Amendments reflected changes due to enrollment, state and federal grants, changes in staffing levels, and collective bargaining agreement settlements. A schedule showing the School 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 no significant variances between the final budget and actual amounts. In fact, the budget to actual reflects a favorable variance for expenditures of \$1,152,336 or 1.8 percent.

There were revisions made to the 2012-2013 General Fund original budget. Budgeted revenue was decreased by \$249,025 due to adjustments in local, state, federal, and interdistrict sources of revenue. Final budgeted expenditures were increased by \$892,793 to reflect changes in staffing levels, contractual personnel costs, and expenditures for supplies, contracted services, and other School District needs.

The final amended budget and actual amounts at June 30, 2013 depict a minor unfavorable variance for revenue of \$283,221 (-0.4 percent) and a favorable variance in expenditures of \$1,152,336, between final budgets and actual results. The overall reduction in expenditures was brought about by district-wide cost containment and collective bargaining agreement settlements, the outsourcing of major support functions custodial services and pupil transportation, and reduced energy consumption.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2013, the School District had \$191.8 million invested in a broad range of capital assets, including land, buildings, building improvements, vehicles, furniture, and equipment. This amount represents a net increase (including additions and disposals) of approximately \$3.9 million from last year.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

	2013	2012
Land	\$ 8,147,575	\$ 8,147,575
Construction in progress	204,980	6,993,577
Buildings and building improvements	155,714,226	146,418,503
Buses and other vehicles	23,987,326	3,761,852
Furniture and equipment	3,750,337	22,589,943
Total capital assets	191,804,444	187,911,450
Less accumulated depreciation	67,343,701	63,493,494
Net capital assets	<u>\$ 124,460,743</u>	<u>\$ 124,417,956</u>

In the 2010 Capital Projects Fund, the School completed the final phase of renovations and site projects from the proceeds of the \$15 million ARRA Qualified School Construction Bonds that were sold in May 2010. A total of \$2.3 million has been expended during fiscal year 2012-2013 for various improvements and remodeling of school facilities along with site improvements. In addition, in the 2011 Capital Projects Fund, the School District is in the process of completing technology purchases, school bus replacement, instructional equipment, and facility improvements from the proceeds of the \$9 million bonds issued in June 2011. A total of \$1.8 million has been expended during fiscal year 2012-2013 for various technology purchases and site improvements. These funds are required to be spent within the next 12 months. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$88.9 million in bonds outstanding versus \$98.3 million in the previous year. Those bonds consisted of the following:

	2013	2012
General obligation bonds	<u>\$ 88,920,000</u>	<u>\$ 98,285,000</u>

The School District's general obligation bond rating is "A2" with Moody's Investors Service and "A" with Standard & Poor's. 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 School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$88.9 million is significantly below this \$245.2 million statutorily imposed limit.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

In March 2013, the School District refunded \$5.9 million of the outstanding 2004 refunding bonds. The total present value of savings was \$436,624. As a result of this refunding, the School District will realize a reduction in estimated debt millage of 0.2 mills based on variable annual growth in the tax base.

Other obligations include accrued sick leave and voluntary severance incentive packages. 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

The Board of Education and administration consider many factors when setting the School District's fiscal year budget. The most important factors affecting the School District revenue are the student count, the state foundation allowance, and for 2012-2013 and 2013-2014, categorical per-pupil funding for "best practices" and student academic performance growth as measured by standardized testing. Total revenue from state sources accounts for approximately 90 percent of the School District revenue. For 2013-2014, the net result of all changes in the aforementioned funding from state sources is budgeted at a decrease of \$7 per pupil or -.07 percent.

The student count continues to be blended, using 90 percent from the October 2013 count and 10 percent from the February 2014 count. The 2013-2014 budget was adopted on June 24, 2013 and was based on a projected enrollment. Based on early enrollment data at the start of the 2013-2014 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2013-2014 budget. Once the final student count and related per pupil funding are validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on the State for funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts. The School District will also amend the budget to reflect any change from the amounts originally budgeted once the October enrollment is known and all hiring commitments are complete.

Given the State's on-going economic issues, the School District is doing everything possible to maintain programs for students and to continually look for economies in all facets of school operations so that the School District remains competitive and financially stable.

To this end, based on a comprehensive study and report provided by the school enrollment and facilities (SEAF) committee during 2012-2013, the School District closed Ealy Elementary School as of June 30, 2013. This school closure was necessary in order to right size the School District based on current enrollment as well as future enrollment projections. This closure is expected to reduce annual operating costs by approximately \$685,000. The report from the SEAF committee also stated that yet another elementary school may need to be considered for closure within the next several years based on enrollment projections.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

On May 7, 2013, the electorate of the West Bloomfield School District passed a 1.25 mill sinking fund millage for a period of 14 years. The proceeds from the sinking fund are expected to generate in excess of \$2 million per year for the next 14 years in order to finance critical repair, maintenance, and improvement projects in the School District's school buildings that previously had no reliable funding source. It is expected that the General Fund will be able to reduce annual maintenance expenditures by approximately \$200,000 per year due to the sinking fund millage. This was a very positive sign of crucial support from the school community during 2012-2013.

The School District is facing two critical millage renewals for operations in the near future. Both the 18 mill levy on non-homestead properties and the "hold harmless" levy on all School District properties (4.14 mills for 2013-2014) expire on December 31, 2014. These two millages combine for \$1,974 (22.75 percent) per pupil of the School District's total foundation allowance of \$8,676 for 2013-2014. The School District has earmarked the November 2014 election to place the renewal of these operating millages on the ballot.

West Bloomfield School District

Statement of Net Position June 30, 2013

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 5,029,294
Due from other governmental units	9,899,251
Inventories	24,769
Prepaid costs and other assets	32,920
Restricted assets (Note 7)	6,447,215
Capital assets - Net (Note 4)	<u>124,460,743</u>
Total assets	145,894,192
Deferred Outflows of Resources - Deferred charges on bond refunding (Note 6)	<u>2,060,526</u>
Total assets and deferred outflows of resources	147,954,718
Liabilities	
Accounts payable	1,123,786
Accrued payroll and other liabilities	6,092,836
Line of credit (Note 6)	5,000,000
Unearned revenue (Note 1)	389,590
Noncurrent liabilities (Note 6):	
Due within one year	11,452,167
Due in more than one year	<u>81,836,922</u>
Total liabilities	<u>105,895,301</u>
Net Position	
Net investment in capital assets	41,835,045
Restricted:	
Debt service	600,880
Capital projects	31,848
Food service	176,867
Unrestricted	<u>(585,223)</u>
Total net position	<u><u>\$ 42,059,417</u></u>

West Bloomfield School District

Statement of Activities Year Ended June 30, 2013

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 45,001,927	\$ -	\$ 8,718,304	\$ (36,283,623)
Support services	22,954,680	-	3,756,570	(19,198,110)
Athletics	1,031,643	300,058	-	(731,585)
Food services	2,035,306	1,074,670	833,628	(127,008)
Community services	1,931,501	2,313,474	-	381,973
Interest	3,929,155	-	786,444	(3,142,711)
Other	180,824	-	-	(180,824)
Total primary government	\$ 77,065,036	\$ 3,688,202	\$ 14,094,946	(59,281,888)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				11,851,082
Property taxes, levied for debt service				13,214,088
State aid not restricted to specific purposes				41,241,926
Interest and investment earnings				22,041
Loss on the sale of capital assets				(7,513)
Other				680,184
Total general revenue				67,001,808
Change in Net Position				7,719,920
Net Position - Beginning of year				34,339,497
Net Position - End of year				\$ 42,059,417

West Bloomfield School District

Governmental Funds Balance Sheet June 30, 2013

	General Fund	2010 Capital Projects	2011 Capital Projects	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 4,743,448	\$ -	\$ -	\$ 285,846	\$ 5,029,294
Due from other governmental units	9,861,815	-	-	37,436	9,899,251
Due from other funds (Note 5)	76,416	-	-	288,353	364,769
Inventories	-	-	-	24,769	24,769
Prepaid costs and other assets	32,920	-	-	-	32,920
Restricted assets (Note 7)	-	-	5,409,412	1,037,803	6,447,215
Total assets	\$ 14,714,599	\$ -	\$ 5,409,412	\$ 1,674,207	\$ 21,798,218
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 950,451	\$ -	\$ 168,676	\$ 20,155	\$ 1,139,282
Accrued payroll-related liabilities	5,522,251	-	-	133,728	5,655,979
Line of credit (Note 6)	5,000,000	-	-	-	5,000,000
Due to other funds (Note 5)	179,296	-	365	169,612	349,273
Unearned revenue (Note 1)	192,562	-	-	197,028	389,590
Total liabilities	11,844,560	-	169,041	520,523	12,534,124
Fund Balances					
Nonspendable:					
Inventory	-	-	-	24,769	24,769
Prepaid assets	32,920	-	-	-	32,920
Restricted:					
Capital projects	-	-	5,240,371	-	5,240,371
Debt service	-	-	-	1,037,737	1,037,737
Food service	-	-	-	152,098	152,098
Committed - Voluntary					
severance incentive	1,456,000	-	-	-	1,456,000
Unassigned	1,381,119	-	-	(60,920)	1,320,199
Total fund balances	2,870,039	-	5,240,371	1,153,684	9,264,094
Total liabilities and fund balances	\$ 14,714,599	\$ -	\$ 5,409,412	\$ 1,674,207	\$ 21,798,218

West Bloomfield School District

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2013

Fund Balance - Total Governmental Funds \$ 9,264,094

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Cost of capital assets	\$ 191,804,444	
Accumulated depreciation	<u>(67,343,701)</u>	124,460,743

Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:

Bonds and notes payable including related premium	(89,894,747)	
Compensated absences and voluntary severance incentive	<u>(3,394,342)</u>	(93,289,089)

Accrued interest payable is not included as a liability in governmental funds		(436,857)
---	--	-----------

Deferred charges from bond refunding		<u>2,060,526</u>
--------------------------------------	--	------------------

Net Position - Governmental Activities **\$ 42,059,417**

West Bloomfield School District

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2013

	General Fund	2010 Capital Projects	2011 Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 12,726,646	\$ 1,841	\$ 12,273	\$ 16,466,660	\$ 29,207,420
State sources	46,414,839	-	-	831,182	47,246,021
Federal sources	2,267,045	-	-	1,528,673	3,795,718
Interdistrict sources	2,279,276	-	-	1,995,703	4,274,979
Total revenue	63,687,806	1,841	12,273	20,822,218	84,524,138
Expenditures					
Current:					
Instruction	40,600,790	-	-	1,649,175	42,249,965
Support services	21,590,125	-	-	938,694	22,528,819
Athletics	999,125	-	-	-	999,125
Food services	-	-	-	1,956,949	1,956,949
Community services	7,246	-	-	1,917,595	1,924,841
Debt service:					
Principal	-	-	-	9,735,000	9,735,000
Interest	-	-	-	3,988,312	3,988,312
Other	-	1,484	3,563	175,777	180,824
Capital outlay	-	2,283,860	1,828,418	5,210	4,117,488
Total expenditures	63,197,286	2,285,344	1,831,981	20,366,712	87,681,323
Excess of Revenue Over (Under) Expenditures	490,520	(2,283,503)	(1,819,708)	455,506	(3,157,185)
Other Financing Sources (Uses)					
Payment to escrow agent	-	-	-	(6,295,825)	(6,295,825)
Transfers in (Note 5)	566,818	-	-	108,000	674,818
Transfers out (Note 5)	-	-	-	(674,818)	(674,818)
Face value of debt issued	-	-	-	6,245,000	6,245,000
Total other financing sources (uses)	566,818	-	-	(617,643)	(50,825)
Net Change in Fund Balances	1,057,338	(2,283,503)	(1,819,708)	(162,137)	(3,208,010)
Fund Balances - Beginning of year	1,812,701	2,283,503	7,060,079	1,315,821	12,472,104
Fund Balances - End of year	\$ 2,870,039	\$ -	\$ 5,240,371	\$ 1,153,684	\$ 9,264,094

The Notes to Financial Statements are an
Integral Part of this Statement.

West Bloomfield School District

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (3,208,010)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	\$ (3,917,821)	
Capitalized capital outlay	<u>3,968,121</u>	50,300

Governmental funds report proceeds from sale of assets as revenue; in the statement of activities, these are recorded net of carrying value of the disposed assets (7,513)

Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities (6,245,000)

Amortization of bond premium and deferred charges 689,156

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 15,610,000

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 59,157

Compensated absences and voluntary severance incentives are recorded when earned in the statement of activities. In the current year, more was paid out than earned 771,830

Change in Net Position of Governmental Activities \$ 7,719,920

West Bloomfield School District

Fiduciary Fund Statement of Fiduciary Net Position June 30, 2013

	<u>Agency Funds</u>
Assets - Cash and investments (Note 3)	<u>\$ 308,168</u>
Liabilities	
Due to student groups	\$ 292,672
Due to other funds (Note 5)	<u>15,496</u>
Total liabilities	<u>\$ 308,168</u>

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies

The accounting policies of West Bloomfield School District (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

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. Based on the application of the criteria, the School District does not contain any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

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

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

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. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as 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 School District.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies (Continued)

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund is 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. The School District presently maintains a Student Activities (Agency) Fund for the high school, middle schools, and elementary schools to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

The School District reports the following major governmental funds:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

2011 Capital Projects Fund - The 2011 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for technology, safety, and school bus replacement. The fund operates until the purpose for which it was created is accomplished.

2010 Capital Projects Fund - The 2010 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for building renovations and site improvement. The fund operates until the purpose for which it was created is accomplished.

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 expenditure for specified purposes. The School District's Special Revenue Funds include the Cafeteria, Special Education Center Program, and Community Education Funds. Any operating deficit generated by these activities is the responsibility of the General Fund. The main sources of revenue for these funds are food sales to pupils, free/reduced breakfast and lunch reimbursement from federal funds, funds received from the State, funds received from the Intermediate School District, and tuition from community education programs.

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

Sinking Fund - The Sinking Fund is used to account for construction and repair of buildings. The School District has complied with the applicable provisions of Section 1212(1) of the State of Michigan Code, and the State of Michigan Department of Treasury Letter No. 01-95.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Student Activities Agency Fund - The School District presently maintains an Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Assets, Liabilities, and Net Position or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income is recorded in the fund for which the investment account was established.

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds.”

The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year for the taxes that are due on September 15. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

Restricted Assets - The unspent bond proceeds and related interest of the 2011 Capital Project Bonds require amounts to be set aside for construction, and the Debt Service Funds' cash is required to be used for future bond payments. As such, these amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include land, buildings, building improvements, furniture, equipment, buses, and other vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Buildings, building improvements, furniture, equipment, buses, and other vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and other equipment	5 to 10 years

Unearned Revenue - Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the School District had unearned grant payments and summer school tuition received of \$389,590 recorded as unearned revenue.

Compensated Absences - The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation and sick leave benefits and a voluntary severance incentive. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

A liability for early termination benefits is reported in the government-wide statements at the discounted present value of the expected future benefit payments using a discount rate of 3 percent. The early termination benefits consist of early retirement incentive cash payments provided to 58 employees over a five- to seven-year period. The cost of the obligation is reported in long-term debt. These amounts are the responsibility of the General Fund.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance - Fund balance classifications comprise a hierarchy primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are comprised of the following - nonspendable, restricted, committed, assigned, and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed - Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- Assigned - Intent to spend resources on specific purposes expressed by the superintendent of schools and the deputy superintendent for business and operations, who are authorized by policy and approved by the Board of Education to make assignments
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

The Board of Education has adopted a fund balance policy. The fund balance policy proscribes the minimum fund balance as 10 percent of expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Accounting Change - Effective July 1, 2012, the School District implemented the provisions of Governmental Accounting Standards Board No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. This statement did not have a significant impact on the School District's financial statements.

Effective July 1, 2012, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement impacted the format and report of the balance sheet at the government-wide and also at the fund level.

Also effective July 1, 2012, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

Upcoming Accounting Pronouncements - In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligations as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, and object. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - The School District did not have significant expenditure budget variances.

Fund Deficit - Under Michigan law, school districts are required to maintain positive fund balance in each fund. The School District has accumulated a fund balance deficit in the Sinking Fund. The School District intends to eliminate the deficit through tax levies in fiscal year 2014.

Capital Projects Fund Compliance - The 2010 Capital Projects Fund and the 2011 Capital Projects Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2010 Capital Projects Fund. The project for which the 2010 School Build and Site bonds were issued was considered complete on May 15, 2013 and the cumulative expenditures recognized for the construction period were \$15,057,100.

Note 3 - Deposits and Investments

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 offices 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. The School District's deposits are in accordance with statutory authority.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 3 - Deposits and Investments (Continued)

The School District has designated two banks for the deposit of its funds.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$12,148,205 had \$11,398,205 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. There were no investment securities that were uninsured and unregistered and held at June 30, 2013.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk 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 School District's cash requirements.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 3 - Deposits and Investments (Continued)

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
Bank investment pool	\$ 1,269,415	Immediate	A-1	S&P

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in bank investment pools.

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

Note 4 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2012	Reclassifications	Additions/ Transfers	Disposals	Balance June 30, 2013
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 8,147,575	\$ -	\$ -	\$ -	\$ 8,147,575
Construction in progress	6,993,577	(6,993,577)	204,980	-	204,980
Subtotal	15,141,152	(6,993,577)	204,980	-	8,352,555
Capital assets being depreciated:					
Buildings and building/land improvements	146,418,503	6,993,577	2,302,146	-	155,714,226
Furniture and equipment	22,589,943	-	1,397,383	-	23,987,326
Buses and other vehicles	3,761,852	-	63,612	75,127	3,750,337
Subtotal	172,770,298	6,993,577	3,763,141	75,127	183,451,889
Accumulated depreciation:					
Buildings and building improvements	42,369,799	-	2,779,576	-	45,149,375
Furniture and equipment	17,860,104	-	1,040,992	-	18,901,096
Buses and other vehicles	3,263,591	-	97,253	67,614	3,293,230
Subtotal	63,493,494	-	3,917,821	67,614	67,343,701
Net capital assets being depreciated	109,276,804	6,993,577	(154,680)	7,513	116,108,188
Net capital assets	\$ 124,417,956	\$ -	\$ 50,300	\$ 7,513	\$ 124,460,743

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 4 - Capital Assets (Continued)

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

Governmental activities:

Instruction	\$ 3,142,876
Support services	657,410
Community services	6,660
Food services	78,357
Athletics	<u>32,518</u>
Total governmental activities	<u>\$ 3,917,821</u>

Construction Commitments - The School District has active construction projects at year end. At year end, the School District's active commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2011 Bond Issue	<u>\$ 204,980</u>	<u>\$ 1,307,876</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	2011 Capital Projects Fund	Nonmajor Funds	Student Activities Fund	
General Fund	\$ -	\$ -	\$ 60,920	\$ 15,496	\$ 76,416
Nonmajor funds	<u>179,296</u>	<u>365</u>	<u>108,692</u>	<u>-</u>	<u>288,353</u>
Total	<u>\$ 179,296</u>	<u>\$ 365</u>	<u>\$ 169,612</u>	<u>\$ 15,496</u>	<u>\$ 364,769</u>

Interfund balances represent cash and investments that are held in the General Fund on behalf of other funds or held in the debt funds on behalf of other debt funds. All interfund balances are expected to be repaid within one year.

<u>Transfer In</u>	<u>Transfer Out Nonmajor Governmental Funds</u>
General Fund	\$ 566,818
Nonmajor governmental funds	<u>108,000</u>
Total	<u>\$ 674,818</u>

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers represent transfers from special revenue funds to the General Fund to cover indirect costs as well as transfers between debt funds to transfer remaining fund balances.

Note 6 - Long-term Debt and Line of Credit

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. Notes and installment purchase agreements are also general obligations of the School District. Other long-term obligations include compensated absences, termination benefits, and certain risk liabilities.

The School District has a \$14,000,000 bank flex line of credit note to be used for operating cash flow. The line of credit note bears interest, which is due monthly, at a LIBOR-based rate, which had an effective rate of 1.14 percent at June 30, 2013. The School District borrowed on the line of credit note during the fiscal year and the outstanding balance on the line of credit note as of June 30, 2013 was \$5,000,000. The flex line matures on July 3, 2013. Subsequent to year end, the School District renewed its line of credit in the amount of \$10,000,000, maturing on July 3, 2014.

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds	\$ 98,285,000	\$ 6,245,000	\$ 15,610,000	\$ 88,920,000	\$ 10,340,000
Less deferred amounts:					
Bond premium	1,618,502	-	643,755	974,747	300,167
Deferred outflows - Deferred interest from refunding bonds	<u>(2,015,125)</u>	<u>(420,825)</u>	<u>(375,424)</u>	<u>(2,060,526)</u>	-
Total bonds payable	97,888,377	5,824,175	15,878,331	87,834,221	10,640,167
Other obligations	<u>4,166,172</u>	<u>540,170</u>	<u>1,312,000</u>	<u>3,394,342</u>	<u>812,000</u>
Total governmental activities	<u>\$ 102,054,549</u>	<u>\$ 6,364,345</u>	<u>\$ 17,190,331</u>	<u>\$ 91,228,563</u>	<u>\$ 11,452,167</u>

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 6 - Long-term Debt and Line of Credit (Continued)

Years Ending June 30	Governmental Activities				
	Principal	Interest	Interest Subsidy	Net Interest	Total - Net
2014	\$ 10,340,000	\$ 3,429,329	\$ (820,888)	\$ 2,608,441	\$ 12,948,441
2015	10,700,000	3,071,098	(820,888)	2,250,210	12,950,210
2016	11,040,000	2,690,201	(779,638)	1,910,563	12,950,563
2017	11,375,000	2,292,882	(730,950)	1,561,932	12,936,932
2018	9,645,000	1,936,458	(675,300)	1,261,158	10,906,158
2019-2023	29,370,000	5,010,718	(2,428,500)	2,582,218	31,952,218
2024-2029	6,450,000	892,476	(708,225)	184,251	6,634,251
Total	\$ 88,920,000	\$ 19,323,162	\$ (6,964,389)	\$ 12,358,773	\$ 101,278,773

Governmental Activities

General obligation bonds consist of the following:

\$46,120,000 serial and term bonds due in annual installments of \$6,410,000 through May 1, 2014; interest at 3.50 percent	\$ 6,410,000
\$22,435,000 serial and term bonds due in annual installments of \$1,000,000 through May 1, 2014; interest at 3.90 percent	1,000,000
\$17,015,000 serial and term bonds due in annual installments of \$900,000 to \$2,015,000 through May 1, 2021; interest at 3.00 percent to 5.00 percent	15,005,000
\$9,530,000 serial and term bonds due in annual installments of \$1,500,000 to \$1,555,000 through May 1, 2024; interest at 4.00 percent	9,160,000
\$14,135,000 serial and term bonds due in annual installments of \$875,000 to \$3,055,000 through May 1, 2017; interest at 3.00 percent to 5.00 percent	9,995,000
\$15,000,000 serial and term bonds due in annual installments of \$1,000,000 to \$1,250,000 from May 1, 2015 through May 1, 2027; interest at 4.125 percent to 6.70 percent	15,000,000
\$8,975,000 serial and term bonds due in annual installments of \$100,000 to \$2,100,000 from May 1, 2012 through May 1, 2020; interest at 2.00 percent to 5.00 percent	8,775,000
\$18,225,000 serial and term bonds due in annual installments of \$950,000 to \$2,755,000 through May 1, 2020; interest at 2.18 percent	17,330,000
\$6,245,000 serial and term bonds due in annual installments of \$105,000 to \$1,575,000 through May 1, 2018; interest at 1.17 percent	<u>6,245,000</u>
Total	<u>\$ 88,920,000</u>

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 6 - Long-term Debt and Line of Credit (Continued)

Other governmental activities long-term obligations include the following:

Employee compensated absences	\$ 1,938,342
Voluntary severance incentive	<u>1,456,000</u>
Total	<u>\$ 3,394,342</u>

Advance and Current Refundings - During the year, the School District issued \$6,245,000 in general obligation bonds with an average interest rate of 1.17 percent. The proceeds of these bonds were used to advance refund \$5,875,000 of outstanding 2004 bonds with interest rates ranging from 3.80 percent to 5.25 percent. The net proceeds of \$6,295,825 (after payment of \$55,894 in issuance costs) were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the School District's long-term obligations. The advance refunding reduced total debt service payments by \$448,249, which represents an economic gain of \$436,624.

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2013, \$89,790,000 of bonds outstanding are considered defeased.

Note 7 - Restricted Assets

The balances for the restricted asset accounts are as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$ 5,409,412
Debt Service Funds cash and investments	<u>1,037,803</u>
Total restricted assets	<u>\$ 6,447,215</u>

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 8 - Risk Management

The School 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 School District participates in the SET-SEG risk pool for claims relating to property loss, torts, and errors and omissions. The School District has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as 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 SET-SEG risk pool operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the service pool that the service pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the School District.

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate for basic plan members was 15.96 percent of covered payroll for the period from July 1, 2012 through September 30, 2012. The employer contribution rate for pension plus plan members was 14.73 percent for the period from July 1, 2012 through September 30, 2012. Beginning October 1, 2012 through January 31, 2013, employees were given the following plan options with the corresponding employer contribution rates:

	First Worked Before July 1, 2010*	First Worked on or After July 1, 2010, through September 3, 2012**	First Worked on or After September 4, 2012 and Remain Pension Plus	First Worked on or After September 4, 2012 and Elect DC
Pension contributions	16.25 %	15.02 %	15.02 %	12.78 %
Health contributions	9.11 %	9.11 %	8.18 %	8.18 %

* Basic, MIP Fixed, MIP Graded, MIP Plus

** Pension Plus

For the period from February 1, 2013 through June 30, 2013, employees could transition to a defined contribution plan (DC), and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF), depending upon their date of hire and retirement plan election. Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21 %	15.02 %	15.02 %	12.78 %	12.78 %	12.78 %	15.21 %
Health contributions	9.11	9.11	8.18	8.18	9.11	8.18	8.18
Defined contribution plan employer contributions:							
DC employer contributions	0.00	1.00	1.00	3.00	4.00	4.00	0.00
Personal healthcare fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00

* First worked September 4, 2012 or later

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

West Bloomfield School District

Notes to Financial Statements June 30, 2013

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

The School District's required and actual contributions to the plan for the years ended June 30, 2013, 2012, and 2011 were \$7,426,000, \$7,955,000, and \$7,090,000, respectively.

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 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. The employer contribution rate was 8.5 percent of covered payroll for the period from July 1, 2012 through September 30, 2012. For the period from October 1, 2012 through June 30, 2013, the employer contribution rate ranged from 8.18 percent to 9.11 percent dependent upon the employee's date of hire and plan election as noted above. Effective February 1, 2013, members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 401(k) account.

The School District's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2013, 2012, and 2011 were \$1,196,000, \$1,093,000, and \$790,000, respectively.

Required Supplemental Information

West Bloomfield School District

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 13,028,264	\$ 12,730,595	\$ 12,726,646	\$ (3,949)
State sources	46,750,273	46,453,750	46,414,839	(38,911)
Federal sources	2,287,654	2,386,058	2,267,045	(119,013)
Interdistrict sources	<u>2,153,861</u>	<u>2,400,624</u>	<u>2,279,276</u>	<u>(121,348)</u>
Total revenue	64,220,052	63,971,027	63,687,806	(283,221)
Expenditures - Current				
Instruction:				
Basic programs	31,926,469	32,399,575	32,031,157	(368,418)
Added needs	8,264,974	8,480,082	8,406,092	(73,990)
Adult and continuing education	183,835	178,707	163,541	(15,166)
Support services:				
Pupil	3,800,083	3,743,696	3,705,036	(38,660)
Instructional staff	3,260,703	3,308,581	3,220,426	(88,155)
General administration	672,904	653,952	599,414	(54,538)
School administration	3,808,989	3,914,087	3,876,272	(37,815)
Business	1,346,104	1,373,782	1,379,210	5,428
Operations and maintenance	4,650,595	4,620,130	4,423,169	(196,961)
Pupil transportation services	2,854,634	2,821,360	2,570,673	(250,687)
Central	1,365,249	1,563,323	1,538,979	(24,344)
Nonpublic schools	320,597	277,444	276,946	(498)
Athletics	981,095	1,000,056	999,125	(931)
Community services	<u>20,598</u>	<u>14,847</u>	<u>7,246</u>	<u>(7,601)</u>
Total expenditures	<u>63,456,829</u>	<u>64,349,622</u>	<u>63,197,286</u>	<u>(1,152,336)</u>
Excess of Revenue Over (Under) Expenditures	763,223	(378,595)	490,520	869,115
Other Financing Sources -				
Transfers in	<u>412,581</u>	<u>398,327</u>	<u>566,818</u>	<u>168,491</u>
Net Change in Fund Balance	1,175,804	19,732	1,057,338	1,037,606
Fund Balance - July 1, 2012	<u>1,812,701</u>	<u>1,812,701</u>	<u>1,812,701</u>	<u>-</u>
Fund Balance - June 30, 2013	<u>\$ 2,988,505</u>	<u>\$ 1,832,433</u>	<u>\$ 2,870,039</u>	<u>\$ 1,037,606</u>

Other Supplemental Information

West Bloomfield School District

	Special Revenue Funds			Debt Service Funds		
	Special Education			2004	2004 Refunding	2005 Refunding
	Cafeteria	Center Program	Community Education			
Assets						
Cash and investments	\$ 285,846	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governmental units	37,436	-	-	-	-	-
Due from other funds	-	100,002	184,948	344	1,748	408
Inventories	24,769	-	-	-	-	-
Restricted assets	-	-	-	134,902	511,878	122,386
Total assets	\$ 348,051	\$ 100,002	\$ 184,948	\$ 135,246	\$ 513,626	\$ 122,794
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 10,051	\$ 4,081	\$ 2,554	\$ 351	\$ 1,782	\$ 415
Accrued payroll-related liabilities	8,958	95,921	28,849	-	-	-
Due to other funds	108,692	-	-	-	-	-
Unearned revenue	43,483	-	153,545	-	-	-
Total liabilities	171,184	100,002	184,948	351	1,782	415
Fund Balances						
Nonspendable - Inventory	24,769	-	-	-	-	-
Restricted:						
Debt service	-	-	-	134,895	511,844	122,379
Food service	152,098	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	176,867	-	-	134,895	511,844	122,379
Total liabilities and fund balances	\$ 348,051	\$ 100,002	\$ 184,948	\$ 135,246	\$ 513,626	\$ 122,794

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

Debt Service Funds						Capital Projects Fund	Total Nonmajor Governmental Funds	
2006 Refunding	2009 Refunding	2010	2011	2012 Refunding	2013 Refunding	Total Debt Service Funds	Sinking Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,846
-	-	-	-	-	-	-	-	37,436
88	345	4	113	353	-	3,403	-	288,353
-	-	-	-	-	-	-	-	24,769
<u>29,744</u>	<u>101,340</u>	<u>3,901</u>	<u>38,857</u>	<u>93,514</u>	<u>1,281</u>	<u>1,037,803</u>	<u>-</u>	<u>1,037,803</u>
<u>\$ 29,832</u>	<u>\$ 101,685</u>	<u>\$ 3,905</u>	<u>\$ 38,970</u>	<u>\$ 93,867</u>	<u>\$ 1,281</u>	<u>\$ 1,041,206</u>	<u>\$ -</u>	<u>\$ 1,674,207</u>
\$ 90	\$ 351	\$ 4	\$ 116	\$ 360	\$ -	\$ 3,469	\$ -	\$ 20,155
-	-	-	-	-	-	-	-	133,728
-	-	-	-	-	-	-	60,920	169,612
-	-	-	-	-	-	-	-	197,028
<u>90</u>	<u>351</u>	<u>4</u>	<u>116</u>	<u>360</u>	<u>-</u>	<u>3,469</u>	<u>60,920</u>	<u>520,523</u>
-	-	-	-	-	-	-	-	24,769
<u>29,742</u>	<u>101,334</u>	<u>3,901</u>	<u>38,854</u>	<u>93,507</u>	<u>1,281</u>	<u>1,037,737</u>	<u>-</u>	<u>1,037,737</u>
-	-	-	-	-	-	-	-	152,098
-	-	-	-	-	-	-	(60,920)	(60,920)
<u>29,742</u>	<u>101,334</u>	<u>3,901</u>	<u>38,854</u>	<u>93,507</u>	<u>1,281</u>	<u>1,037,737</u>	<u>(60,920)</u>	<u>1,153,684</u>
<u>\$ 29,832</u>	<u>\$ 101,685</u>	<u>\$ 3,905</u>	<u>\$ 38,970</u>	<u>\$ 93,867</u>	<u>\$ 1,281</u>	<u>\$ 1,041,206</u>	<u>\$ -</u>	<u>\$ 1,674,207</u>

West Bloomfield School District

	Special Revenue Funds			Debt Service Funds		
	Cafeteria	Special Education Center Program	Community Education	2004	2004 Refunding	2005 Refunding
Revenue						
Local sources	\$ 1,063,586	\$ -	\$ 2,186,086	\$ 1,338,016	\$ 6,787,986	\$ 1,582,775
State sources	91,399	739,783	-	-	-	-
Federal sources	742,229	-	-	-	-	-
Interdistrict sources	-	1,995,703	-	-	-	-
Total revenue	1,897,214	2,735,486	2,186,086	1,338,016	6,787,986	1,582,775
Expenditures						
Current:						
Instruction	-	1,649,175	-	-	-	-
Support services	-	882,984	-	-	-	-
Food services	1,956,949	-	-	-	-	-
Community services	-	-	1,917,595	-	-	-
Debt service:						
Principal	-	-	-	950,000	6,030,000	860,000
Interest	-	-	-	220,256	525,850	706,400
Other	-	-	-	12,194	60,980	14,409
Capital outlay	-	-	-	-	-	-
Total expenditures	1,956,949	2,532,159	1,917,595	1,182,450	6,616,830	1,580,809
Excess of Revenue (Under) Over Expenditures	(59,735)	203,327	268,491	155,566	171,156	1,966
Other Financing (Uses) Sources						
Payment to escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(95,000)	(203,327)	(268,491)	(108,000)	-	-
Face value of debt issued	-	-	-	-	-	-
Total other financing (uses) sources	(95,000)	(203,327)	(268,491)	(108,000)	-	-
Net Change in Fund Balances	(154,735)	-	-	47,566	171,156	1,966
Fund Balances - Beginning of year	331,602	-	-	87,329	340,688	120,413
Fund Balances - End of year	\$ 176,867	\$ -	\$ -	\$ 134,895	\$ 511,844	\$ 122,379

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

Debt Service Funds						Capital Projects Fund		Total Nonmajor Governmental Funds
2006 Refunding	2009 Refunding	2010	2011	2012 Refunding	2013 Refunding	Total Debt Service Funds	Sinking Fund	
\$ 342,662	\$ 1,338,016	\$ 16,317	\$ 440,566	\$ 1,370,650	\$ -	\$ 13,216,988	\$ -	\$ 16,466,660
-	-	-	-	-	-	-	-	831,182
-	-	786,444	-	-	-	786,444	-	1,528,673
-	-	-	-	-	-	-	-	1,995,703
342,662	1,338,016	802,761	440,566	1,370,650	-	14,003,432	-	20,822,218
-	-	-	-	-	-	-	-	1,649,175
-	-	-	-	-	-	-	55,710	938,694
-	-	-	-	-	-	-	-	1,956,949
-	-	-	-	-	-	-	-	1,917,595
-	900,000	-	100,000	895,000	-	9,735,000	-	9,735,000
366,400	467,656	890,788	329,781	481,181	-	3,988,312	-	3,988,312
3,288	12,119	441	3,938	12,514	55,894	175,777	-	175,777
-	-	-	-	-	-	-	5,210	5,210
369,688	1,379,775	891,229	433,719	1,388,695	55,894	13,899,089	60,920	20,366,712
(27,026)	(41,759)	(88,468)	6,847	(18,045)	(55,894)	104,343	(60,920)	455,506
-	-	-	-	-	(6,295,825)	(6,295,825)	-	(6,295,825)
-	-	-	-	-	108,000	108,000	-	108,000
-	-	-	-	-	-	(108,000)	-	(674,818)
-	-	-	-	-	6,245,000	6,245,000	-	6,245,000
-	-	-	-	-	57,175	(50,825)	-	(617,643)
(27,026)	(41,759)	(88,468)	6,847	(18,045)	1,281	53,518	(60,920)	(162,137)
56,768	143,093	92,369	32,007	111,552	-	984,219	-	1,315,821
\$ 29,742	\$ 101,334	\$ 3,901	\$ 38,854	\$ 93,507	\$ 1,281	\$ 1,037,737	\$ (60,920)	\$ 1,153,684

West Bloomfield School District

June 30	2004	2004	2005	2006
	Principal	Refunding Principal	Refunding Principal	Refunding Principal
2014	\$ 1,000,000	\$ 6,410,000	\$ 900,000	\$ -
2015	-	-	2,015,000	-
2016	-	-	2,015,000	-
2017	-	-	2,015,000	-
2018	-	-	2,015,000	-
2019	-	-	2,015,000	1,555,000
2020	-	-	2,015,000	1,545,000
2021	-	-	2,015,000	1,535,000
2022	-	-	-	1,520,000
2023	-	-	-	1,505,000
2024	-	-	-	1,500,000
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
Total principal	\$ 1,000,000	\$ 6,410,000	\$ 15,005,000	\$ 9,160,000
Principal payments due	May 1	May 1	May 1	May 1
Interest payments due	May 1 and November 1			
Interest rate	3.90%	3.50%	3.00% to 5.00%	4.00%
Original issue	\$ 22,435,000	\$ 46,120,000	\$ 17,015,000	\$ 9,530,000

**Other Supplemental Information
Schedule of Bonded Indebtedness
Year Ended June 30, 2013**

2009 Refunding Principal	2010 Principal	2011 Principal	2012 Refunding Principal	2013 Refunding Principal
\$ 875,000	\$ -	\$ 100,000	\$ 950,000	\$ 105,000
3,055,000	1,000,000	350,000	2,705,000	1,575,000
3,040,000	1,025,000	800,000	2,595,000	1,565,000
3,025,000	1,050,000	1,275,000	2,510,000	1,500,000
-	1,100,000	2,075,000	2,955,000	1,500,000
-	1,125,000	2,075,000	2,860,000	-
-	1,150,000	2,100,000	2,755,000	-
-	1,175,000	-	-	-
-	1,200,000	-	-	-
-	1,225,000	-	-	-
-	1,225,000	-	-	-
-	1,225,000	-	-	-
-	1,250,000	-	-	-
-	1,250,000	-	-	-
\$ 9,995,000	\$ 15,000,000	\$ 8,775,000	\$ 17,330,000	\$ 6,245,000
May 1	May 1	May 1	May 1	May 1
May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1
3.00% to 5.00%	4.125% to 6.70%	2.00% to 5.00%	2.18%	1.17%
\$ 14,135,000	\$ 15,000,000	\$ 8,975,000	\$ 18,225,500	\$ 6,245,000

West Bloomfield School District

Detail of Bonded Debt June 30, 2013

Issue	Purpose of Bond Issue
2004 Refunding	Refunding a portion of the School District's 1994 School Building and Site Bonds, dated January 12, 1994, due and payable May 1, 2005 through May 1, 2008, inclusive, May 1, 2010, May 1, 2011, and May 1, 2014 (the "prior bonds"), and to pay the costs of issuing the bonds. The prior bonds include the portion of the prior bonds allocable to crossover refunding, which are due and payable May 1, 2005 through May 1, 2009.
2005 Refunding	Refunding a portion of the School District's outstanding 2001 School Building and Site Bonds, dated May 22, 2001, which are due and payable May 1, 2012 through May 1, 2018 (the "prior bonds"), and to pay the costs of issuing the bonds
2006 Refunding	Refunding a portion of the School District's outstanding 2004 School Building and Site Bonds, dated August 12, 2004, which are due and payable May 1, 2008 and May 1, 2019 through May 1, 2024 (the "prior bonds"), and to pay the costs of issuing the bonds
2009 Refunding	Refunding a portion of the School District's outstanding 1998 and 1999 School Building and Site Bonds, dated December 22, 1998 and February 1, 1999, respectively, which are due and payable May 1, 2009 through May 1, 2017 (the "prior bonds"), and to pay the costs of issuing the bonds
2010	Building renovations and site improvements and to pay the costs of issuing the bonds
2011	Technology, safety, school bus replacement, and to pay the costs of issuing the bonds
2012 Refunding	Refunding a portion of the School District's outstanding 2001 School Building and Site Bond, dated November 1, 2001, which are due and payable May 1, 2013 through May 1, 2020 (the "prior bonds"), and to pay the costs of issuing the bonds
2013 Refunding	Refunding a portion of the School District's outstanding 2004 School Building and Site Bond, dated August 12, 2004, which are due and payable May 1, 2014 through May 1, 2018 (the "prior bonds"), and to pay the costs of issuing the bonds