

Charlotte Public Schools

Charlotte, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2013

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Charlotte Public Schools
Members of the Board of Education and Administration
June 30, 2013

Members of the Board of Education

Ron Schultheiss	President
Julie Kimmer	Vice-President
Robert Wilson	Secretary
Andrew Hazel	Treasurer
Mike Bruce	Trustee
Eric Emery	Trustee
Gary King	Trustee

Administration

Dr. Nancy Hipskind	Superintendent
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Independent Auditors' Report

To the Management and the Board of Education of
Charlotte Public Schools
Charlotte, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Adoption of New Accounting Standards

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

Other Matters:

Required Supplemental Information

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

Other Supplemental Information

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

The other supplemental information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other than the prior year information, the other supplemental information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2013 on our consideration of Charlotte Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Charlotte Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Lansing, MI
October 7, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Charlotte Public Schools

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

This section of Charlotte Public Schools' annual 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.

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

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 Charlotte Public Schools financially as a whole. The *District-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 longer-term view of the finances. The *Governmental 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 district-wide financial statements by providing information about the School District's most significant funds - the General Fund, 2010 School Bonds Series A Capital Projects, and 2011 School Bonds Series B Capital Projects individually, and the Special Revenue Funds, the Debt Service Funds, and the remaining Capital Project Fund, collectively as other nonmajor governmental funds. The *Proprietary Fund Financial Statements* present information about the District's internal service fund. The remaining statements, the statement of fiduciary net position, and the statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

District-Wide Financial Statements

One of the most important questions asked about the 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 basic financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 revenues

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The Statement of Net position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, and food service. Property taxes, unrestricted State Aid (foundation allowance revenue), State and Federal grants, and other local dollars finance most of these activities.

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

Fund Financial Statements

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

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Funds, Capital Project Funds, and the Special Revenue (School Service) Funds which are comprised of: Food Service, Performing Arts, Childcare, Aquatic Center, and Playground and Recreation.

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

District Financial Activities:

The recent good health of the District's finances can be credited to the following innovative management approaches during a time of restricted state funding due to a weak economy and significant tax reductions at the state level:

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

- A board policy which requires a balanced budget with a fund balance goal of 15 percent of annual expenditures.
- The establishment of fund balance assignment at the fund financial statement level for future technology and bus replacement.
- Utilization of a total cost compensation approach for the negotiation of employee contracts with the District's eight employee groups and all other individual contracts.
- Utilization of modern business management techniques such as the use of business plans and monthly monitoring of operational systems and financial reporting for district support functions.
- Due to ongoing efficiency innovations, the District has ranked in the top three percent (number 776 out of 797 districts) of the state's school districts for low spending on business and administration as reported by the Michigan Department of Education Bulletin 1014 for several years in a row. This has allowed the District to direct the use of revenue to the classroom and direct instruction of students.

Summary of Net position:

The following summarizes the net position as of June 30, 2013.

	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2012</u>
Assets		
Current and other assets*	\$ 15,389,429	\$ 29,080,188
Capital assets	<u>63,408,944</u>	<u>54,322,046</u>
Total assets	78,798,373	83,402,234
Deferred Outflows of Resources		
Deferred amount on debt refunding *	<u>1,716,455</u>	<u>1,854,449</u>
Total assets and deferred outflows of resources	<u><u>\$ 80,514,828</u></u>	<u><u>\$ 85,256,683</u></u>

* = 2012 column restated to conform to 2013 presentation and reflect prior period adjustment related to implementation of GASB 63/65

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Summary of Net position - continued:

	Governmental Activities 2013	Governmental Activities 2012
Liabilities		
Current liabilities*	\$ 7,734,417	\$ 9,046,126
Noncurrent liabilities	73,418,233	75,531,453
Total liabilities	81,152,650	84,577,579
 Deferred Inflows of Resources		
Noncancellable lease*	583,800	93,360
Total liabilities and deferred inflows of resources	81,736,450	84,670,939
 Net Position		
Net investment in capital assets	(4,502,671)	(3,262,239)
Restricted	461,609	157,049
Unrestricted*	2,798,572	3,690,934
Total net position	\$ (1,242,490)	\$ 585,744

* = 2012 column restated to conform to 2013 presentation and reflect prior period adjustment related to implementation of GASB 63/65

Analysis of Financial Position:

As detailed above, the District shows a total net position of \$(1,242,490) for the fiscal year ended June 30, 2013. This statement has been affected by the following:

- Bonded debt totaling \$86.4 million was incurred by the District in 1999, 2002, 2010, and 2011 to finance the facility modification projects.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Results of Operations:

For the fiscal year ended June 30, 2013 and 2012, the district-wide results of operations were:

	Governmental Activities 2013	Governmental Activities 2012
	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues		
Charges for services	\$ 1,513,256	\$ 1,850,680
Operating and capital grants	5,998,874	5,627,139
General revenues		
Property taxes	6,853,004	6,683,186
State school aid - unrestricted	15,758,207	15,610,966
Other	<u>720,593</u>	<u>1,106,897</u>
Total revenue	<u>30,843,934</u>	<u>30,878,868</u>
Functions/ Program Expenses		
Instruction	14,950,731	14,217,949
Supporting services	8,835,913	8,364,863
Food service	1,056,543	1,103,948
Community services	633,166	668,245
Childcare	473,763	491,757
Interest and fees on long-term debt	4,231,098	2,528,319
Unallocated depreciation	<u>2,490,954</u>	<u>2,322,970</u>
Total expenses	<u>32,672,168</u>	<u>29,698,051</u>
Change in Net Position	<u>\$ (1,828,234)</u>	<u>\$ 1,180,817</u>

ANALYSIS OF RESULTS OF OPERATIONS:

During the fiscal year ended June 30, 2013, the District's net position decreased by \$1,828,234. Several factors which contributed to the decrease are discussed in the following sections.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Governmental Fund Operating Results

The District's expenditures and other financing uses from governmental fund operations exceeded revenues and other financing sources for governmental fund operations by \$12,396,894 for the fiscal year ended June 30, 2013 but there were net changes in capital assets, debt, and various other adjustments that resulted in \$10,568,660 in net reconciling items as presented in the statements that caused the change in net position at the government-wide level to be \$(1,828,234). Further discussion of the District's operating results is available in the section entitled "Results of 2012-2013 Operations" located on the following pages.

RESULTS OF 2012-2013 OPERATIONS

General Fund Operations

The General Fund is the main fund for the District and includes all the costs related to educating the students of the Charlotte Public Schools such as: Salaries and benefits for Teachers, Classroom Parapros, Administrators, Secretaries, Custodians, Maintenance staff, Librarians, Counselors, Bus Drivers and other miscellaneous positions; teaching supplies, employee training, utilities, building maintenance supplies and other.

The District's actual revenues and other financing sources from General Fund operations exceeded expenditures and other financing uses by \$776,397 for the fiscal year ended June 30, 2013. The General Fund as of June 30, 2013, had a fund balance of \$4,470,342 or 20% of expenditures for the 2012-2013 fiscal year.

Debt Service Fund Operations

The Debt Service Funds consist of eight separate debt funds as follows: 2002 Debt, 2005 Debt, 2006 Debt, 2010 Debt, 2011 Debt, 2010A Debt, 2012 Debt, and Durant Resolution Bonds. The Debt Service Funds (2002 Debt, 2005 Debt, 2006 Debt, 2010 Debt, 2011 Debt, 2010A Debt, and 2012 Debt) are set up to collect taxes and pay annual debt payments. At June 30, 2013, the Debt Service Funds had \$162,419 in fund equity available for future bond payments.

The School District levies taxes to make debt payment obligations. If taxes levied were not sufficient the School District would borrow funds from the Michigan School Bond Loan Fund. During the current year the District borrowed \$926,913 from the Michigan School Bond Loan Fund. The District also had termination benefits outstanding at June 30, 2013, which totaled \$34,314. The District paid principal of \$2,551,227 on bonded debt during the fiscal year. A detailed presentation of the District's long-term debt is presented in Note 9 of the notes to the financial statements.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Special Revenue Funds

The Charlotte Public Schools also has special revenue funds that include the following: Food Service Fund, Performing Arts Fund, Childcare Fund, Aquatic center Fund, and Playground and Recreation Fund.

The Food Service Fund is a fund that reports the food service program activities. In 2012-2013 the Food Service Fund had revenues of \$1,124,705 and expenditures and other financing uses of \$1,090,215. The Food Service Fund transferred \$33,672 to the General Fund to reimburse overhead costs. The Food Service Fund is self-supporting and reimburses the General Fund for all identified overhead costs associated with its operation. The Food Service Fund had a fund balance of \$208,354 at June 30, 2013. This represents 19% of annual expenditures.

The Performing Arts Fund is a fund that reports activities of the professional performances at the Charlotte Performing Arts Center, including facility rentals. In 2012-2013 the Performing Arts Fund generated revenues of \$204,102 and had expenditures and other financing uses of \$197,600. At the conclusion of its ninth year of operation in 2012-2013, the Performing Arts Center had a fund balance of \$164,842. This accumulated balance represents 83% of annual expenditures.

The Childcare Fund is a fund that reports the activities of the District's childcare program. In 2012-2013 the Childcare Fund generated revenues and other financing sources of \$547,358. Expenditures and other financing uses for the fund totaled \$483,496. The fund received net transfers to/from the General Fund totaling \$(2,633) as included in the above amounts, to end the year with a fund balance of \$ 63,862, or 11.7% of annual expenditures.

The Aquatic Center Fund is a fund that presents the activities related to the pool facilities and operations maintained by the district. The Aquatic Center activities were previously reported in the general fund. In 2012-2013 the Aquatic Center Fund generated revenues and other financing sources of \$335,415. Expenditures and other financing uses for the fund totaled \$335,415. The Aquatic Center revenues included an operational transfer from the Recreation and Playground Fund in the amount of \$129,345.

The Playground and Recreation Fund is funded by a debt levy of .5000 mills with an expiration date in 2016. The playground and recreation fund activities primarily consisted of debt collection of \$215,123, of which \$146,634 were transferred out of the fund, primarily to the Aquatic Center Fund. This fund ended the year with a fund balance of \$68,489 or 46% of annual expenditures.

Net Investment in Capital Assets

The District's net investment in capital assets increased by \$9,086,898 during the fiscal year. This can be summarized as follows:

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Charlotte Public Schools voters approved several general obligation bond issues in the past. The proceeds from those bond issues were used for constructing new facilities and additions and partial remodeling of existing school facilities, and equipping and re-equipping facilities.

	Balance June 30, 2013	Balance June 30, 2012	Change
Capital assets	\$ 96,907,788	\$ 85,720,407	\$ 11,187,381
Less: accumulated depreciation	(33,498,844)	(31,398,361)	(2,100,483)
Net investment in capital outlay	\$ 63,408,944	\$ 54,322,046	\$ 9,086,898

IMPORTANT ECONOMIC FACTORS

State of Michigan Unrestricted Aid (Net State Foundation Grant)

In 2012-2013 State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 90 percent of prior year's fall count and 10 percent of prior year's winter count
- c. The District's nonhomestead property valuation

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Charlotte Public Schools foundation allowance was \$6,966 per student for the 2012-2013 school year, which is an increase of \$696 from Charlotte Public Schools 2011-2012 foundation allowance of \$6,846.

Student Enrollment

The District's State Aid Membership for 2012-2013 was 2,680 students. The District's enrollment decreased from the prior school year's Fall student count.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

The following summarizes the State Aid Membership counts for the past five years:

	Student FTE	FTE Change Ffrom Prior Year
2012 - 2013	2,680	(40)
2011 - 2012	2,720	(247)
2010 - 2011	2,967	(127)
2009 - 2010	3,094	(100)
2008 - 2009	3,194	(125)

*The primary factor in the significant drop in student count between 2010-2011 and 2011-2012 was the transferring of all alternative education students to a county wide program (Relevant Academy of Eaton County).

Property Taxes levied for General Operations (General Fund Nonhomestead Taxes)

The District levies taxes of \$18.00 per \$1,000 of taxable valuation on most non-primary residency exempt property and \$6.00 per \$1,000 of taxable value on commercial personal property for operations (General Fund). Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or five (5) percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. The District's nonhomestead property tax revenue for 2012-2013 fiscal year was approximately \$2,480,000. The nonhomestead tax revenue decreased by 2% from the prior year.

In June 2003, the District was successful in passing a Headlee Ballot Proposal which will have the effect of allowing the District to levy during the succeeding five years the full 18 mill nonhomestead millage for operations as originally approved by voters in 1996. The 18 mill levy was renewed in May of 2006 for a period of ten years.

Debt Fund Property Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations (7.59 mills) and aquatics/recreation operations (0.50 mills), is based on the taxable valuation of all properties: homestead and nonhomestead. For 2012-2013 the District's debt millage levy was 8.09 mills, which generated revenue of approximately \$4,333,000.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

Listed below is an analysis of the original budget and final budget to the final actual.

General Fund Expenditures and Other Uses Budget vs. Actual

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>	
				<u>Actual and Original Budget</u>	<u>Actual and Final Budget</u>
2012 - 2013	\$ 22,154,212	\$23,006,803	\$ 22,501,479	1.6%	-2.2%
2011 - 2012	22,787,886	23,696,638	23,429,368	2.8%	-1.1%

General Fund Revenues and Other Sources, Budget vs. Actual

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>	
				<u>Actual and Original Budget</u>	<u>Actual and Final Budget</u>
2012 - 2013	\$ 21,695,313	\$22,957,335	\$ 23,277,876	7.3%	1.4%
2011 - 2012	22,622,749	23,635,805	23,597,443	4.3%	-0.2%

Original vs. Final Budget:

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

As a matter of practice, Charlotte Public Schools amends its budget periodically during the school year.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

General Fund Expenditures:

The District's budget for expenditures changed as follows during the year:

		<u>Percent</u>
Total Expenditures Original Budget	\$ 22,154,212	100%
Total Expenditures Final Budget	<u>23,006,803</u>	<u>104%</u>
Increase in Budget Expenditures	<u>\$ 852,591</u>	<u>4%</u>

The District's actual expenditures were less than the final budget by \$505,324 or 2.2 percent.

Some of the significant changes in expenditure budgets for the year include:

- Basic program costs were increased by \$647,885.
- Total added needs costs were decreased by \$275,862.
- Instructional staff support costs were increased by \$115,057.
- Total operation and maintenance were increased by \$164,411.

Revenue Change from Original to Final Budget:

		<u>Percent</u>
Total Revenues Original Budget	\$ 21,695,313	100%
Total Revenues Final Budget	<u>22,957,335</u>	<u>106%</u>
Increase in Budget Revenues	<u>\$ 1,262,022</u>	<u>6%</u>

The District's final actual general fund revenues differed from the final budget by \$320,541, a variance of 1.5% from the final budget.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The final revenue budget reflects the following changes from the original budget.

- Local revenue was increased by \$231,741.
- State revenue was increased by \$854,352.

Additional Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2014 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2014 fiscal year is 90 percent and 10 percent of the October 2013 and February 2014 student counts, respectively. The 2014 fiscal year budget was adopted in June 2013, based on an estimate of students that will be enrolled in September 2013. Approximately 81 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2013-2014 school year, we anticipate that the fall student count will be more than the estimates used in creating the 2014 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the status of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The inability of the State to collect adequate revenues has resulted in mid-year reductions in State funding in prior years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Services Office, Charlotte Public Schools, 378 State Street, Charlotte, Michigan 48813.

BASIC FINANCIAL STATEMENTS

Charlotte Public Schools
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash	\$ 10,027,333
Taxes receivable	36,220
Accounts receivable	117,295
Lease receivable	593,416
Due from other governmental units	4,157,745
Inventory	165,518
Prepaid items	291,902
Capital assets not being depreciated	15,617,354
Capital assets - net of accumulated depreciation	<u>47,791,590</u>
 Total assets	 <u>78,798,373</u>
 Deferred Outflows of Resources	
Deferred amount on debt refunding	<u>1,716,455</u>
 Total assets and deferred outflows of resources	 <u>80,514,828</u>

See Accompanying Notes to Financial Statements

Charlotte Public Schools
Statement of Net Position
June 30, 2013

	Governmental Activities
Liabilities	
Accounts payable	1,067,120
State aid anticipation note payable	200,000
Due to other governmental units	326,160
Payroll deductions and withholdings	182,368
Accrued expenditures	731,347
Accrued salaries payable	2,151,563
Unearned revenue	168,702
Noncurrent liabilities	
Due within one year	2,907,157
Due in more than one year	73,418,233
	81,152,650
Total liabilities	
Deferred Inflows of Resources	
Noncancellable lease	583,800
	81,736,450
Total liabilities and deferred inflows of resources	
Net Position	
Net investment in capital assets	(4,502,671)
Restricted for:	
Food service	208,354
Debt service	133,993
Childcare	50,773
Playground and recreation	68,489
Unrestricted	2,798,572
	(1,242,490)
Total net position	\$ (1,242,490)

See Accompanying Notes to Financial Statements

Charlotte Public Schools
Statement of Activities
For the Year Ended June 30, 2013

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs					
Governmental activities					
Instruction	\$ 14,950,731	\$ 9,610	\$ 3,693,857	\$ -	\$(11,247,264)
Supporting services	8,835,913	238,550	400,250	36,545	(8,160,568)
Food services	1,056,543	412,707	711,467	-	67,631
Community services	633,166	326,217	51,150	-	(255,799)
Childcare	473,763	526,172	12,877	-	65,286
Interest and fees on long-term debt	4,231,098	-	-	1,092,728	(3,138,370)
Unallocated depreciation	2,490,954	-	-	-	(2,490,954)
Total governmental activities	\$ 32,672,168	\$ 1,513,256	\$ 4,869,601	\$ 1,129,273	(25,160,038)
General revenues					
Property taxes					6,853,004
State aid - unrestricted					15,758,207
Interest and investment earnings					32,073
Special education county allocation					333,703
Education Jobs fund					51,844
Broadband lease proceeds					112,872
Other					190,101
Total general revenues					23,331,804
Change in net position					(1,828,234)
Net position - beginning, as restated					585,744
Net position - ending					\$ (1,242,490)

See Accompanying Notes to Financial Statements

**Charlotte Public Schools
Governmental Funds
Balance Sheet
June 30, 2013**

	<u>General Fund</u>	<u>2010 School Bond Series A Capital Projects</u>	<u>2011 School Bond Series B Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 1,881,620	\$ 2,133,331	\$ 4,384,227	\$ 1,628,155	\$ 10,027,333
Taxes receivable	18,853	-	-	17,367	36,220
Accounts receivable	43,113	-	-	25,462	68,575
Lease receivable	-	-	-	593,416	593,416
Due from other funds	1,943,112	257	1,337	196,024	2,140,730
Due from proprietary fund	47,868	-	-	-	47,868
Due from other governmental units	3,967,663	-	-	8,032	3,975,695
Interest receivable	852	-	-	-	852
Inventory	151,784	-	-	13,734	165,518
Prepaid items	278,403	-	-	13,499	291,902
	<u>\$ 8,333,268</u>	<u>\$ 2,133,588</u>	<u>\$ 4,385,564</u>	<u>\$ 2,495,689</u>	<u>\$ 17,348,109</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 697,757	\$ 70,836	\$ 269,694	\$ 28,833	\$ 1,067,120
State aid anticipation note payable	200,000	-	-	-	200,000
Due to other funds	144,390	463,587	783,178	749,575	2,140,730
Due to other governmental units	326,160	-	-	-	326,160
Payroll deductions and withholdings	182,368	-	-	-	182,368
Accrued expenditures	31,994	-	-	6,818	38,812
Accrued salaries and benefits payable	2,128,565	-	-	22,998	2,151,563
Unearned revenue	151,692	-	-	17,010	168,702
	<u>3,862,926</u>	<u>534,423</u>	<u>1,052,872</u>	<u>825,234</u>	<u>6,275,455</u>

See Accompanying Notes to Financial Statements

**Charlotte Public Schools
Governmental Funds
Balance Sheet
June 30, 2013**

	<u>General Fund</u>	<u>2010 School Bond Series A Capital Projects</u>	<u>2011 School Bond Series B Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows of Resources					
Noncancellable lease	-	-	-	583,800	583,800
Fund Balance					
Non-spendable:					
Inventory	151,784	-	-	13,734	165,518
Prepaid items	278,403	-	-	13,499	291,902
Restricted for:					
Food service	-	-	-	194,210	194,210
Childcare	-	-	-	50,773	50,773
Debt service	-	-	-	133,993	133,993
Capital projects	-	1,599,165	3,332,692	-	4,931,857
Playground and recreation	-	-	-	68,489	68,489
Committed for:					
Technology	700,000	-	-		700,000
Bus replacement	275,000	-	-		275,000
Performing arts	-	-	-	164,842	164,842
Assigned for:					
Capital projects				447,115	447,115
Unassigned	<u>3,065,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065,155</u>
 Total fund balance	 <u>4,470,342</u>	 <u>1,599,165</u>	 <u>3,332,692</u>	 <u>1,086,655</u>	 <u>10,488,854</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 8,333,268</u>	 <u>\$ 2,133,588</u>	 <u>\$ 4,385,564</u>	 <u>\$ 2,495,689</u>	 <u>\$ 17,348,109</u>

See Accompanying Notes to Financial Statements

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

Total fund balances for governmental funds	\$ 10,488,854
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Interest credit subsidy receivable from the Federal Subsidy Program	182,050
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	15,617,354
Capital assets - net of accumulated depreciation	47,791,590
Deferred outflows of resources resulting from debt refunding	1,716,455
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest on long-term debt, net of long-term receivable for the Federal Subsidy Program	(692,535)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Termination benefit	(34,314)
Bonds payable	(74,350,000)
School bond loan payable	(1,941,076)
Internal service fund assets and liabilities are included in the governmental activities in the statement of net position	<u>(20,868)</u>
Net position of governmental activities	<u>\$ (1,242,490)</u>

Charlotte Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>2010 School Bond Series A Capital Projects</u>	<u>2011 School Bond Series B Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Local sources	\$ 2,878,796	\$ 8,054	\$ 16,437	\$ 5,767,711	\$ 8,670,998
State sources	17,923,636	-	-	76,870	18,000,506
Federal sources	1,144,099	-	-	1,772,916	2,917,015
Interdistrict sources	1,249,676	-	-	-	1,249,676
	<u>23,196,207</u>	<u>8,054</u>	<u>16,437</u>	<u>7,617,497</u>	<u>30,838,195</u>
Expenditures					
Current					
Education					
Instruction	13,987,330	-	-	-	13,987,330
Supporting services	8,284,856	-	-	-	8,284,856
Food services	-	-	-	1,056,543	1,056,543
Community services	115,477	-	-	-	115,477
Performing arts	-	-	-	188,182	188,182
Childcare	-	-	-	473,763	473,763
Aquatic center	-	-	-	329,507	329,507
Intergovernmental payments	5,034	-	-	-	5,034
Capital outlay	52,548	5,077,625	7,937,567	-	13,067,740
Debt service					
Principal	-	-	-	2,551,227	2,551,227
Interest and other expenditures	-	-	-	4,108,082	4,108,082
	<u>22,445,245</u>	<u>5,077,625</u>	<u>7,937,567</u>	<u>8,707,304</u>	<u>44,167,741</u>
Excess (deficiency) of revenues over expenditures	<u>750,962</u>	<u>(5,069,571)</u>	<u>(7,921,130)</u>	<u>(1,089,807)</u>	<u>(13,329,546)</u>

See Accompanying Notes to Financial Statements

Charlotte Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>2010 School Bond Series A Capital Projects</u>	<u>2011 School Bond Series B Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)					
Proceeds from school bond loan fund	-	-	-	926,913	926,913
Proceeds from sale of capital assets	884	-	-	-	884
Other financing sources	4,855	-	-	-	4,855
Transfers in	75,930	-	-	390,998	466,928
Transfers out	<u>(56,234)</u>	<u>-</u>	<u>-</u>	<u>(410,694)</u>	<u>(466,928)</u>
 Total other financing sources (uses)	<u>25,435</u>	<u>-</u>	<u>-</u>	<u>907,217</u>	<u>932,652</u>
 Net change in fund balance	776,397	(5,069,571)	(7,921,130)	(182,590)	(12,396,894)
 Fund balance - beginning	<u>3,693,945</u>	<u>6,668,736</u>	<u>11,253,822</u>	<u>1,269,245</u>	<u>22,885,748</u>
 Fund balance - ending	<u>\$ 4,470,342</u>	<u>\$ 1,599,165</u>	<u>\$ 3,332,692</u>	<u>\$ 1,086,655</u>	<u>\$ 10,488,854</u>

See Accompanying Notes to Financial Statements

Charlotte Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - Total governmental funds \$(12,396,894)

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

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

Depreciation expense	(2,490,954)
Capital outlay	11,577,852

Expenses are recorded when incurred in the statement of activities.

Interest	14,978
Termination benefit	1,332

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

Debt issued - School Bond Loan Fund	(926,913)
Repayments of long-term debt	2,551,227
Amortization of debt refunding	(137,994)

Internal service fund revenues and expenses are included in governmental activities in the statement of activities	(20,868)
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Change in net position of governmental activities	\$ (1,828,234)
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Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Dental and Vision
Statement of Net Position
For the Year Ended June 30, 2013

Assets

Due from general fund	\$ 43,587
Prepaid expenses	<u>27,000</u>
 Total Assets	 <u>70,587</u>

Liabilities

Due to general fund	<u>91,455</u>
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Net Position

Unrestricted	<u>\$ (20,868)</u>
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See Accompanying Notes to Financial Statements

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Dental and Vision
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

Operating Revenues

Charges to other funds \$ 43,587

Operating Expenses

Claims 58,065

Administrative fees 6,390

Total operating expenditures 64,455

Change in net position (20,868)

Net position - beginning of the year -

Net position - end of year \$ (20,868)

See Accompanying Notes to Financial Statements

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Dental and Vision
Statement of Cash Flows
For the Year Ended June 30, 2013

Cash Flows from operating activities

Net cash used by operating activities \$ -

Cash and cash equivalents - beginning of the year -

Cash and cash equivalents - end of year \$ -

Reconciliation of operating income (loss) to net cash from operating activities

Operating income (loss) \$ (20,868)

Adjustments to reconcile operating income (loss) to net cash from operating activities -
changes in assets and liabilities

Change in due from other funds (43,587)

Change in prepaid expenses (27,000)

Change in due to general fund 91,455

Net cash and cash equivalents used by operating activities \$ -

Charlotte Public Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	\$ -	\$ 70,319
Due from other funds	10,553	-
Investments	31,000	43,000
Total assets	41,553	\$ 113,319
Liabilities		
Due to other funds	-	10,553
Due to:	-	-
High school	-	49,983
Middle school	-	40,200
Parkview Elementary	-	5,684
Upper Elementary	-	2,408
Washington Elementary	-	4,491
Total liabilities	-	\$ 113,319
Net Position		
Assets held in trust for scholarship awards and loans	41,553	
Total net position	\$ 41,553	

See Accompanying Notes to Financial Statements

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

District-wide Financial Statements

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

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

unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

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

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

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

Fund Financial Statements

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

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

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The School District reports the following major governmental funds:

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

2010 School Bonds Series A Capital Projects – The 2010 School Bonds Series A capital projects fund is used to account for capital projects related to the 2010 Series A School Building and Site General Obligation Bonds.

2011 School Bonds Series B Capital Projects – The 2011 School Bonds Series B capital projects fund is used to account for capital projects related to the 2011 Series B School Building and Site General Obligation Bonds.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service, Performing Arts, Childcare, Aquatic Center and Playground and Recreation Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

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

Capital Projects Fund – The Capital Projects Fund is used to record disbursements specifically for acquiring new school sites, building, equipment, and for remodeling and repairs funded with proceeds from the broadband lease or other revenue. The fund is kept open until the purpose for which the fund was created has been accomplished.

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

Internal Service Fund – The Internal Service Fund accounts for risk management services to include employee dental and vision insurance claim obligations provided to other departments of the school district on a cost reimbursement basis.

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

Assets, Liabilities and Net Position or Equity

Cash – Cash and cash equivalents 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.

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

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

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

General Fund	
Non principal residence exemption	18.00000
Commercial personal property	6.00000
 Debt Service Funds	 8.09000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries. Approximately 50% of the School District’s tax roll lies within the City of Charlotte.

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

taxes uncollected as of March 1 are purchased by the County of Eaton and remitted to the School District by May 15.

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

Inventories and Prepaid Items – 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. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

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

Buildings and additions	15-50 years
Equipment and furniture	5-20 years
Vehicles	8 years
Other capital equipment	7-25 years

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

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

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

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

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

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

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

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

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

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

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

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

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

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

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

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

Upcoming Accounting and Reporting Changes

The Government Accounting Standards Board has issued *Statements 67, Financial Reporting for Pension Plans and 68 Accounting and Financial Reporting for Pensions*. Statement 67 changes how public employee pension plans calculate and report their total pension

liability. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The effect of these changes has not been determined. Statement 67 is effective for the year ending June 30, 2014 and Statement 68 is effective for the year ending June 30, 2015.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Pupil transportation services	\$ 1,591,011	\$ 1,609,378	\$ 18,367
Central	169,369	187,274	17,905
Capital outlay	50,548	52,548	2,000

Fund Deficits

The School District has an accumulated fund balance deficit in the 2010A Debt and 2011 Debt funds in the amounts of \$ 20,931 and \$ 2,938 respectively. These temporary deficits are caused by debt service expenditures exceeding tax collections for the fiscal year. These deficits are expected to be eliminated in the subsequent fiscal year with the scheduled collection of property taxes. The School district also has a deficit net position of \$ 1,242,490 presented in the district wide financial statements primarily attributed to the District's outstanding debt balances exceeding its investment in capital assets.

Compliance - Bond Proceeds

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For the capital projects, the School District has complied with the applicable provisions of § 1351a of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4. The following is a summary of the revenue and expenditures in the 2010 School Bonds Series A and 2011 School Bonds Series B Capital Project Funds from the inception of the funds through the current fiscal year:

	2010 School Bonds Series A	2011 School Bonds Series B
Revenues	\$ 8,557,432	\$ 14,950,919
Expenditures	6,958,267	11,618,227

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$10,027,333	\$ 70,319	\$10,097,652
Investments	-	74,000	74,000
Total Deposits	<u>\$10,027,333</u>	<u>\$ 144,319</u>	<u>\$10,171,652</u>

Deposits for the district are summarized as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 10,169,852
Petty cash and cash on hand	<u>1,800</u>
Total	<u>\$ 10,171,652</u>

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

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

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

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District's bank balance (certificates of deposit, checking and savings accounts) of \$ 10,424,554 had \$ 9,914,489 exposed to custodial credit risk because it was uninsured or uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not hold investments subject to custodial credit risk at year end.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 220,496	\$ -	\$ -	\$ 220,496
Construction in progress	5,221,603	10,175,255	-	15,396,858
Total capital assets not being depreciated	5,442,099	10,175,255	-	15,617,354
Capital assets being depreciated				
Buildings and additions	67,922,043	281,009	-	68,203,052
Equipment and furniture	7,469,953	1,121,588	81,309	8,510,232
Vehicles - Other than Buses	222,139	-	18,800	203,339
Vehicles - Buses	1,746,038	-	290,362	1,455,676
Other Capital Equipment	2,918,135	-	-	2,918,135
Total capital assets being depreciated	80,278,308	1,402,597	390,471	81,290,434
Less accumulated depreciation for				
Buildings and additions	21,948,972	1,741,596	-	23,690,568
Equipment and furniture	5,864,393	491,272	79,745	6,275,920
Vehicles - Other than Buses	90,552	19,220	18,800	90,972
Vehicles - Buses	996,723	160,645	263,400	893,968
Other Capital Equipment	2,497,721	49,695	-	2,547,416
Total accumulated depreciation	31,398,361	2,462,428	361,945	33,498,844
Net capital assets being depreciated	48,879,947	(1,059,831)	28,526	47,791,590
Net capital assets	\$ 54,322,046	\$ 9,115,424	\$ 28,526	\$ 63,408,944

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June 30, 2013

Depreciation and loss on disposal of assets for the fiscal year ended June 30, 2013, amounted to \$ 2,490,954. The School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Construction Contracts

The District has entered into contracts related to the acquisition, construction, and remodeling of various school building projects that were not completed at June 30, 2013. The total contractual commitments outstanding at June 30, 2013 totaled \$ 3,088,353. The District's remaining bond proceeds (i.e., fund balance) along with future anticipated investment earnings are expected to be sufficient to cover these commitments.

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	\$ 652,759
Nonmajor governmental funds	Nonmajor governmental funds	95,198
General fund	Nonmajor governmental funds	146,008
2010 School Bond Series A	General fund	463,587
2011 School Bond Series B	General fund	<u>783,178</u>
		<u>\$ 2,140,730</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year, to cover the costs of the School District's programs that were in excess of revenues generated from those activities. Transfer were also made from the playground and recreation fund to the aquatic fund to cover expenditures and from the 2002 debt fund to the 2012 debt fund to close out the fund.

Interfund transfers consist of the following:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 56,234	\$ 75,930
Other governmental funds	<u>410,694</u>	<u>390,998</u>
	<u>\$ 466,928</u>	<u>\$ 466,928</u>

NOTE 6 - UNEARNED REVENUE

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

	<u>Unearned</u>
Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 151,692
Childcare	6,045
Performing Arts	<u>10,965</u>
Total	<u>\$ 168,702</u>

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

NOTE 7 - LEASES

On December 17, 2007, the District entered into a lease agreement with America Telecasting of Lansing, Inc. for the channels for Educational Broadband Service within the District. This lease is recorded as a receivable and a deferred inflow of resources at the fund level in the Capital Projects Fund as well as at the district wide level based on generally accepted accounting principles in the United States of America. The terms of the lease are as follows:

The effective date of the lease was December 17, 2007 with an initial term of five (5) years and automatic renewal terms up to twenty-five (25) years. At the end of each five (5) year time period either party can terminate the lease. Therefore, the noncancellable period is booked as a receivable/deferral at June 30, 2013. In addition, the June 2013 payment of \$9,616 was not received as of year-end, so that payment is included in the receivable at June 30, 2013. The lease payments are paid to the District monthly and range from \$ 9,616 to \$10,823 during the current five (5) year period under lease. Because the amounts are not earned as revenue until the end of each month, the amounts not earned are recorded as deferred inflows of resources at the fund level and district-wide level.

Future lease payments to be received under the noncancellable portion of the lease are as follows at June 30:

Year ending June 30,	
2015	\$ 116,259
2016	119,571
2017	123,342
2018	127,041
2018	<u>97,587</u>
 Total	 <u>\$ 583,800</u>

NOTE 8 - STATE AID ANTICIPATION NOTE

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

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

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 1,005,133</u>	<u>\$ 1,400,000</u>	<u>\$ 2,205,133</u>	<u>\$ 200,000</u>

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

NOTE 9 - LONG-TERM DEBT

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 76,870,000	\$ -	\$ 2,520,000	\$ 74,350,000	\$ 2,890,000
Durant bond	31,227	-	31,227	-	-
School Bond Loan	1,014,246	926,913	-	1,941,159	-
Termination benefit	35,646	-	1,332	34,314	17,157
Total	<u>\$ 77,951,119</u>	<u>\$ 926,913</u>	<u>\$ 2,552,559</u>	<u>\$ 76,325,473</u>	<u>\$ 2,907,157</u>

For governmental activities, compensated absences are primarily liquidated by the general fund.

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

\$ 33,705,000 serial bond due in annual installments of \$ 75,000 to \$ 2,185,000 through May 1, 2029 interest ranging from 3.00% to 5.00%	\$ 28,825,000
\$ 7,500,000 serial bond due in annual installments of \$ 1,420,000 to \$ 1,660,000 through May 1, 2027, interest at 4.00% to 4.25%	7,500,000
\$ 7,060,000 serial bond due in annual installments of \$ 600,000 to \$ 1,415,000 through May 1, 2018, interest at 3.05% to 5.00%	6,125,000
\$ 8,600,000 serial bond due in annual installments of \$ 780,000 to \$ 785,000 through May 1, 2040, interest at 6.80% to 7.00%	8,600,000
\$ 15,000,000 serial bond due in two annual installments of \$ 6,000,000 on May 1, 2025 and \$ 9,000,000 on May 1, 2026, interest at 6.05% to 6.15%	15,000,000
\$ 9,005,000 serial bond due in annual installments of \$ 250,000 to \$ 1,115,000 through May 1, 2023, interest at 2.75% to 5.00%	<u>8,300,000</u>
Total general obligation bonded debt	<u>\$ 74,350,000</u>

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

	Principal	Interest	Total
Year Ending June 30,			
2014	\$ 2,890,000	\$ 3,829,152	\$ 6,719,152
2015	3,280,000	3,719,027	6,999,027
2016	3,565,000	3,587,747	7,152,747
2017	3,715,000	3,433,457	7,148,457
2018	3,895,000	3,259,832	7,154,832
2019 - 2023	14,490,000	14,053,698	28,543,698
2024 - 2028	31,730,000	8,166,932	39,896,932
2029 - 2033	5,320,000	2,764,060	8,084,060
2034 - 2038	3,905,000	1,363,006	5,268,006
2039 - 2040	<u>1,560,000</u>	<u>163,800</u>	<u>1,723,800</u>
Total	<u>\$ 74,350,000</u>	<u>\$ 44,340,711</u>	<u>\$ 118,690,711</u>

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 133,993 to pay this debt. Future debt and interest will be payable from future tax levies.

The 2010 School Building and Site Bonds (Series A) and 2011 School Building and Site Bonds (Series B) gross interest payments due are reflected as part of the above annual requirements for the general obligation bonds. These bonds were issued under the Federal government's "Build America Bonds" program. It is the expectation of the District that through this program they will receive an interest subsidy credit from the Federal government each time interest payments are made on these bonds. In relation to the 2010 Series A Bonds, there is a cumulative gross amount of interest due of \$ 13,700,815. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$ 6,165,367 for net interest owed by the District over the life of the bonds of \$ 7,535,448. In relation to the 2011 Series B Bonds, there is a cumulative gross amount of interest due of \$ 12,468,000. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$ 11,220,264 for a net interest owed by the District over the life of the bonds of \$ 1,247,736.

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$ 3,965,194.

State School Bond Loan

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's various bond issues. The bond election, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 8.09 mills, but instead the election permitted the School District to extend this levy through the year 2040. Since the monies generated by the 8.09 mills are presently not sufficient to cover the entire debt

service requirements of the School District, it has been necessary for the School District to borrow a total of \$ 1,941,159 to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed \$ 926,913 and had an outstanding principal balance at year of \$ 1,941,159 and accrued interest of \$ 54,253, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Termination Benefits

In recognition of services to the District, a termination benefit is made to eligible administrators with at least ten (10) years of service. Eligible administrators will be paid up to a maximum of ninety-five days of accumulated sick leave at a rate of \$ 75 per day.

Under GASB Statement No. 16 requirements, the District has elected to implement the "vesting" method of calculating the termination benefit liability. The amounts accumulated for all employees currently vested are calculated along with an amount for other employees who currently are not vested but are probable to vest in future years. The amounts for employees who currently are not vested are calculated taking total unused sick pay amounts at June 30, 2013 for all nonvested employees and multiplying it by a historical termination percentage. This percentage is based on an estimate of the percentage of employees who have terminated employment fully vested in the past five (5) years.

Charlotte Public Schools
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June 30, 2013

A summary of the calculated amounts of accrued termination benefits and related payroll taxes as of June 30, 2013, which has been recorded in the District-wide financial statements, is as follows:

	Vested Employees	Nonvested Employees	Total
Termination benefits	\$ 22,355	\$ 9,520	\$ 31,875
Payroll taxes	1,710	728	2,438
	\$ 24,065	\$ 10,248	\$ 34,313

NOTE 10 - RISK MANAGEMENT

The District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for boiler and machinery, property, fleet, liability, in-land marine, crime, employee dishonesty, and errors and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

The District also participates in a pool, the SEG Self-Insurer Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event toe pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

During the fiscal year, the School District became self-insured for dental and vision insurance. The School District has contracted with an independent administrator to process the dental and vision claims and perform other administrative duties. According to the provisions of the dental program, the School District pays 80% of claims, up to \$ 1,000 annually, to each covered employee and the remaining 20% is paid by the employee. The vision plan contains service-specific co-pays, with service limitations being provided on an annual basis. The School District evaluates the liability related to the dental and vision claims at the end of the fiscal year. The liability is calculated based on claims already incurred and reported. For governmental activities, the liability for dental and vision benefits is primarily liquidated by the general fund.

NOTE 11 - PENSION PLANS AND POST EMPLOYMENT BENEFITS

Plan Description

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

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

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, under the authority established by the Michigan Public School Employees Retirement Act (Retirement Act), as enacted and amended by the Michigan Legislature. The Michigan Legislature has the authority to amend the Retirement Act.. The Michigan Department of Technology, Management and Budget issues a publicly-available financial report that includes financial statements and required supplemental information for MPSERS. The report provides

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

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

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

In September 2012, the Michigan legislature enacted additional changes (2012 Retirement Reform) to the Retirement Act, with different aspects becoming effective in late 2012 and early 2013. With these changes MPSERS offers eight retirement plans: Basic, Member Investment Plan (MIP), Basic 4%, MIP 7%, Basic DC Converted, MIP DC Converted, Pension Plus, and the Defined Contribution (DC) plan. Multiple options exist within some of these plans.

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

Funding Policy

For the defined benefit plans the District is required by state law to contribute to MPSERS an actuarially determined percentage of payroll for all eligible participating employees. The District's actual contributions match the required contributions. Additionally, employees participating in the various defined benefit pension plans contribute the following amounts of their pretax salaries: (a) Member Investment Plan participants contribute 3% to 6.4%; (b) Basic 4% participants contribute 4%; and (c) MIP 7% participants contribute 3.9% to 7%. The following table discloses pertinent information

relative to MPSERS defined benefit pension retirement plan funding for the three-year period beginning July 1, 2010 through June 30, 2013.

	2013	2012	2011
Funding percentage range	12.78 - 16.25 %	10.66 - 15.96 %	8.63 - 12.16 %

Defined Contribution Savings Plan

For the Pension Plus savings plan, eligible participants are automatically enrolled and 2% of their pay is withheld and deposited into the account. Participants may elect to not contribute, or may elect to increase their personal contribution up to the annual limits established by the IRS. The District matches 50 percent of the employee contributions into the Pension Plus savings plan, up to 1 percent. Participants opting to not contribute receive no employer matching contribution. Participants in the Basic DC Converted and MIP DC Converted plans receive 4% employer contributions to a tax-deferred 401(k) plan. The Defined Contribution Plan provides a 50% employer match (up to 3% of salary) on employee contributions. Participants in any of these defined contribution options may elect to make contributions to a tax-deferred 457 account up to the maximum amounts permitted by the IRS.

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

	School District	Participants
Contributions to the Pension Plus Savings Plan	\$ 164,077	\$ 32,591

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

Post Employment Benefits

In addition to the pension benefits described above, state law requires the District to provide post-retirement healthcare benefits for eligible retirees and beneficiaries through MPSERS.

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

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

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

The District's actual contributions match the required contributions.

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

	2013	2012	2011
Funding percentage range	8.18 - 9.11 %	8.50 %	6.81 - 8.50 %
School post employment benefits contributions	\$ 234,472	\$ 253,377	\$ 172,969

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

	School District	Participants
Contributions to the Personal Healthcare fund	\$ 12,680	\$ 12,751

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2013, the District had contributions in the amount of \$ 224,032 to the Michigan Public School Employee Retirement System (MPSERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was 4.56% for the year. These contributions are not included in the above tables.

NOTE 12 - CONTINGENT LIABILITIES

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

Charlotte Public Schools
Notes to Financial Statements
June 30, 2013

NOTE 13 - SUBSEQUENT EVENT

Subsequent to June 30, 2013, the School District has paid the balance of the \$ 1,400,000 and accrued interest on the short-term state aid anticipation note borrowed on August 20, 2012 and has subsequently borrowed \$ 1,500,000 in short-term state aid anticipation notes through the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the School District August 20, 2013. The rate on the new note will be .430%.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

As indicated in Note 1, the District has adopted Government Accounting Standards Board Statements 63 and 65. These statements require bond issuance costs to be expensed. Previously these costs were capitalized in the statement of net position and amortized. The standards require this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2012, by \$ 690,775, restating it from \$ 1,276,519 to \$ 585,744.

REQUIRED SUPPLEMENTAL INFORMATION

Charlotte Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 2,725,140	\$ 2,956,881	\$ 2,878,796	\$ (78,085)
State sources	16,704,466	17,558,818	17,923,636	364,818
Federal sources	1,262,461	1,222,291	1,144,099	(78,192)
Interdistrict sources	948,209	1,147,308	1,249,676	102,368
	<u>21,640,276</u>	<u>22,885,298</u>	<u>23,196,207</u>	<u>310,909</u>
Total revenues				
Expenditures				
Instruction				
Basic programs	9,734,102	10,381,987	10,252,984	(129,003)
Added needs	3,591,448	3,315,586	3,249,924	(65,662)
Adult and continuing education	504,022	503,825	484,422	(19,403)
Supporting services				
Pupil	718,882	668,105	666,362	(1,743)
Instructional staff	1,008,712	1,123,769	983,551	(140,218)
General administration	410,168	345,595	337,397	(8,198)
School administration	1,300,365	1,293,901	1,274,712	(19,189)
Business	483,014	611,318	588,165	(23,153)
Operations and maintenance	2,110,297	2,274,708	2,178,640	(96,068)
Pupil transportation services	1,497,074	1,591,011	1,609,378	18,367
Central	162,333	169,369	187,274	17,905
Athletic activities	474,181	480,058	459,377	(20,681)
Community services	91,514	128,923	115,477	(13,446)
Intergovernmental payments	11,000	11,000	5,034	(5,966)
Capital outlay	-	50,548	52,548	2,000
	<u>22,097,112</u>	<u>22,949,703</u>	<u>22,445,245</u>	<u>(504,458)</u>
Total expenditures				

Charlotte Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>(456,836)</u>	<u>(64,405)</u>	<u>750,962</u>	<u>815,367</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	4,500	4,500	884	(3,616)
Other financing uses	-	-	4,855	4,855
Transfers in	50,537	67,537	75,930	8,393
Transfers out	<u>(57,100)</u>	<u>(57,100)</u>	<u>(56,234)</u>	<u>866</u>
Total other financing sources (uses)	<u>(2,063)</u>	<u>14,937</u>	<u>25,435</u>	<u>10,498</u>
Net change in fund balance	(458,899)	(49,468)	776,397	825,865
Fund balance - beginning	<u>3,693,945</u>	<u>3,693,945</u>	<u>3,693,945</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,235,046</u>	<u>\$ 3,644,477</u>	<u>\$ 4,470,342</u>	<u>\$ 825,865</u>

OTHER SUPPLEMENTAL INFORMATION

Charlotte Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue Funds					Debt Service Funds		
	Food Service	Performing Arts	Childcare	Aquatic Center	Playground and Recreation	2012 Debt	2010A Debt	2011 Debt
Assets								
Cash	\$ 188,520	\$ 249,764	\$ 259,231	\$ 149,493	\$ 136,585	\$ 43,547	\$ 7,957	\$ 4,286
Accounts receivable	2,143	8,133	14,243	943	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	429	5,254	684	698
Due from other funds	17,016	-	-	101,699	-	-	-	-
Due from other governmental units	8,032	-	-	-	-	-	-	-
Inventory	13,734	-	-	-	-	-	-	-
Prepaid items	410	-	13,089	-	-	-	-	-
Total assets	\$ 229,855	\$ 257,897	\$ 286,563	\$ 252,135	\$ 137,014	\$ 48,801	\$ 8,641	\$ 4,984
Liabilities and Fund Balance								
Liabilities								
Accounts payable	\$ 1,722	\$ 1,029	\$ 15,141	\$ 10,941	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	77,624	201,515	234,594	68,525	29,574	29,572	7,922
Due to other governmental units	-	-	-	-	-	-	-	-
Accrued expenditures	6,768	50	-	-	-	-	-	-
Accrued salaries payable	13,011	3,387	-	6,600	-	-	-	-
Unearned revenue	-	10,965	6,045	-	-	-	-	-
Total liabilities	21,501	93,055	222,701	252,135	68,525	29,574	29,572	7,922
Deferred Inflows of Resources								
Noncancellable lease	-	-	-	-	-	-	-	-
Fund Balance								
Non-spendable								
Inventory	13,734	-	-	-	-	-	-	-
Prepaid items	410	-	13,089	-	-	-	-	-
Restricted for:								
Food service	194,210	-	-	-	-	-	-	-
Childcare	-	-	50,773	-	-	-	-	-
Debt service	-	-	-	-	-	19,227	(20,931)	(2,938)
Playground and recreation	-	-	-	-	68,489	-	-	-
Committed	-	164,842	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balance	208,354	164,842	63,862	-	68,489	19,227	(20,931)	(2,938)
Total liabilities, deferred inflows of resources, and fund balance	\$ 229,855	\$ 257,897	\$ 286,563	\$ 252,135	\$ 137,014	\$ 48,801	\$ 8,641	\$ 4,984

Charlotte Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Debt Service Funds				Durant Bonds	Capital Projects Fund	Total Nonmajor Governmental Funds
	2010 Debt	2006 Debt	2005 Debt	2002 Debt			
Assets							
Cash	\$ 52,840	\$ 19,141	\$ 126,532	\$ -	\$ -	\$ 390,259	\$ 1,628,155
Accounts receivable	-	-	-	-	-	-	25,462
Lease receivable	-	-	-	-	-	593,416	593,416
Taxes receivable	872	1,662	7,768	-	-	-	17,367
Due from other funds	43	30,026	-	-	-	47,240	196,024
Due from other governmental units	-	-	-	-	-	-	8,032
Inventory	-	-	-	-	-	-	13,734
Prepaid items	-	-	-	-	-	-	13,499
Total assets	\$ 53,755	\$ 50,829	\$ 134,300	\$ -	\$ -	\$ 1,030,915	\$ 2,495,689
Liabilities and Fund Balance							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,833
Due to other funds	16,509	9,229	74,511	-	-	-	749,575
Accrued expenditures	-	-	-	-	-	-	6,818
Accrued salaries payable	-	-	-	-	-	-	22,998
Unearned revenue	-	-	-	-	-	-	17,010
Total liabilities	16,509	9,229	74,511	-	-	-	825,234
Deferred Inflows of Resources							
Noncancellable lease	-	-	-	-	-	583,800	583,800
Fund Balance							
Non-spendable							
Inventory	-	-	-	-	-	-	13,734
Prepaid items	-	-	-	-	-	-	13,499
Restricted for:							
Food service	-	-	-	-	-	-	194,210
Childcare	-	-	-	-	-	-	50,773
Debt service	37,246	41,600	59,789	-	-	-	133,993
Playground and recreation	-	-	-	-	-	-	68,489
Committed	-	-	-	-	-	-	164,842
Assigned	-	-	-	-	-	447,115	447,115
Total fund balance	37,246	41,600	59,789	-	-	447,115	1,086,655
Total liabilities, deferred inflows of resources and fund balances	\$ 53,755	\$ 50,829	\$ 134,300	\$ -	\$ -	\$ 1,030,915	\$ 2,495,689

Charlotte Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Special Revenue Funds					Debt Service Funds		
	Food Service	Performing Arts	Childcare	Aquatic Center	Playground and Recreation	2012 Debt	2010A Debt	2011 Debt
Revenues								
Local sources	\$ 413,238	\$ 204,102	\$ 527,381	\$ 156,846	\$ 215,123	\$ 757,566	\$ 115,109	\$ 54,481
State sources	44,156	-	-	-	-	-	-	-
Federal sources	667,311	-	12,877	-	-	-	267,728	825,000
Total revenues	<u>1,124,705</u>	<u>204,102</u>	<u>540,258</u>	<u>156,846</u>	<u>215,123</u>	<u>757,566</u>	<u>382,837</u>	<u>879,481</u>
Expenditures								
Current								
Education								
Food services	1,056,543	-	-	-	-	-	-	-
Performing arts	-	188,182	-	-	-	-	-	-
Childcare	-	-	473,763	-	-	-	-	-
Aquatic center	-	-	-	329,507	-	-	-	-
Debt service								
Principal	-	-	-	-	-	705,000	-	-
Interest and other expenditures	-	-	-	-	-	407,024	600,739	918,488
Total expenditures	<u>1,056,543</u>	<u>188,182</u>	<u>473,763</u>	<u>329,507</u>	<u>-</u>	<u>1,112,024</u>	<u>600,739</u>	<u>918,488</u>
Excess (deficiency) of revenues over expenditures	<u>68,162</u>	<u>15,920</u>	<u>66,495</u>	<u>(172,661)</u>	<u>215,123</u>	<u>(354,458)</u>	<u>(217,902)</u>	<u>(39,007)</u>
Other Financing Sources (Uses)								
Proceeds from school bond loan fund	-	-	-	-	-	165,978	-	2,882
Transfers in	-	-	7,100	178,569	-	205,329	-	-
Transfers out	(33,672)	(9,418)	(9,733)	(5,908)	(146,634)	-	-	-
Total other financing sources (uses)	<u>(33,672)</u>	<u>(9,418)</u>	<u>(2,633)</u>	<u>172,661</u>	<u>(146,634)</u>	<u>371,307</u>	<u>-</u>	<u>2,882</u>
Net change in fund balance	34,490	6,502	63,862	-	68,489	16,849	(217,902)	(36,125)
Fund balance - beginning	<u>173,864</u>	<u>158,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,378</u>	<u>196,971</u>	<u>33,187</u>
Fund balance - ending	<u>\$ 208,354</u>	<u>\$ 164,842</u>	<u>\$ 63,862</u>	<u>\$ -</u>	<u>\$ 68,489</u>	<u>\$ 19,227</u>	<u>\$ (20,931)</u>	<u>\$ (2,938)</u>

Charlotte Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Debt Service Funds				Durant Bonds	Capital Projects Fund	Total Nonmajor Governmental Funds
	2010 Debt	2006 Debt	2005 Debt	2002 Debt			
Revenues							
Local sources	\$ 745,904	\$ 250,588	\$ 2,212,165	\$ -	\$ -	\$ 115,208	\$ 5,767,711
State sources	-	-	-	-	32,714	-	76,870
Federal sources	-	-	-	-	-	-	1,772,916
Total revenues	<u>745,904</u>	<u>250,588</u>	<u>2,212,165</u>	<u>-</u>	<u>32,714</u>	<u>115,208</u>	<u>7,617,497</u>
Expenditures							
Current							
Education							
Food services	-	-	-	-	-	-	1,056,543
Performing arts	-	-	-	-	-	-	188,182
Childcare	-	-	-	-	-	-	473,763
Aquatic center	-	-	-	-	-	-	329,507
Debt service							
Principal	600,000	-	1,215,000	-	31,227	-	2,551,227
Interest and other expenditures	307,768	315,588	1,556,988	-	1,487	-	4,108,082
Total expenditures	<u>907,768</u>	<u>315,588</u>	<u>2,771,988</u>	<u>-</u>	<u>32,714</u>	<u>-</u>	<u>8,707,304</u>
Excess (deficiency) of revenues over expenditures	<u>(161,864)</u>	<u>(65,000)</u>	<u>(559,823)</u>	<u>-</u>	<u>-</u>	<u>115,208</u>	<u>(1,089,807)</u>
Other Financing Sources (Uses)							
Proceeds from school bond loan fund	176,380	90,790	490,883	-	-	-	926,913
Transfers in	-	-	-	-	-	-	390,998
Transfers out	-	-	-	(205,329)	-	-	(410,694)
Total other financing sources (uses)	<u>176,380</u>	<u>90,790</u>	<u>490,883</u>	<u>(205,329)</u>	<u>-</u>	<u>-</u>	<u>907,217</u>
Net change in fund balance	<u>14,516</u>	<u>25,790</u>	<u>(68,940)</u>	<u>(205,329)</u>	<u>-</u>	<u>115,208</u>	<u>(182,590)</u>
Fund balance - beginning	<u>22,730</u>	<u>15,810</u>	<u>128,729</u>	<u>205,329</u>	<u>-</u>	<u>331,907</u>	<u>1,269,245</u>
Fund balance - ending	<u>\$ 37,246</u>	<u>\$ 41,600</u>	<u>\$ 59,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,115</u>	<u>\$ 1,086,655</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 2,404,405	\$ 2,580,331	\$ 2,498,556	\$ (81,775)
Tuition	2,650	6,860	9,610	2,750
Transportation fees	30,000	30,000	29,706	(294)
Earnings on investments	3,600	3,650	3,076	(574)
Student activities	127,000	136,260	145,439	9,179
Community service activities	45,000	45,000	41,858	(3,142)
Other local revenues	<u>112,485</u>	<u>154,780</u>	<u>150,551</u>	<u>(4,229)</u>
Total revenues from local sources	<u>2,725,140</u>	<u>2,956,881</u>	<u>2,878,796</u>	<u>(78,085)</u>
Revenues from state sources				
Grants - unrestricted	14,913,073	15,673,636	16,048,649	375,013
Grants - restricted	<u>1,791,393</u>	<u>1,885,182</u>	<u>1,874,987</u>	<u>(10,195)</u>
Total revenues from state sources	<u>16,704,466</u>	<u>17,558,818</u>	<u>17,923,636</u>	<u>364,818</u>
Revenues from federal sources				
Grants	<u>1,262,461</u>	<u>1,222,291</u>	<u>1,144,099</u>	<u>(78,192)</u>
Interdistrict sources				
Transportation	149,886	149,886	189,831	39,945
Other	<u>798,323</u>	<u>997,422</u>	<u>1,059,845</u>	<u>62,423</u>
Total interdistrict sources	<u>948,209</u>	<u>1,147,308</u>	<u>1,249,676</u>	<u>102,368</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Other financing sources				
Other financing sources	-	-	4,855	4,855
Proceeds from sale of capital assets	4,500	4,500	884	(3,616)
Transfers in	<u>50,537</u>	<u>67,537</u>	<u>75,930</u>	<u>8,393</u>
Total other financing sources	<u>55,037</u>	<u>72,037</u>	<u>81,669</u>	<u>9,632</u>
Total revenue and other financing sources	<u>\$ 21,695,313</u>	<u>\$ 22,957,335</u>	<u>\$ 23,277,876</u>	<u>\$ 320,541</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 2,916,046	\$ 2,951,741	\$ 2,957,022	\$ 5,281
Employee benefits	1,590,084	1,697,014	1,656,725	(40,289)
Purchased services	3,850	4,050	1,695	(2,355)
Supplies and materials	58,714	216,855	216,078	(777)
Other	62,740	52,400	47,822	(4,578)
Total elementary	<u>4,631,434</u>	<u>4,922,060</u>	<u>4,879,342</u>	<u>(42,718)</u>
Basic program - middle school				
Salaries	1,333,976	1,424,790	1,427,124	2,334
Employee benefits	809,753	789,751	764,016	(25,735)
Purchased services	10,500	7,900	7,307	(593)
Supplies and materials	51,500	39,747	33,781	(5,966)
Other	28,000	28,000	27,054	(946)
Total middle school	<u>2,233,729</u>	<u>2,290,188</u>	<u>2,259,282</u>	<u>(30,906)</u>
Basic program - high school				
Salaries	1,541,094	1,709,950	1,708,324	(1,626)
Employee benefits	920,572	1,035,817	994,140	(41,677)
Purchased services	39,149	76,605	80,795	4,190
Supplies and materials	63,203	46,016	37,818	(8,198)
Other	22,200	32,200	33,301	1,101
Total high school	<u>2,586,218</u>	<u>2,900,588</u>	<u>2,854,378</u>	<u>(46,210)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - day treatment				
Salaries	37,309	38,166	38,166	-
Employee benefits	28,636	26,152	20,961	(5,191)
Purchased services	1,000	1,000	-	(1,000)
supplies and material	2,400	99	98	(1)
Other	970	2,800	3,115	315
Total day treatment	<u>70,315</u>	<u>68,217</u>	<u>62,340</u>	<u>(5,877)</u>
Basic program - youth FAC				
Salaries	61,520	62,110	61,862	(248)
Employee benefits	35,286	35,945	35,055	(890)
Purchased services	50	150	195	45
supplies and material	700	322	323	1
Other	1,000	1,000	620	(380)
Total day treatment	<u>98,556</u>	<u>99,527</u>	<u>98,055</u>	<u>(1,472)</u>
Basic program - pre-school				
Salaries	48,955	51,087	51,022	(65)
Employee benefits	36,185	32,230	31,658	(572)
Purchased services	21,957	16,753	15,407	(1,346)
Total pre-school	<u>107,097</u>	<u>100,070</u>	<u>98,087</u>	<u>(1,983)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Basic program - summer school				
Salaries	5,026	1,000	1,142	142
Employee benefits	<u>1,727</u>	<u>337</u>	<u>358</u>	<u>21</u>
Total summer school	<u>6,753</u>	<u>1,337</u>	<u>1,500</u>	<u>163</u>
Added needs - special education				
Salaries	1,393,979	1,314,840	1,303,580	(11,260)
Employee benefits	825,722	783,873	755,489	(28,384)
Purchased services	398,666	382,661	382,077	(584)
Supplies and materials	6,650	9,640	6,465	(3,175)
Other	<u>34,300</u>	<u>59,454</u>	<u>56,437</u>	<u>(3,017)</u>
Total special education	<u>2,659,317</u>	<u>2,550,468</u>	<u>2,504,048</u>	<u>(46,420)</u>
Added needs - compensatory education				
Salaries	251,385	224,295	219,409	(4,886)
Employee benefits	123,831	114,287	106,573	(7,714)
Purchased services	61,300	2,295	2,295	-
Supplies and materials	4,393	26,579	24,892	(1,687)
Other	<u>-</u>	<u>10,904</u>	<u>11,082</u>	<u>178</u>
Total compensatory education	<u>440,909</u>	<u>378,360</u>	<u>364,251</u>	<u>(14,109)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - career and technical education				
Salaries	279,116	223,173	223,177	4
Employee benefits	163,295	122,224	116,983	(5,241)
Purchased services	8,900	6,000	6,008	8
Supplies and materials	37,911	30,761	30,337	(424)
Other	2,000	4,600	5,120	520
Total career and technical education	<u>491,222</u>	<u>386,758</u>	<u>381,625</u>	<u>(5,133)</u>
At risk				
Salaries	343,320	324,691	324,775	84
Employee benefits	149,482	167,364	158,603	(8,761)
Purchased services	2,000	2,000	-	(2,000)
Supplies and materials	8,470	8,470	183	(8,287)
Other	750	1,300	861	(439)
Total basic	<u>504,022</u>	<u>503,825</u>	<u>484,422</u>	<u>(19,403)</u>
Pupil - guidance services				
Salaries	306,319	285,394	286,106	712
Employee benefits	162,644	148,698	142,297	(6,401)
Purchased services	2,400	15,501	15,234	(267)
Supplies and materials	6,115	4,950	3,678	(1,272)
Other	1,035	71,900	64,455	(7,445)
Total guidance services	<u>478,513</u>	<u>526,443</u>	<u>511,770</u>	<u>(14,673)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - health services				
Purchased services	15,000	15,000	16,672	1,672
Pupil - speech services				
Other	144,042	-	-	-
Pupil - social work services				
Other	-	-	20,273	20,273
Pupil - teacher consultant				
Salaries	-	30,668	30,668	-
Employee benefits	-	14,658	14,224	(434)
Total teacher consultant	-	45,326	44,892	(434)
Pupil - other support services				
Salaries	24,285	24,223	23,319	(904)
Employee benefits	11,842	11,893	10,908	(985)
Purchased services	45,200	45,200	38,512	(6,688)
Other	-	20	16	(4)
Total other pupil support services	81,327	81,336	72,755	(8,581)

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - improvement of education				
Salaries	86,014	78,762	61,281	(17,481)
Employee benefits	31,950	28,873	24,289	(4,584)
Purchased services	31,450	46,131	35,504	(10,627)
Supplies and materials	7,703	14,654	10,307	(4,347)
Other	46,025	43,697	9,176	(34,521)
Total improvement of education	<u>203,142</u>	<u>212,117</u>	<u>140,557</u>	<u>(71,560)</u>
Instructional staff - educational media services				
Salaries	74,372	105,725	105,910	185
Employee benefits	32,987	50,812	51,463	651
Purchased services	1,000	260	257	(3)
Supplies and materials	11,500	9,500	9,058	(442)
Other	12,770	10,700	10,400	(300)
Total educational media services	<u>132,629</u>	<u>176,997</u>	<u>177,088</u>	<u>91</u>
Instructional staff - technology assisted instruction				
Salaries	167,624	173,973	174,658	685
Employee benefits	80,689	80,666	75,983	(4,683)
Purchased services	40,750	66,550	81,350	14,800
Supplies and materials	65,600	94,600	29,706	(64,894)
Total technology assisted instruction	<u>354,663</u>	<u>415,789</u>	<u>361,697</u>	<u>(54,092)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - supervision and direction of instructional staff				
Salaries	108,162	109,679	109,123	(556)
Employee benefits	46,535	48,712	45,344	(3,368)
Purchased services	1,450	7,150	5,798	(1,352)
Supplies and materials	2,000	6,083	4,707	(1,376)
Other	600	600	507	(93)
Total supervision and direction of instructional staff	<u>158,747</u>	<u>172,224</u>	<u>165,479</u>	<u>(6,745)</u>
Special Education				
Salaries	25,599	27,300	25,983	(1,317)
Employee benefits	24,671	22,692	22,011	(681)
Purchased services	96,107	93,500	87,769	(5,731)
Supplies and materials	2,000	2,750	2,794	44
Other	900	400	173	(227)
Total academic student assessment	<u>149,277</u>	<u>146,642</u>	<u>138,730</u>	<u>(7,912)</u>
Instructional staff - other services				
Salaries	7,620	-	-	-
Employee benefits	2,634	-	-	-
Total other instructional staff services	<u>10,254</u>	<u>-</u>	<u>-</u>	<u>-</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
General administration - board of education				
Purchased services	138,000	84,500	80,771	(3,729)
Supplies and materials	16,000	4,200	2,428	(1,772)
Other	<u>7,500</u>	<u>6,500</u>	<u>6,188</u>	<u>(312)</u>
Total board of education	<u>161,500</u>	<u>95,200</u>	<u>89,387</u>	<u>(5,813)</u>
General administration - executive administration				
Salaries	161,519	165,462	164,728	(734)
Employee benefits	76,149	78,433	77,616	(817)
Purchased services	4,500	2,500	1,611	(889)
Supplies and materials	4,000	2,000	2,191	191
Other	<u>2,500</u>	<u>2,000</u>	<u>1,864</u>	<u>(136)</u>
Total executive administration	<u>248,668</u>	<u>250,395</u>	<u>248,010</u>	<u>(2,385)</u>
School administration - office of the principal				
Salaries	785,995	811,259	811,804	545
Employee benefits	438,651	407,702	393,745	(13,957)
Purchased services	19,629	21,800	20,495	(1,305)
Supplies and materials	49,700	45,900	43,080	(2,820)
Other	<u>6,390</u>	<u>7,240</u>	<u>5,588</u>	<u>(1,652)</u>
Total office of the principal	<u>1,300,365</u>	<u>1,293,901</u>	<u>1,274,712</u>	<u>(19,189)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Business - fiscal services				
Salaries	108,940	113,213	108,254	(4,959)
Employee benefits	51,562	55,732	52,854	(2,878)
Purchased services	62,500	71,500	67,593	(3,907)
Supplies and materials	3,500	2,000	1,788	(212)
Other	600	600	659	59
	<u>227,102</u>	<u>243,045</u>	<u>231,148</u>	<u>(11,897)</u>
Business - internal services				
Purchased services	<u>116,700</u>	<u>109,700</u>	<u>109,368</u>	<u>(332)</u>
Business - other				
Purchased services	9,700	10,987	10,987	-
Other	<u>129,512</u>	<u>247,586</u>	<u>236,662</u>	<u>(10,924)</u>
	<u>139,212</u>	<u>258,573</u>	<u>247,649</u>	<u>(10,924)</u>
Operations and maintenance - operating building services				
Salaries	459,921	414,202	400,033	(14,169)
Employee benefits	311,949	250,530	231,670	(18,860)
Purchased services	465,059	620,975	594,977	(25,998)
Supplies and materials	872,368	988,001	951,261	(36,740)
Other	<u>1,000</u>	<u>1,000</u>	<u>699</u>	<u>(301)</u>
	<u>2,110,297</u>	<u>2,274,708</u>	<u>2,178,640</u>	<u>(96,068)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil transportation services				
Salaries	526,916	541,751	527,721	(14,030)
Employee benefits	214,136	214,138	191,821	(22,317)
Purchased services	115,500	132,600	125,064	(7,536)
Supplies and materials	186,500	173,500	195,128	21,628
Other	454,022	529,022	569,644	40,622
Total transportation services	<u>1,497,074</u>	<u>1,591,011</u>	<u>1,609,378</u>	<u>18,367</u>
Central - communication services				
Salaries	50,662	49,525	50,139	614
Employee benefits	1,781	1,745	1,087	(658)
Purchased services	37,000	36,700	36,735	35
Supplies and materials	2,000	2,700	2,657	(43)
Total communication services	<u>91,443</u>	<u>90,670</u>	<u>90,618</u>	<u>(52)</u>
Central - staff/personnel services				
Salaries	-	10,000	12,609	2,609
Employee benefits	20,890	23,249	24,359	1,110
Purchased services	47,750	37,000	53,819	16,819
Supplies and materials	2,000	1,000	-	(1,000)
Other	250	7,450	5,869	(1,581)
Total staff/personnel services	<u>70,890</u>	<u>78,699</u>	<u>96,656</u>	<u>17,957</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Athletic activities				
Salaries	205,575	211,134	212,615	1,481
Employee benefits	83,856	83,324	77,285	(6,039)
Purchased services	118,050	102,500	99,172	(3,328)
Supplies and materials	62,200	78,600	65,905	(12,695)
Other	4,500	4,500	4,400	(100)
Total athletic activities	<u>474,181</u>	<u>480,058</u>	<u>459,377</u>	<u>(20,681)</u>
Community services - parent involve				
Supplies and materials	<u>1,700</u>	<u>1,700</u>	<u>535</u>	<u>(1,165)</u>
Community services - non-public school pupils				
Purchased services	2,750	2,748	2,735	(13)
Other	<u>2,536</u>	<u>2,536</u>	<u>852</u>	<u>(1,684)</u>
Total non-public school pupils	<u>5,286</u>	<u>5,284</u>	<u>3,587</u>	<u>(1,697)</u>
CPAC				
Salaries	33,179	52,960	49,987	(2,973)
Employee benefits	14,249	22,979	17,549	(5,430)
Purchased services	2,600	11,400	11,089	(311)
Supplies and materials	<u>34,500</u>	<u>34,600</u>	<u>32,730</u>	<u>(1,870)</u>
Total other	<u>84,528</u>	<u>121,939</u>	<u>111,355</u>	<u>(10,584)</u>

Charlotte Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Intergovernmental payments				
Payments to other public schools	<u>11,000</u>	<u>11,000</u>	<u>5,034</u>	<u>(5,966)</u>
Capital outlay				
Facilities acquisition	<u>-</u>	<u>50,548</u>	<u>52,548</u>	<u>2,000</u>
Other financing uses				
Transfers out	<u>57,100</u>	<u>57,100</u>	<u>56,234</u>	<u>(866)</u>
Total expenditures and financing uses	<u>\$ 22,154,212</u>	<u>\$ 23,006,803</u>	<u>\$ 22,501,479</u>	<u>\$ (505,324)</u>

Charlotte Public Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2013

Year Ending June 30,	2012 Refunding Bonds	2011 School Building and Site Obligation Bonds	2010 School Building and Site Obligation Bonds	2010 Refunding Bonds	2006 Refunding Bonds	2005 Refunding Bonds	Total
2014	\$ 765,000	\$ -	\$ -	\$ 845,000	\$ -	\$ 1,280,000	\$ 2,890,000
2015	780,000	-	-	1,155,000	-	1,345,000	3,280,000
2016	790,000	-	-	1,360,000	-	1,415,000	3,565,000
2017	825,000	-	-	1,350,000	50,000	1,490,000	3,715,000
2018	845,000	-	-	1,415,000	50,000	1,585,000	3,895,000
2019	910,000	-	-	-	55,000	1,655,000	2,620,000
2020	975,000	-	-	-	55,000	1,725,000	2,755,000
2021	1,045,000	-	-	-	55,000	1,795,000	2,895,000
2022	1,115,000	-	-	-	60,000	1,870,000	3,045,000
2023	250,000	-	-	-	990,000	1,935,000	3,175,000
2024	-	-	-	-	1,420,000	2,005,000	3,425,000
2025	-	6,000,000	-	-	1,510,000	2,075,000	9,585,000
2026	-	9,000,000	-	-	1,595,000	2,140,000	12,735,000
2027	-	-	-	-	1,660,000	2,155,000	3,815,000
2028	-	-	-	-	-	2,170,000	2,170,000
2029	-	-	-	-	-	2,185,000	2,185,000
2030	-	-	785,000	-	-	-	785,000
2031 - 2035	-	-	3,915,000	-	-	-	3,915,000
2036 - 2040	-	-	3,900,000	-	-	-	3,900,000
Total	<u>\$ 8,300,000</u>	<u>\$ 15,000,000</u>	<u>\$ 8,600,000</u>	<u>\$ 6,125,000</u>	<u>\$ 7,500,000</u>	<u>\$ 28,825,000</u>	<u>\$ 74,350,000</u>
Principal payments due the first day of	May	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	May and November	
Interest rate	2.75% - 5.00%	6.05% - 6.15%	6.80% - 7.00%	3.05% - 7.00%	4.00% - 4.25%	4.25% - 5.00%	
Original issue	<u>\$ 9,005,000</u>	<u>\$ 15,000,000</u>	<u>\$ 8,600,000</u>	<u>\$ 7,060,000</u>	<u>\$ 7,500,000</u>	<u>\$ 33,705,000</u>	