



Almont Community Schools
Audited Financial Statements

June 30, 2012

Prepared by Taylor & Morgan, P.C.

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INDEPENDENT AUDITORS' REPORT

October 5, 2012

Board of Education
Almont Community Schools

We have audited the accompanying basic financial statements of Almont Community Schools as of and for the year ended June 30, 2012 as listed in the table of contents. These basic financial statements are the responsibility of the school's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Almont Community Schools, Almont, MI, as of June 30, 2012 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 5, 2012 on our consideration of Almont Community Schools' internal control over financial reporting and 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

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Our audit was performed for the purpose of forming an opinion on the basic financial statements of Almont Community Schools, Almont, MI, taken as a whole. The accompanying information identified in the table of contents as combining financial statements and other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

ALMONT COMMUNITY SCHOOLS

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ALMONT COMMUNITY SCHOOLS MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Our discussion and analysis of the Almont Community School District's financial performance, a GASB 34 requirement, provides an overview of the Almont Community School District's financial activities for the fiscal year ended June 30, 2012.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June, 2000.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's *net assets* – the difference between assets and liabilities, as reported in the Statement of Net Assets, is one way to measure the Almont Community School District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets, as reported in the Statement of Activities, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the Almont Community School District's *operating results*. However, the Almont Community School District's goal is to provide services to its students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools, must also be considered when assessing the *overall health* of the Almont Community School District.

The Almont Community School District's net assets totaled \$(12,024) at June 30, 2012 and \$(236,303) at June 30, 2011. Restricted net assets are reported separately to show legal constraints from debt covenants and legislation that limits the Almont Community School District's ability to use those net assets for day-to-day operations. The following is a summary of the District's net assets at June 30, 2012, with comparative amounts for 2011:



**ALMONT COMMUNITY SCHOOLS
COMPARATIVE STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Assets		
Current assets	\$ 4,162,914	\$ 4,120,284
Capital assets net of depreciation	32,679,843	33,828,980
Other non-current assets	<u>265,952</u>	<u>-</u>
 Total assets	 37,108,709	 37,949,264
 Liabilities		
Current liabilities	4,368,175	4,614,342
Long-term liabilities	<u>32,752,576</u>	<u>33,571,225</u>
 Total liabilities	 37,120,751	 38,185,567
 Net Assets		
Invested in capital assets, net of related debt	(1,399,011)	(1,360,674)
Restricted for capital projects	6,840	6,838
Restricted for debt service	107,648	137,986
Unrestricted	<u>1,272,481</u>	<u>979,547</u>
 Total net assets	 <u>\$ (12,042)</u>	 <u>\$ (236,303)</u>

There were \$1,272,481 and \$979,547 in unrestricted net assets of governmental activities at June 30, 2012 and June 30, 2011, respectively. These amounts represent District funds that have not been committed contractually or for debt obligations and are available for future use.

Total net assets increased approximately \$ 224,261 in 2011-12. The major components of the increase in net capital assets are as follows:

➤ Depreciation expense

The provisions of GASB 34 require districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net assets. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2012 and June 30, 2011, the net increases in accumulated depreciation were \$170,366 and \$944,138 respectively.

➤ Capital acquisitions

Capital outlay for the years ended June 30, 2012 and June 30, 2011 totaled \$8,137 and \$174,199 respectively.

➤ Debt repayment

Repayment of debt decreases the District's long-term principal obligations and, as a result, the net assets of the District increase. The District repaid \$1,787,780 of long-term debt in the current fiscal year.

The results of this year's operations for the Almont Community School District as a whole are reported in the Statement of Activities. A summary of the District-wide results of operations for the years ended June 30, 2012 and June 30, 2011 are as follows:

**ALMONT COMMUNITY SCHOOLS
COMPARATIVE STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2012**

	June 30, 2012	June 30, 2011
General revenue		
Property taxes levied for general operations	\$854,689	\$883,878
State of Michigan aid, unrestricted	10,198,804	10,696,090
Property taxes levied for debt service	2,379,316	2,443,513
Other - federal, state and local	277,985	214,448
Total general revenues	13,710,794	14,237,929
Program revenue		
Charges for services - local	440,767	471,693
Operating grants - federal and state	1,450,336	1,811,342
Total program revenue	1,891,103	2,283,035
Total revenues	15,601,897	16,520,964
Expenses		
Instruction	9,029,969	9,970,367
Support services	4,206,154	4,660,818
Community education	84,333	80,798
Food services	441,431	509,733
Interest on long-term debt	1,453,561	1,535,188
Depreciation (unallocated)	162,188	162,188
Total expenses	15,377,636	16,919,092
Increase/(decrease) in net assets	224,261	(398,128)
Net assets - July 1	(236,303)	161,825
Net assets - June 30	\$ (12,042)	\$ (236,303)

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

Our financial statements provide the following insights about the results of this year's operations:

The financial condition of the General Fund improved from the prior year. The General Fund balance increased by \$202,057. This was due to closing one elementary school, additional EdJobs grant money, sale of scrap buses, and lower staffing costs. The financial condition of the Debt Retirement Fund declined from the prior year. The Debt Retirement Fund balance decreased by \$13,830 due to a decrease in tax revenue.

Non-Major Governmental Funds improved from the prior year by \$ 8,529. The Non-Major Governmental Funds include School Lunch and Capital Projects funds. The increase resulted mainly from sharing the Chartwells Food Service Director with another district.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The Almont Community School District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments and resultant staffing requirements are known. Currently, the most significant budgeted funds are the General Fund and School Service Fund. During the fiscal year ended June 30, 2012, the Almont Community School District amended the budgets of these major governmental funds twice.

GENERAL FUND

In the General Fund, the actual revenue (including Other Financing Sources) was \$12,896,869. This is above the original budget estimate of \$12,616,424 and less than the final amended budgeted amount of \$12,780,520 a variance of approximately 1%. The variances between the actual revenues and the original and final revenue budgets are due to changes in Local, State and Federal Sources of funding.

The actual expenditures of the General Fund (including Other Financing Uses) were \$12,694,812. The original budget estimate was \$12,611,164, and the final amended budgeted amount was \$12,806,886. The variance between the actual General Fund expenditures and the original budget was the result of additional funding, such as the EdJobs Fund, received from the federal government. These funds enabled the District to reinstate services such as transportation for students and reduce staff reduction to a minimum.

General Fund revenues totaled \$12,896,869 and total expenditures \$12,694,812 for the year. The fund balance was \$1,335,878 at June 30, 2012.

CAPITAL PROJECTS FUND

The Capital Projects Funds receive revenues from property taxes and building and site bond issues used for the purposes approved by the voters for each issue, as well as interest income from investment of bond proceeds. The only revenue received in 2011-12 was from interest income from the investment of bond proceeds.

The 2002 Bond issue was passed by voters and allowed the district to:

- Construct and equip a new Middle School.
- Construct and equip a new bus maintenance facility.
- Equip and update all school buildings for technology.
- Construct, equip, refurbish and /or improve the playgrounds, physical education fields, athletic sites and facilities at all school buildings.

The 2002 Bond issue projects were completed as of September 7, 2007.

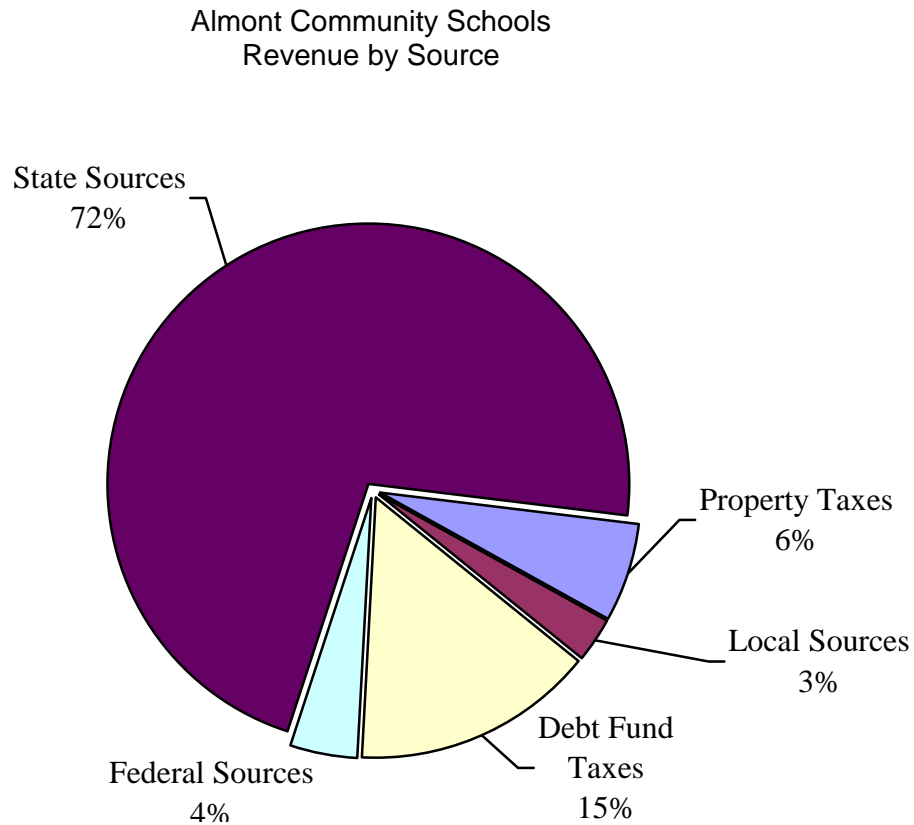
GOVERNMENTAL FUND EXPENDITURES

The following chart illustrates that the General Fund comprises 78 % of all the expenditures within the governmental funds of the Almont Community School District. As of June 30, 2012, expenditures totaled \$15,864,239 for all District programs. The ending fund balance for all funds was equal to \$ 1,696,804.

	<u>June 30, 2012</u>	<u>% Of Total</u>
General Fund	\$12,436,938	78%
Debt Retirement Funds	2,982,982	19%
Other Non-major Funds	444,319	3%
Total	<u>\$15,864,239</u>	<u>100%</u>

TOTAL REVENUES

Revenues (excluding Other Financing Sources) for all governmental funds totaled \$15,410,051. The following graph illustrates the District revenues by source as a percentage of total revenue exclusive of the bond issue:



UNRESTRICTED STATE AID

The District is primarily funded by Aid provided by the State of Michigan, and is paid on a per pupil basis. State Aid membership was computed in 2010-11 with a blended count of 25% of the February and 75% of the September counts. The computation changed with legislation for the 2011-12 school year to a blended count of 10% of the February and 90% of the September counts.

The Almont Community Schools enrollment for the 2011-12 school year was 1,628 - a decrease of 54 students from the prior year.

The per pupil allowance for the 2011-12 school year was \$6,846. The state aid per-pupil allowance was reduced by \$470 for the 2011-12 school year; however, districts could lower the amount of the reduction by \$200 per student given certain conditions set by the state were met. The district met certain criteria and received additional funding of \$100 per student as Best Practice Incentive and MPSERS Cost Offset categoricals.

PROPERTY TAXES

The District levies 18 mills of property taxes on all Non-Homestead property located within the District for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. The 2011-12 Non-Homestead property tax levy totaled approximately \$ 855,000.

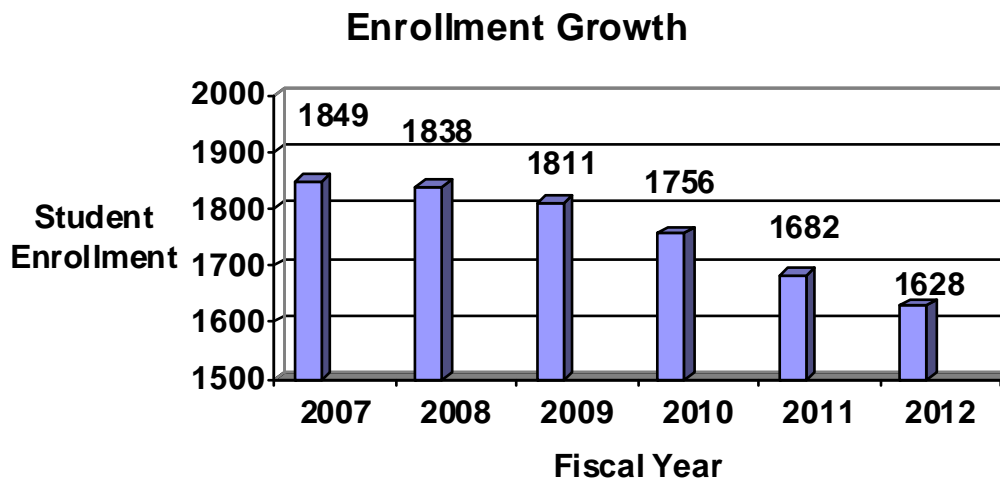
The District levies 8.45 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount levied for debt retirement in the current year was approximately \$2.38 million.

Almont Community Schools does not have a sinking fund levy.

ENROLLMENT

The District's 2011-12 enrollment totaled 1628 students based on the September FTE count. This is decrease in enrollment of 54 students from the prior year's count – the sixth decline in student enrollment experienced by the District in many years. It most likely can be explained by the current State of Michigan economy.

Enrollment growth over the last 6 years can be illustrated as follows:



Enrollment is important to the financial health of the Almont Community School District because State funding is based on a per-pupil formula. For the fiscal year ended June 30, 2012, the gross per-pupil allowance was \$6,846.

CAPITAL ASSETS

At the end of fiscal year 2012, the Almont Community School District had \$44.9 million invested in land and buildings, furniture and equipment, vehicles and buses. Of this amount, \$12.2 million has been depreciated. Net book value totals \$33.7 million. Total additions for the year were \$8,137 and consisted of equipment purchases. The District's buildings range in years of construction from 1927 to 2007. The District is committed to the timely repairs and maintenance of its facilities. Computer purchases are under the District's capitalization threshold of \$5,000 and are expensed accordingly.

CAPITAL ASSETS AT YEAR-END

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Non-Current Assets		
Capital Assets		
Land/Building and Improvements	\$ 42,646,562	\$ 42,646,562
Equipment and Furniture	1,960,735	1,952,598
Vehicles	280,187	1,267,095
Less: Accumulated Depreciation	<u>(12,207,641)</u>	<u>(12,037,275)</u>
Net Capital Assets	<u>\$ 32,679,843</u>	<u>\$ 33,828,980</u>

OUTSTANDING DEBT AT YEAR END

The bonded debt at Almont Community Schools supports new construction as previously described, the installment loan supports the purchase of buses, and the capital lease supports the lease of a scissor lift with the option to purchase for \$1 at the end of the lease period.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this audit report.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the Almont Community School District. If you should desire additional detailed financial program audits, they can be obtained by contacting the following person:

Joseph B. Candela
Superintendent
Almont Community School
401 Church St.
Almont, MI 48003

Office phone: (810) 798-8561
Office fax: (810) 798-2367

BASIC FINANCIAL STATEMENTS

ALMONT COMMUNITY SCHOOLS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	Assets	Governmental Activities
Current Assets		
Cash and Investments		\$ 2,099,451
Accounts Receivable		5,917
Due from Other Governmental Units		2,043,589
Prepaid Expenditures		4
Inventory		13,953
Total Current Assets		<u>4,162,914</u>
Non-Current Assets		
Capital Assets		
Land and Land Improvements		579,580
Buildings and Improvements		42,066,982
Equipment and Furniture		1,960,735
Vehicles		280,187
Less: Accumulated Depreciation		<u>(12,207,641)</u>
Net Capital Assets		32,679,843
Deferred Loss on Bond Refunding		171,577
Deferred Charges for Debt Issue Discounts and Other Debt Issue Costs		<u>94,375</u>
Total Non-Current Assets		<u>32,945,795</u>
Total Assets		37,108,709
	Liabilities	
Current Liabilities		
Accounts Payable		187,734
Accrued Payroll		1,243,943
Deferred Revenue		34,433
Accrued Interest on Long-Term Debt		131,806
State Aid Anticipation Note Payable		1,000,000
Current Portion of Accumulated Unpaid Benefits		15,526
Current Portion of Long-Term Obligations		<u>1,754,733</u>
Total Current Liabilities		4,368,175
Non-Current Liabilities		
Non-Current Portion of Accumulated Unpaid Benefits		87,979
Non-Current Portion of Long-Term Obligations		32,364,121
Deferred Premium on Bond Refunding		<u>300,476</u>
Total Non-Current Liabilities		<u>32,752,576</u>
Total Liabilities		37,120,751
	Net Assets	
Net Assets		
Invested in Capital Assets, Net of Related Debt		(1,399,011)
Restricted for:		
Capital Projects		6,840
Debt Service		107,648
Unrestricted		<u>1,272,481</u>
Total Net Assets		<u>\$ (12,042)</u>

See accompanying notes to financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/Programs				
Governmental Activities				
Instruction				
Basic Programs	\$ 7,620,930	\$ 33,001	\$ 119,425	\$ (7,468,504)
Added Needs	1,409,039	-	1,087,777	(321,262)
Support Services	4,206,154	89,068	6,848	(4,110,238)
Community Education	84,333	102,259	-	17,926
Food Service	441,431	216,439	236,286	11,294
Interest and Other Costs on Long-Term Debt	1,453,561	-	-	(1,453,561)
Unallocated Depreciation	162,188	-	-	(162,188)
	<u>15,377,636</u>	<u>440,767</u>	<u>1,450,336</u>	<u>(13,486,533)</u>
General Purpose Revenues				
Property Tax				3,234,005
State School Aid - Unrestricted				10,198,804
Investment Earnings				3,506
Gain on Sale of Fixed Assets				26,100
Miscellaneous				248,379
				<u>13,710,794</u>
				Change in Net Assets 224,261
				Net Assets - July 1 <u>(236,303)</u>
				Net Assets - June 30 \$ <u><u>(12,042)</u></u>

See accompanying notes to financial statements.

ALMONT COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Debt Retirement Funds	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Investments	\$ 1,739,522	\$ 279,748	\$ 80,181	\$ 2,099,451
Accounts Receivable	2,592	-	3,325	5,917
Due from Other Governmental Units	2,036,720	-	6,869	2,043,589
Due from Other Funds	14,495	186,341	-	200,836
Prepaid Expenditures	4	-	-	4
Inventory	-	-	13,953	13,953
	<u>3,793,333</u>	<u>466,089</u>	<u>104,328</u>	<u>4,363,750</u>
Total Assets	\$ <u>3,793,333</u>	\$ <u>466,089</u>	\$ <u>104,328</u>	\$ <u>4,363,750</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	\$ 179,079	\$ -	\$ 8,655	\$ 187,734
Accrued Payroll	1,243,943	-	-	1,243,943
Deferred Revenue	34,433	-	-	34,433
Due to Other Funds	-	192,111	8,725	200,836
State Aid Anticipation Note Payable	1,000,000	-	-	1,000,000
	<u>2,457,455</u>	<u>192,111</u>	<u>17,380</u>	<u>2,666,946</u>
Total Liabilities	2,457,455	192,111	17,380	2,666,946
Fund Balance:				
Non Spendable	4	-	13,953	13,957
Restricted for:				
Debt Service	-	273,978	-	273,978
Capital Projects	-	-	6,840	6,840
Food Service	-	-	66,155	66,155
Assigned	103,633	-	-	103,633
Unassigned	1,232,241	-	-	1,232,241
	<u>1,335,878</u>	<u>273,978</u>	<u>86,948</u>	<u>1,696,804</u>
Total Fund Balance	1,335,878	273,978	86,948	1,696,804
Total Liabilities and Fund Balance	\$ <u>3,793,333</u>	\$ <u>466,089</u>	\$ <u>104,328</u>	\$ <u>4,363,750</u>

See accompanying notes to financial statements.

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012

Total Governmental Fund Balances	\$	1,696,804
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Net Assets	\$ 44,887,484	
Accumulated Depreciation	<u>(12,207,641)</u>	32,679,843
Non-current assets related to bond refundings are not included as assets in government funds.		
Deferred Loss on Bond Refunding		171,577
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year end consist of:		
Bonds Payable	\$ (26,761,537)	
Bond Premium	(300,476)	
School Bond Loan Fund	(7,304,121)	
Installment Notes Payable	(10,110)	
Capital Leases Payable	(3,086)	
Early Retirement Incentive	(40,000)	
Compensated Absences Payable	<u>(103,505)</u>	
Total Long-Term Liabilities		(34,522,835)
Deferred charges/credits for debt issue discounts and debt issue costs are reported as assets in the statement of net assets.		
		94,375
In the Statement of Net Assets, interest has been accrued on Long Term Debt as of June 30, 2012		
		<u>(131,806)</u>
Total Net Assets - Governmental Activities	\$	<u><u>(12,042)</u></u>

See accompanying notes to financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Debt Retirement Funds	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 854,689	\$ 2,379,316	\$ -	\$ 3,234,005
Other Local Sources	308,904	1,440	216,562	526,906
State Sources	11,029,591	6,848	17,841	11,054,280
Federal Sources	376,415	-	218,445	594,860
Total Revenues	12,569,599	2,387,604	452,848	15,410,051
Expenditures				
Instruction				
Basic Programs	6,811,509	-	-	6,811,509
Added Needs	1,402,601	-	-	1,402,601
Total Instruction	8,214,110			8,214,110
Support Services				
Pupil Services	516,296	-	-	516,296
Instructional Staff Services	190,897	-	-	190,897
General Administration	327,727	-	-	327,727
School Administration	702,875	-	-	702,875
Business Services	215,101	-	-	215,101
Operation and Maintenance	1,031,563	-	-	1,031,563
Pupil Transportation	628,830	-	-	628,830
Other Supporting Services	268,205	100,190	444,319	812,714
Athletics	257,001	-	-	257,001
Community Services	84,333	-	-	84,333
Total Support Services	4,222,828	100,190	444,319	4,767,337
Debt Retirement				
Principal Retirement	-	1,716,240	-	1,716,240
Interest and Fiscal Charges	-	1,166,552	-	1,166,552
Total Expenditures	12,436,938	2,982,982	444,319	15,864,239
Excess (Deficiency) of Revenues over Expenditures	132,661	(595,378)	8,529	(454,188)
Other Financing Sources/(Uses)				
Loan Proceeds	-	295,865	-	295,865
Proceeds from Sale of Bonds	-	8,851,290	-	8,851,290
Payments to Escrow Agent	-	(8,565,607)	-	(8,565,607)
Miscellaneous	59,030	-	-	59,030
Principal Payments	(139,207)	-	-	(139,207)
Interest Payments	(7,229)	-	-	(7,229)
Retirement Incentive Payments	(105,000)	-	-	(105,000)
Incoming Transfers	106,716	-	-	106,716
Other Transfers	(6,438)	-	-	(6,438)
Sale of Fixed Assets	161,524	-	-	161,524
Total Other Financing Sources/(Uses)	69,396	581,548	-	650,944
Net Changes in Fund Balance	202,057	(13,830)	8,529	196,756
Fund Balance - July 1	1,133,821	287,808	78,419	1,500,048
Fund Balance - June 30	\$ 1,335,878	\$ 273,978	\$ 86,948	\$ 1,696,804

See accompanying notes to financial statements.

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	196,756
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capitalized Assets	\$ 8,137	
Depreciation Expense	<u>(1,021,850)</u>	(1,013,713)
<p>The issuance of long-term debt provides current financial resources to governmental funds. This transaction has no effect on net assets. Also, governmental funds report as current income and expense the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are amortized over the life of the bonds in the government-wide statements. This amount is the net effect of the differences in the treatment of long-term refunding debt and related items.</p>		
Bond Proceeds	(8,535,000)	
Bond Refunding	8,385,000	
Deferred Charges and Debt Issue Costs	99,342	
Deferred Loss	180,607	
Deferred Premium	<u>(316,290)</u>	(186,341)
<p>In the Statement of Activities, only the gain on the sale of capitalized assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the net cost of the capital assets sold.</p>		
		(135,424)
<p>Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. This is the amount of repayments reported as expenditures in the Governmental Funds.</p>		
		1,716,240
<p>Repayment of bus loans and capital leases are expenditures in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. This is the amount of repayments reported as expenditures in the Governmental Funds.</p>		
		139,190
<p>Proceeds from loans is an Other Financing Source in the Governmental Funds, but not in the Statement of Activities (where it is Long-Term Debt).</p>		
		(295,865)
<p>Amortization of debt issue discount and other costs are recorded in the Statement of Activities over the life of the bonds. This is the net amount of the amortization of discount and premium and other debt issue costs for the current year.</p>		
		(4,967)
<p>Amortization of the deferred loss on the 2012 bond refinancing is recorded in the Statement of Activities over the life of the bonds. This is the amount of amortization of deferred loss for the year.</p>		
		(9,030)
<p>Amortization of the deferred premium on the 2012 bond issue is recorded in the Statement of Activities over the life of the bonds. This is the current amortization of deferred premium for the current year.</p>		
		15,814
<p>Interest on Long-Term Debt in the Statement of Activities includes accrued interest while the Governmental Funds Statement does not. This is the (increase)/decrease in accrued interest on Long-Term Debt.</p>		
		18,016
<p>Interest on Long-Term Debt in the Statement of Activities includes accrued interest on the School Bond Loan Fund, while the Governmental Funds Statement does not. This is the (increase)/decrease in accrued interest on the School Bond Loan Fund.</p>		
		(298,765)
<p>Issuances of early retirement incentives are recorded as liabilities in the Statement of Net Assets, but are not recorded in the Governmental Funds Statement. This is the (increase)/decrease in early retirement incentives.</p>		
		80,000
<p>Accumulated unpaid benefits are recorded as liabilities in the Statement of Net Assets, but are not recorded in the Governmental Funds Statement. This is the (increase)/decrease in accumulated unpaid benefits.</p>		
		<u>2,350</u>
Change in Net Assets of Governmental Activities	\$	<u><u>224,261</u></u>

See accompanying notes to financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and Cash Equivalents	\$ -	\$ 97,964
Investments	<u>7,646</u>	<u>-</u>
Total Assets	<u><u>\$ 7,646</u></u>	<u><u>\$ 97,964</u></u>
Liabilities:		
Due to Student and Other Groups		\$ <u>97,964</u>
Total Liabilities		<u><u>\$ 97,964</u></u>
Net Assets:		
Reserved for Scholarships	<u><u>\$ 7,646</u></u>	

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Trust Funds</u>
Additions:	
Gifts, Contributions and Interest	\$ -
Dividends/Gain on Investments	<u>269</u>
Total Additions	269
Deductions:	
Scholarships Awarded	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Assets:	(231)
Net Assets - July 1	<u>7,877</u>
Net Assets - June 30	<u><u>\$ 7,646</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Almont Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999, the Governmental Accounting Standards Board (GASB) issued *Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section to provide an analysis of the District's overall financial position and results of operations.
- Financial statements prepared with full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

Reporting Entity

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Basic Financial Statements – Government-wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. General government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Government-wide Statements (continued)

The District does not allocate indirect costs. Interfund transactions have been eliminated in the government-wide financial statements

Basic Financial Statements - Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into six generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund - The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds - Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains one school service fund: Food Service.

Debt Service Funds - The Debt Service Funds are used to record tax and interest revenue and the payment of general long-term debt principal, interest and related cost.

Capital Projects Funds - The Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designed for acquiring new school sites, buildings, and equipment, and for major remodeling and repairs. The fund is retained 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.

Activities (Agency) Funds - Agency Funds are used to account for assets held by the School District as an agent, are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations. The agency funds are used to account for amounts held for student groups.

Expendable Trust Funds - Expendable trust funds are used to account for funds entrusted to the District, and the principal, or corpus, of the trust and the income produced are expendable.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual – Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Cash and Investments – Cash and cash equivalents include amounts in demand deposits, sweep accounts, and certificate of deposits with original maturities less than 180 days. The District reports its investments in accordance with Governmental Accounting Standards Board (GASB) *Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and *No. 40, Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), or National Credit Union Administration (NCUA), respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, mutual funds composed of investments outlined above, and investment pools, as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Prepaid Assets – Payments made to vendors for services that will benefit periods beyond June 30, 2012 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

Inventories – Items purchased for future use are recorded as inventory and charged to expenditure accounts when requisitioned for use. Food Service Fund inventory consists of food and paper goods recorded at cost and commodity inventory recorded at fair market value as determined by the USDA.

Capital Assets – Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. The District has adopted a \$5,000 capitalization threshold for recording capital assets. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is computed on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 years
Furniture and equipment	5 – 10 years

Property Taxes - School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the District's boundaries. The District's tax base is within Lapeer, Macomb, St. Clair and Oakland Counties.

The District levies its property taxes on December 1 and various municipalities collect the taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the county; delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, using the proceeds to pay the District for these delinquent real property taxes, which are recorded as revenue in the current year.

Property taxes are recognized in the accounting period when they become measurable and available to finance operations. Available means when due or past due and receivable within the current period and collected no longer than 60 days after the current period.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences - Teachers earn sick days at the rate of 10 days per year. Other employees earn sick days depending on the number of months employed and their union contract. At the end of the school year, teachers are paid for any accumulated sick days over 60 days, and support staff for any over 80 days. Employees, either upon retirement and acceptance into the Michigan School Employees' Retirement System or upon resignation for certain employees, shall be compensated at a daily rate based on their contracts. The total estimated liability for unpaid sick days, including salary-related payments, was \$103,505 and \$105,855 at June 30, 2012 and 2011, respectively.

Economic Dependency – The district receives approximately 87% of its operating revenue through the foundation allowance from the State of Michigan. This figure includes property taxes collected for operations.

Concentrations - Substantially all employees of the District are covered under collective bargaining agreements. The Michigan Education Association (MEA) contract covering the teachers expires on June 30, 2013. The Almont Education Secretaries Association contract covering secretaries will expire on June 30, 2013, and the Almont Education Support Personnel Association (AEA) contract covering all support personnel will expire June 30, 2014.

Note 2 - Budget and Budgetary Accounting

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue and an informational study of Capital Project Funds of school districts prior to the expenditure of monies in a fiscal year.

The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the Act. The Act requires expenditures to be budgeted on a functional basis. A district is not considered to be in violation of the Act if reasonable procedures are in use by the District to detect violations.

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

1. The District's superintendent submits to the Board of Education a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The superintendent is authorized to transfer budgeted amounts between functions within any fund with the approval of the Budget and Finance Committee; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations, which were amended.
6. Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 2 - Budget and Budgetary Accounting (continued)

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund is presented as required supplementary information.

Note 3 - Cash and Investments

At June 30, 2012, the District had the following investments:

<u>Fund</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Quality/Rating</u>	<u>Percent of Total</u>
General	MILAF Pool	\$780,351	N/A	98.18%
Capital Projects	MILAF Pool	6,840	N/A	.86%
Trust and Agency	Securities	<u>7,646</u>	N/A	<u>.96%</u>
	Totals	<u>\$794,837</u>		<u>100.00%</u>

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities and are invested primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Cumulatively, portfolios of the District may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total District portfolio may be placed with any single financial institution with the exception of repurchase agreements. U.S. government securities and 2a7-like investment pools are excluded from these restrictions.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 3 – Cash and Investments (continued)

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits this exposure by mandating that the District's investments in commercial paper and corporate bonds be limited to those with a prime rating or better issued by nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk for Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities, if any, in the possession of an outside party. At June 30, 2012, the District had \$809,151 of its deposit balances insured by the FDIC, and \$1,850,501 of its deposit balances uninsured and uncollateralized.

Custodial Credit Risk for Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is minimized by the District through limiting investments to those of a prime or better rating and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors.

Foreign Currency Risk

This is the risk that changes in exchange rates will adversely affect the fair value of an investment. The District is not authorized to invest in investments that would be subject to this type of risk.

Note 4 - Changes in Capital Assets

Summary of capital asset transactions:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Disposals</u> <u>and</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital Assets not Being Depreciated:				
Land	\$ 579,580	\$	\$	\$ 579,580
Capital Assets Being Depreciated:				
Buildings & Additions	42,066,982	-	-	42,066,982
Furniture & Equipment	1,952,598	8,137	-	1,960,735
Buses & Other Vehicles	<u>1,267,095</u>	<u>-</u>	<u>(986,908)</u>	<u>280,187</u>
Subtotal	45,866,255	8,137	(986,908)	44,887,484
Accumulated Depreciation:				
Buildings & Additions	9,973,520	825,596	-	10,799,116
Furniture & Equipment	1,019,951	147,601	-	1,167,552
Buses & Other Vehicles	<u>1,043,804</u>	<u>48,653</u>	<u>(851,484)</u>	<u>240,973</u>
Subtotal	<u>12,037,275</u>	<u>1,021,850</u>	<u>(851,484)</u>	<u>12,207,641</u>
Net Capital Assets	<u>\$ 33,828,980</u>	<u>\$ (1,013,713)</u>	<u>\$ (135,424)</u>	<u>\$ 32,679,843</u>

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 4 - Changes in Capital Assets (continued)

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the Statement of Activities as "unallocated." Depreciation was recorded on the Statement of Activities as follows:

Instruction	\$ 786,754
Support Services	67,659
Food Service	5,249
Unallocated	<u>162,188</u>
 Total Depreciation Expense	 <u>\$1,021,850</u>

Note 5 - Short-Term Debt

As of June 30, 2011, the District had a State Aid Loan in the amount of \$1,000,000, which was paid in full on August 2, 2011. A new note was issued on September 6, 2011 in the amount of \$1,000,000. The entire balance plus accrued interest is due September 6, 2012. The purpose of this loan is to fund cash flows.

Note 6 - Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2012:

	Compensated Absences	Bonds	Installment Contracts	Durant Bonds	Early Retirement Incentive	School Bond Loan Fund	Total
Balance							
July 1, 2011	\$ 105,855	\$ 28,315,000	\$ 152,386	\$ 12,777	\$ 120,000	\$ 6,709,491	\$ 35,415,509
Additions	-	8,535,000		-		594,630	9,129,630
Less: Retirements and Payments	<u>2,350</u>	<u>10,095,000</u>	<u>139,190</u>	<u>6,240</u>	<u>80,000</u>	<u>-</u>	<u>10,322,780</u>
Balance							
June 30, 2012	103,505	26,755,000	13,196	6,537	40,000	7,304,121	34,222,359
Less:							
Current Portion	<u>15,526</u>	<u>1,715,000</u>	<u>13,196</u>	<u>6,537</u>	<u>20,000</u>	<u>-</u>	<u>1,770,259</u>
Total Due after One Year	<u>\$ 87,979</u>	<u>\$ 25,040,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 7,304,121</u>	<u>\$ 32,452,100</u>

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 - Long-Term Debt (continued)

EARLY RETIREMENT INCENTIVE

The District entered into an early retirement incentive plan with its teachers' union effective July 26, 2009 that provides benefits for five years. The District's total liability for this incentive plan was \$40,000 and \$120,000 at June 30, 2012 and 2011, respectively.

SCHOOL BOND LOAN FUND

The District has borrowed amounts from the Michigan School Bond Loan Fund to help defray the cost of making scheduled payments on bonded debt. The balance owed to the Fund as of June 30, 2012 and 2011 was \$7,304,121 and \$6,709,491, respectively.

BUS CONTRACT

The bus contract consists of a loan for one bus purchased in 2006. This loans requires annual principal payments ranging from \$8,269 to \$10,110 plus interest calculated at 4.050%. The balance owed as of June 30, 2012 and 2011 was \$10,110 and \$19,823, respectively.

CAPITAL LEASE

In August 2006, the District entered into a capital lease with Equipment Leasing Specialists, Inc. for the lease of a scissor lift. Six annual lease payments of \$3,228 are due beginning October 2007. The lease payments reflect imputed interest at the rate of 4.50% to reduce net minimum lease payments to present value. After the completion of the payments, the asset may be purchased for \$1 plus applicable taxes. The balance owed as of June 30, 2012 and 2011 was \$3,086 and \$6,037, respectively.

2002 BUILDING AND SITE BONDS

2002 Building and Site Bonds, original issue \$22,350,000, were issued to finance the cost to prepare and develop a site, including playfield and erect, construct, complete, equip and furnish thereon a new middle school building; prepare and develop a site and construct, erect, complete, equip and furnish thereon a new bus maintenance facility; purchase, install, equip, and re-equip school buildings for technology; construct, remodel, equip and re-equip, furnish and refurnish, and improve the building and sites, including playgrounds, playfields and/or physical education fields and athletic sites and facilities at the existing Orchard Primary School, Almont Elementary School and Jr./Sr. High School. The bonds, dated October 30, 2002, are due in annual installments of \$550,000 to \$975,000 through May 1, 2032, with interest rates ranging from 3.60% to 5.00%. This bond was partially defeased through a February 13, 2006 refunding bond issue. In 2012, this bond was once again partially defeased through a April 27, 2012 refunding bond issue. The balance as of June 30, 2012 and 2011 was \$1,880,000 and \$10,815,000, respectively.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 - Long-Term Debt (continued)

1998 DURANT BONDS

Almont Community Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$97,866 at the interest rate of 4.761353%. The bonds are a legal obligation of the District, but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the District is under no obligation for payment. The balance as of June 30, 2012 and 2011 was \$6,537 and \$12,777, respectively.

2004 REFUNDING BONDS

On February 25, 2004, the District issued \$13,060,000 in General Obligation – Unlimited Tax Bonds with interest rates ranging from 2.00% to 4.5%. The District issued the bonds to advance refund \$9,150,000 of the outstanding 1996 Bond Issue with an interest rate ranging from 5.375% to 7.875% and \$3,030,000 of the outstanding 1994 Refunding Bonds with an interest rate ranging from 4.80% to 5.25%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all future debt service on the 1994 Refunding Bonds. As a result, the 1994 Refunding Bonds and a portion of the 1996 Refunding Bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding balance of the bonds was \$8,725,000 and \$9,885,000 at June 30, 2012 and 2011, respectively.

2006 REFUNDING BONDS

On February 13, 2006, the District issued \$7,615,000 in General Obligation – Unlimited Tax Bonds with interest rates ranging from 3.85% to 4.20%. The District issued the bonds to advance refund \$7,160,000 of the outstanding 2002 Building and Site Bond Issue with an interest rate ranging from 4.40% to 5.00%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all future debt service on 2002 Building and Site Bonds. As a result, a portion of the 2002 Building and Site Bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding balance of the bonds was \$7,615,000 at June 30, 2012 and 2011.

2012 REFUNDING BONDS

On April 27, 2012, the District issued \$8,535,000 in General Obligation – Unlimited Tax Bonds with interest rates ranging from 3.50% to 4.00%. The District issued the bonds to advance refund \$8,385,000 of the outstanding 2002 Building and Site Bond Issue with an interest rate ranging from 4.00% to 5.00%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all future debt service on 2002 Building and Site Bonds. As a result, a portion of the 2002 Building and Site Bonds are considered defeased, and the District has removed the liability from its accounts. This refunding resulted in an economic gain of approximately \$763,362. The outstanding balance of the bonds was \$8,535,000 at June 30, 2012.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 - Long-Term Debt (continued)

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

Year Ended		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
<u>June 30,</u>						
2013	\$	1,715,000	\$	1,050,812	\$	2,765,812
2014		1,800,000		990,237		2,790,237
2015		1,875,000		922,739		2,797,739
2016		1,405,000		848,443		2,253,443
2017		1,420,000		793,243		2,213,243
2018-2022		7,130,000		3,106,027		10,236,027
2023-2027		6,410,000		1,662,175		8,072,175
2028-2032		5,000,000		541,250		5,541,250
Total	\$	<u>26,755,000</u>	\$	<u>9,914,926</u>	\$	<u>36,669,926</u>

Future principal and interest requirements for the installment contracts (bus and capital lease) to be paid from the General Fund monies are as follows:

Year Ended		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>				
2013		<u>\$13,196</u>	<u>\$558</u>	<u>\$13,754</u>
Total		<u>\$13,196</u>	<u>\$558</u>	<u>\$13,754</u>

Future principal and interest requirements for the Durant Resolution Bonds are as follows:

Year Ended		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>				
2013		<u>\$ 6,537</u>	<u>\$ 311</u>	<u>\$ 6,848</u>
Total		<u>\$ 6,537</u>	<u>\$ 311</u>	<u>\$ 6,848</u>

The payment dates of vacation days payable and compensated absences are indeterminable.

Interest expenditures for the year amounted to \$16,853 in the General Fund and \$1,166,552 in the Debt Service Funds.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 7 – Defined Benefit Pension Plan

Plan Description

The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine-member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (800) 381-5111.

Funding Policy

Retirement system funding is based on a tiered plan. Employees participate in one of three plans: the Basic Plan, the Member Investment Plan (MIP), or the Pension Plus Plan.

Basic plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for twelve months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

Member Investment Plan members enrolled in MIP prior to January 1, 1990 (MIP Fixed) contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired after January 1, 1990 but before July 1, 2010 and returning members who did not work between January 1, 1987 and December 31, 1989 (MIP Graded) contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000. New members to the retirement system who first worked July 1, 2008 or later (MIP Plus) contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 6.4% of all wages over \$15,000.

All members who first worked on or after July 1, 2010 participate in the Pension Plus Plan. The Pension Plus Plan combines a defined benefit plan and a defined contribution plan and includes member and employer contributions towards both plans. For the defined contribution portion of the plan, members are automatically enrolled to contribute 2% of their gross wages. Members have the option of increasing or decreasing the amount of the contribution. The district matches fifty percent of the member contribution up to a maximum of 1%. Members make contributions as illustrated by the following table:

<u>Benefit Structure</u>	<u>Pension Plus Plan</u>	
	<u>Member Contribution Rate</u>	
<u>Defined Benefit</u>	<u>Retiree Health Care Fund</u>	<u>Pension Fund</u>
\$0 - \$5,000	3.0%	3.0%
\$5,001 - \$15,000	3.0%	3.6%
Over \$15,000	3.0%	6.4%
<u>Defined Contribution</u>		2.0%

The District is required to contribute the full actuarial funding contribution amounts to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. Employer contribution rates are tiered between wages earned by members who first worked before July 1, 2010 and the wages of members who first worked on July 1, 2010 and later. The rates for the year ended June 30, 2012 were as follows:

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 7 – Defined Benefit Pension Plan (continued)

	First Worked Before July 1, 2010	First Worked On or After July 1, 2010
July 1, 2010 – September 30, 2010	16.94%	15.44%
October 1, 2010 – October 31, 2010	19.41%	17.91%
November 1, 2010 – October 31, 2011	20.66%	19.16%
November 1, 2011 – June 30, 2012	24.46%	23.23%

The contribution requirements of the plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District employer contributions to MPSERS for the years ended June 30, 2012, 2011 and 2010 were \$1,413,175, \$1,482,373, and \$1,375,350, respectively, equal to the required contribution for each year.

The District is not responsible for the payment of retirement benefits. Retirement benefit payments are the responsibility of the State of Michigan.

Post-Employment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees who have this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS plan discussed above.

Note 8 – Self Insurance Pool

The District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, boiler, and errors and omission insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance agencies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At the present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the past few years. Premiums for the years ended June 30, 2012 and 2011 were \$92,579 and \$92,250 and the District received a dividend refund of \$14,374 and \$12,497, respectively.

Note 9 – Interfund Receivables and Payables

Interfund receivable and payable balances as of June 30, 2012 are as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$ -	\$ 14,495
Cafeteria Fund	8,725	-
Debt Funds	<u>192,111</u>	<u>186,341</u>
Total	<u>\$ 200,836</u>	<u>\$ 200,836</u>

ALMONT COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

Note 10 – Leases

Buses:

On April 25, 2012, the District entered into a two year lease with CH&H leasing for the purpose of leasing 14 buses. The lease calls for annual payments of \$193,480 due in July of 2012 and 2013.

Office Equipment and Band Instruments:

The District leases various office equipment under operating leases expiring in various years through 2015 and band equipment under a five year operating lease expiring in 2014.

The following is a schedule, by year, of future minimum rental payments required under the non-cancelable operating leases as of June 30, 2012:

June 30, 2013	\$ 218,081
June 30, 2014	218,081
June 30, 2015	6,241
June 30, 2015	<u>2,870</u>
	<u>\$445,273</u>

Lease expenditures for 2011-2012 amounted to \$24,601.

Note 11 - Contingencies and Commitments

The District has received federal and state grants for specific purposes. These grants are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

Note 12 - Fund Balance

Non-spendable, Restricted, Committed, Assigned and Unassigned

The Board of Education adopts a budget each year that includes the appropriation of fund balance. Non-spendable fund balance represents assets that are not available in spendable form and are not expected to be converted to cash.

Non-spendable:

Prepaid expenses	\$ 4
Inventory	<u>13,953</u>
Total Non-spendable	<u>\$13,957</u>

Restricted net assets are reported separately to show legal constraints from debt covenants and legislation that limits the District's ability to use those net assets for day-to-day operations.

ALMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 12 - Fund Balance (continued)

Restricted:

Capital projects	\$ 6,840
Debt retirement	273,978
Food service	<u>66,155</u>
Total Restricted	<u>\$ 346,973</u>

Committed fund balance represents constrained amounts imposed by school board resolution. The District had no amounts committed at June 30, 2012.

Assigned fund balance represents amounts intended to be used for specific purposes expressed by the Board of Education, Finance Committee, or the official authorized by the governing body. Residual amounts in governmental funds other than the General Fund are also assigned. The Board of Education adopted the 201-13 General Fund Budget whereby expenditures exceeded revenues by \$103,633. This amount is shown as Assigned fund balance as of June 30, 2012.

Unassigned fund balance is reported only in the General Fund and represents the remaining fund balance after non-spendable, restrictions, and assignments have been made.

The District applies restricted resources first for applicable expenditures. Assigned fund equity is applied when expenditures are incurred for the assigned purpose, followed by unassigned fund equity for budgeted expenditures.

Note 13 – Subsequent Event

On July 10, 2012, the District issued \$1,200,000 in general obligation bonds with an interest rate of 4.49%. The proceeds will be used for energy conservation improvement projects.

Management has reviewed subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

Note 14 – Prior Year Restatement

Some prior year amounts were changed to conform with current year presentation.

REQUIRED SUPPLEMENTAL INFORMATION

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Local Sources	\$ 295,820	\$ 1,124,586	\$ 1,163,593	\$ 39,007
State Sources	11,789,969	11,034,675	11,029,591	(5,084)
Federal Sources	405,635	467,247	376,415	(90,832)
Total Revenues	12,491,424	12,626,508	12,569,599	(56,909)
Expenditures:				
Education				
Instruction				
Basic Programs	6,747,707	6,920,165	6,811,509	108,656
Added Needs	1,489,218	1,410,199	1,402,601	7,598
Supporting Services				
Student Services	439,595	453,125	516,296	(63,171)
Instructional Staff	182,230	225,201	190,897	34,304
General Administration	331,509	332,313	327,727	4,586
School Administration	722,302	764,967	702,875	62,092
Business Services	276,162	300,598	215,101	85,497
Operation and Maintenance	993,712	1,007,595	1,031,563	(23,968)
Transportation	560,795	566,805	628,830	(62,025)
Other Support Services	380,000	323,707	268,205	55,502
Athletics	252,974	275,973	257,001	18,972
Community Services	85,984	76,938	84,333	(7,395)
Total Expenditures	12,462,188	12,657,586	12,436,938	220,648
Excess (Deficiency) of Revenues Over/(Under) Expenditures	29,236	(31,078)	132,661	163,739
Other Financing Sources/(Uses):				
Operating Transfers	(10,000)	(10,324)	(6,438)	3,886
Principal Payments	(33,976)	(141,000)	(139,207)	1,793
Interest Payments	-	-	(7,229)	(7,229)
Retirement Incentive Payments	(105,000)	(105,000)	(105,000)	-
Incoming Transfers	125,000	100,000	106,716	6,716
Sale of Fixed Assets	-	161,036	161,524	488
Miscellaneous	-	-	59,030	59,030
Total Other Financing Sources/(Uses)	(23,976)	4,712	69,396	64,684
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	5,260	(26,366)	202,057	228,423
Fund Balance - July 1	1,133,821	1,133,821	1,133,821	-
Fund Balance - June 30	\$ 1,139,081	\$ 1,107,455	\$ 1,335,878	\$ 228,423

OTHER SUPPLEMENTAL INFORMATION

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>		<u>Non-Major Governmental Funds Total</u>
	<u>Food Service Fund</u>				
Assets:					
Cash and Investments	\$ 73,341	\$	6,840	\$	80,181
Accounts Receivable	3,325		-		3,325
Due from Other Governmental Units	6,869		-		6,869
Inventory	13,953		-		13,953
	<u>13,953</u>		<u>-</u>		<u>13,953</u>
 Total Assets	 \$ 97,488	 \$	 6,840	 \$	 104,328
	<u>97,488</u>		<u>6,840</u>		<u>104,328</u>
 Liabilities and Fund Balance:					
Liabilities:					
Accounts Payable	\$ 8,655	\$	-	\$	8,655
Due to Other Funds	8,725		-		8,725
	<u>8,725</u>		<u>-</u>		<u>8,725</u>
 Total Liabilities	 17,380		 -		 17,380
 Fund Balance:					
Non Spendable:	13,953		-		13,953
Restricted for:					
Capital Projects	-		6,840		6,840
Food Service	66,155		-		66,155
	<u>66,155</u>		<u>-</u>		<u>66,155</u>
 Total Fund Balance	 80,108		 6,840		 86,948
	<u>80,108</u>		<u>6,840</u>		<u>86,948</u>
 Total Liabilities and Fund Balance	 \$ 97,488	 \$	 6,840	 \$	 104,328
	<u>97,488</u>		<u>6,840</u>		<u>104,328</u>

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2012

	<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>		<u>Non-Major Governmental Funds Total</u>
	<u>Food Service Fund</u>				
Revenues:					
Revenues from Local Sources:					
Food Sales	\$ 216,439		\$ -		\$ 216,439
Earnings on Investments and Deposits	121		2		123
State Aid	17,841		-		17,841
Federal Aid:					
National School Lunch	190,155		-		190,155
U.S.D.A. Commodities	25,443		-		25,443
U.S.D.A. Commodities Bonus	2,847		-		2,847
	<hr/>		<hr/>		<hr/>
Total Revenues	452,846		2		452,848
Expenditures:					
Food Costs	178,476		-		178,476
Salaries	104,081		-		104,081
Employee Benefits	37,913		-		37,913
Purchased Services	93,437		-		93,437
Commodities/Supplies	11,433		-		11,433
Capital Outlay	8,664		-		8,664
Other	10,315		-		10,315
	<hr/>		<hr/>		<hr/>
Total Expenditures	444,319		-		444,319
Excess (Deficiency) of Revenues Over Expenditures	8,527		2		8,529
Fund Balance - July 1	<hr/>		<hr/>		<hr/>
	71,581		6,838		78,419
Fund Balance - June 30	<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>
	\$ 80,108		\$ 6,840		\$ 86,948

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	<u>2002</u> Debt <u>Retirement</u>	<u>2002</u> Debt <u>Refunding</u>	<u>2004</u> Debt <u>Retirement</u>	<u>2006</u> Debt <u>Retirement</u>	<u>2012</u> Debt <u>Refunding</u>	<u>Durant</u> <u>Fund</u>	<u>Totals</u> <u>June 30,</u> <u>2012</u>
Assets:							
Cash and Investments	\$ 241,218	\$ -	\$ 28,112	\$ 10,418	\$ -	\$ -	\$ 279,748
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,341</u>	<u>-</u>	<u>186,341</u>
Total Assets	<u>\$ 241,218</u>	<u>\$ -</u>	<u>\$ 28,112</u>	<u>\$ 10,418</u>	<u>\$ 186,341</u>	<u>\$ -</u>	<u>\$ 466,089</u>
Liabilities and Fund Balance:							
Liabilities:							
Due to Other Funds	\$ 188,361	\$ -	\$ 3,177	\$ 573	\$ -	\$ -	\$ 192,111
Total Liabilities	188,361	-	3,177	573	-	-	192,111
Fund Balance:							
Restricted for Debt Service	<u>52,857</u>	<u>-</u>	<u>24,935</u>	<u>9,845</u>	<u>186,341</u>	<u>-</u>	<u>273,978</u>
Total Liabilities and Fund Balance	<u>\$ 241,218</u>	<u>\$ -</u>	<u>\$ 28,112</u>	<u>\$ 10,418</u>	<u>\$ 186,341</u>	<u>\$ -</u>	<u>\$ 466,089</u>

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	2002 Debt Retirement	2002 Debt Refunding	2004 Debt Retirement	2006 Debt Retirement	2012 Debt Refunding	Durant Fund	Totals June 30, 2012
Revenues:							
Local Sources:							
Taxes	\$ 835,183	\$ 228	\$ 1,381,068	\$ 162,837	\$ -	\$ -	\$ 2,379,316
Earnings on Investments	529	53	759	99	-	-	1,440
State Sources	-	-	-	-	-	6,848	6,848
Total Revenues	835,712	281	1,381,827	162,936	-	6,848	2,387,604
Expenditures:							
Debt Service:							
Principal Retirement	550,000	-	1,160,000	-	-	6,240	1,716,240
Interest and Fiscal Charges	465,414	-	394,451	306,079	-	608	1,166,552
Other Supporting Services	290	14	264	280	99,342	-	100,190
Total Expenditures	1,015,704	14	1,554,715	306,359	99,342	6,848	2,982,982
Excess of Revenues Over/(Under) Expenditures	(179,992)	267	(172,888)	(143,423)	(99,342)	-	(595,378)
Other Financing Sources/(Uses):							
Operating Transfers	-	(45,400)	45,400	-	-	-	-
Payments to Escrow Agent	-	-	-	-	(8,565,607)	-	(8,565,607)
Proceeds from Sale of Bonds	-	-	-	-	8,851,290	-	8,851,290
Proceeds from School Bond Loan	130,014	-	32,267	133,584	-	-	295,865
Total Other Financing Sources/(Uses)	130,014	(45,400)	77,667	133,584	285,683	-	581,548
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	(49,978)	(45,133)	(95,221)	(9,839)	186,341	-	(13,830)
Fund Balance - July 1	102,835	45,133	120,156	19,684	-	-	287,808
Fund Balance - June 30	\$ 52,857	\$ -	\$ 24,935	\$ 9,845	\$ 186,341	\$ -	\$ 273,978

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	June 30, 2012	June 30, 2011
	<u> </u>	<u> </u>
Revenues:		
Revenue from Local Sources:		
Property Tax	\$ 854,689	\$ 883,878
Tuition	33,001	55,398
Interest and Penalties	1,943	3,769
Athletics	89,068	87,038
Latchkey and Community Enrichment	102,259	94,796
Other Local Revenue	<u>82,633</u>	<u>64,260</u>
Total Revenue from Local Sources	1,163,593	1,189,139
Revenue from State Sources:		
Unrestricted Grants		
State School Aid	10,198,804	10,696,090
Restricted Grants	<u>830,787</u>	<u>665,489</u>
Total Revenue from State Sources	11,029,591	11,361,579
Revenue from Federal Sources:		
Restricted Grants		
ARRA-Stabilization	-	203,974
EdJobs Fund	119,425	298,746
Title I A	105,693	100,151
Title II A	20,484	86,307
Title II D ARRA	-	1,922
Special Ed Flow Through	123,815	127,072
Special Ed IDEA ARRA	-	75,420
Other Grants	<u>6,998</u>	<u>1,972</u>
Total Revenue from Federal Sources	376,415	895,564
Other Financing Sources:		
Incoming Transfers	106,716	134,472
Loan Proceeds	-	126,526
Sale of Fixed Assets	161,524	3,000
Miscellaneous	<u>59,030</u>	<u>4,757</u>
Other Financing Sources	<u>327,270</u>	<u>268,755</u>
Total Revenues and Other Financing Sources	<u>\$ 12,896,869</u>	<u>\$ 13,715,037</u>

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

<u>INSTRUCTION</u>	June 30,	June 30,
<u>BASIC PROGRAMS</u>	<u>2012</u>	<u>2011</u>
Orchard Primary		
Salaries - Professional	\$ 1,384,900	\$ 910,967
Salaries - Non-Professional	2,984	1,312
Insurances	299,906	198,579
Fica, Retirement, Etc.	437,281	257,645
Other Benefits	24,367	7,446
Purchased Services	56,927	31,303
Supplies and Materials	82,610	23,667
Other	9,581	100
Total Orchard Primary	<u>2,298,556</u>	<u>1,431,019</u>
Almont Elementary		
Salaries - Professional	-	1,056,057
Salaries - Non-Professional	-	-
Insurances	-	243,142
Fica, Retirement, Etc.	-	311,709
Other Benefits	-	9,775
Purchased Services	-	31,749
Supplies and Materials	-	26,888
Capital Outlay	-	311
Other	-	1,140
Total Almont Elementary	<u>-</u>	<u>1,680,771</u>
Middle School		
Salaries - Professional	1,415,510	1,162,050
Salaries - Non-Professional	5,358	5,880
Insurances	270,837	255,294
Fica, Retirement, Etc.	450,344	326,405
Other Benefits	28,059	15,676
Purchased Services	42,430	25,104
Supplies and Materials	29,412	18,897
Capital Outlay	274	11,540
Other	100	-
Total Middle School	<u>2,242,324</u>	<u>1,820,846</u>
High School		
Salaries - Professional	1,327,608	1,495,963
Salaries - Non-Professional	3,769	1,150
Insurances	307,795	369,800
Fica, Retirement, Etc.	420,065	411,986
Other Benefits	26,863	15,232
Purchased Services	52,109	93,888
Supplies and Materials	45,156	44,810
Capital Outlay	3,756	6,542
Other	-	435
Total High School	<u>2,187,121</u>	<u>2,439,806</u>

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

<u>INSTRUCTION (Continued)</u>	June 30,	June 30,
<u>BASIC PROGRAMS (Continued)</u>	<u>2012</u>	<u>2011</u>
Preschool - Orchard Primary		
Salaries - Professional	\$ 39,947	\$ 51,659
Salaries - Non-Professional	16,410	16,675
Fica, Retirement, Etc.	18,092	16,713
Purchased Services	47	948
Supplies and Materials	2,386	2,385
Capital Outlay	-	-
Other	1,710	246
Total Preschool - Orchard Primary	<u>78,592</u>	<u>88,626</u>
Summer School		
Salaries - Professional	-	8,000
Salaries - Non-Professional	3,834	17,425
Fica, Retirement, Etc.	1,082	6,653
Total Summer School	<u>4,916</u>	<u>32,078</u>
Total Basic Programs	6,811,509	7,493,146
<u>ADDED NEEDS</u>		
Special Education		
Salaries - Professional	492,338	633,227
Salaries - Non-Professional	220,231	246,252
Insurances	183,786	266,224
Fica, Retirement, Etc.	225,309	244,815
Other Benefits	25,104	15,300
Purchased Services	5,249	16,768
Supplies and Materials	3,289	6,445
Other	5,084	13,075
Total Special Education	<u>1,160,390</u>	<u>1,442,106</u>
Compensatory Education		
Salaries - Professional	1,540	-
Salaries - Non-Professional	179,770	180,409
Fica, Retirement, Etc.	57,744	50,542
Other Benefits	299	-
Purchased Services	2,080	1,178
Supplies and Materials	778	2,172
Other	-	-
Total Compensatory Education	<u>242,211</u>	<u>234,301</u>
Total Added Needs	1,402,601	1,676,407

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

<u>SUPPORT SERVICES</u>	June 30, 2012	June 30, 2011
Student Services		
Salaries - Professional	\$ 209,856	\$ 250,366
Salaries - Non-Professional	131,298	112,844
Insurances	36,514	42,381
Fica, Retirement, Etc.	108,371	105,932
Other Benefits	7,515	2,550
Purchased Services	16,636	40,866
Supplies and Materials	5,342	12,572
Capital Outlay	-	594
Other	764	60
Total Student Services	516,296	568,165
Instructional Staff		
Salaries - Professional	720	-
Salaries - Non-Professional	77,496	96,754
Insurances	54	308
Fica, Retirement, Etc.	24,876	35,214
Other Benefits	6,341	3,843
Purchased Services	27,522	870
Supplies and Materials	19,235	22,466
Capital Outlay	33,746	-
Other	907	1,853
Total Instructional Staff	190,897	161,308
General Administration		
Salaries - Professional	124,760	155,760
Salaries - Non-Professional	54,572	28,125
Insurances	14,327	37,868
Fica, Retirement, Etc.	54,740	46,449
Other Benefits	2,411	10,000
Purchased Services	62,373	46,378
Supplies and Materials	8,581	2,566
Capital Outlay	-	1,034
Other	5,963	10,550
Total General Administration	327,727	338,730
School Administration		
Salaries - Professional	307,700	297,201
Salaries - Non-Professional	142,703	159,400
Insurances	51,517	84,968
Fica, Retirement, Etc.	133,183	127,640
Other Benefits	31,671	37,000
Purchased Services	26,719	24,617
Supplies and Materials	7,976	7,388
Capital Outlay	725	276
Other	681	1,105
Total School Administration	702,875	739,595

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

<u>SUPPORT SERVICES</u> (Continued)	June 30, 2012	June 30, 2011
Business Office		
Salaries - Professional	\$ 53,549	\$ 56,016
Salaries - Non-Professional	32,551	33,529
Insurances	43,511	27,134
Fica, Retirement, Etc.	28,935	24,320
Other Benefits	122	-
Purchased Services	14,655	25,454
Supplies and Materials	1,587	2,365
Capital Outlay	-	389
Other	40,191	34,987
Total Business Office	215,101	204,194
Operation and Maintenance of Plant		
Salaries - Professional	39,278	58,916
Salaries - Non-Professional	127,360	167,041
Insurances	28,237	62,397
Fica, Retirement, Etc.	49,117	67,957
Other Benefits	12,442	3,407
Purchased Services	358,719	382,120
Supplies and Materials	416,303	499,035
Capital Outlay	-	14,496
Other	107	221
Total Operation and Maintenance of Plant	1,031,563	1,255,590
Transportation		
Salaries - Professional	24,000	24,000
Salaries - Non-Professional	277,801	319,925
Insurances	43,628	114,933
Fica, Retirement, Etc.	94,914	100,888
Other Benefits	20,374	13,554
Purchased Services	38,195	25,923
Supplies and Materials	129,687	124,916
Capital Outlay	-	160,344
Other	231	1,479
Total Transportation	628,830	885,962
Other Support Services		
Purchased Services	117,617	112,284
Supplies and Materials	1,107	-
Capital Outlay	144,232	192,970
Other	5,249	-
Total Other Support Services	268,205	305,254

ALMONT COMMUNITY SCHOOLS
OTHER SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	June 30, 2012	June 30, 2011
<u>ATHLETICS</u>		
Salaries - Professional	\$ 62,159	\$ 77,993
Fica, Retirement, Etc.	20,413	24,135
Purchased Services	144,953	142,933
Supplies and Materials	16,617	18,880
Capital Outlay	690	3,390
Other	12,169	13,129
Total Athletics	<u>257,001</u>	<u>280,460</u>
 TOTAL SUPPORT SERVICES	 4,138,495	 4,739,258
 <u>COMMUNITY SERVICES</u>		
Salaries - Professional	11,254	16,529
Salaries - Non-Professional	39,746	35,932
Fica, Retirement, Etc.	15,585	14,373
Purchased Services	13,054	10,373
Supplies and Materials	4,694	2,281
Other	-	1,310
Total Community Services	<u>84,333</u>	<u>80,798</u>
 TOTAL EXPENDITURES	 12,436,938	 13,989,609
 OTHER FINANCING USES		
Principal Payments	139,207	12,172
Interest Payments	7,229	1,583
Retirement Incentive Payment	105,000	85,000
Transfers to Other Districts	6,438	7,819
 TOTAL OTHER FINANCING USES	 <u>257,874</u>	 <u>106,574</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 <u>\$ 12,694,812</u>	 <u>\$ 14,096,183</u>

ALMONT COMMUNITY SCHOOLS
 OTHER SUPPLEMENTARY INFORMATION
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and Cash Equivalents	\$ <u>104,166</u>	\$ <u>335,771</u>	\$ <u>341,973</u>	\$ <u>97,964</u>
 Liabilities:				
Due to Student and Other Groups	\$ <u>104,166</u>	\$ <u>335,771</u>	\$ <u>341,973</u>	\$ <u>97,964</u>

ALMONT COMMUNITY SCHOOLS
TRUST AND AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Receipts	Disbursements	Balance June 30, 2012
<u>Elementary School</u>				
Band	\$ 18	\$ -	\$ 18	\$ -
Book Fund	420	-	420	-
Choir	125	-	125	-
Counsel-Emergency	27	-	27	-
C.I.	199	-	199	-
General	48	-	48	-
Grade 3	1,380	-	1,380	-
Grade 4	1,255	-	1,255	-
Grade 5	2,660	-	2,660	-
Grants	488	-	488	-
K of C Funds	43	-	43	-
Library/Reading	59	115	174	-
Pop Machine	5	-	5	-
Resource	485	25	510	-
Student Council	815	-	815	-
Total Elementary School	8,027	140	8,167	-
<u>Orchard Primary School</u>				
Art	69	5	-	74
Choir	330	598	526	402
Counseling	-	18	13	5
EMI	1,852	303	262	1,893
General	8,055	12,068	9,485	10,638
Grade 1	881	753	800	834
Grade 2	370	1,737	1,902	205
Grade 3	-	4,022	3,646	376
Grade 4	-	2,036	1,926	110
Grants	1,495	325	-	1,820
K of C	891	29	-	920
Kindergarten	2,456	1,631	2,221	1,866
Library/Reading	238	516	75	679
Memorial Fund	27	-	-	27
Pop Machine	587	581	983	185
Student Council	386	2,676	1,080	1,982
Total Orchard Primary	17,637	27,298	22,919	22,016
<u>Middle School</u>				
Book Fines	227	155	-	382
Cheer	340	-	295	45
Choir	-	42	-	42
Drama	5,847	3,243	7,574	1,516
General	1,100	13,597	14,448	249
Grade 5	-	7,703	5,607	2,096
Grade 6	1,462	12,645	13,638	469
Grade 7	749	12,667	11,589	1,827
Grade 8	529	3,468	3,754	243
Grants	353	2,888	2,629	612
K of C	44	14	-	58
Library	58	2,846	2,765	139
Newsletter	38	-	-	38
Special Education	95	1,006	626	475
Student Council	903	1,242	1,373	772
Yearbook	2,043	1,385	1,111	2,317
Yearbook Fund	4,069	-	-	4,069
Total Middle School	17,857	62,901	65,409	15,349

(continued)

ALMONT COMMUNITY SCHOOLS
TRUST AND AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance <u>July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2012</u>
<u>High School</u>				
Almont Varsity Singers	857	-	-	857
Athletics	3,295	48,537	51,832	-
Athletics Travel	79		79	-
Baseball	198	10,688	10,364	522
Basketball-Boys	145	11,807	11,791	161
Basketball-Girls	63	-	50	13
Basketball-JV girls	-	79	-	79
Bee Keeping	866		-	866
Book Fines	415	101	415	101
Boy's Track	235	-	35	200
Cheerleaders-JV	848	-	848	-
Cheerleaders-Varsity	566	9,396	9,820	142
Class of 2011	74	-	74	-
Class of 2012	1,620	1,102	2,722	-
Class of 2013	995	13,727	10,366	4,356
Class of 2014	2,253	1,384	53	3,584
Class of 2015	-	1,717	157	1,560
Counseling Grant	891	346	440	797
Cross Country	5,416	1,981	2,312	5,085
Dance Team	1,351	8,840	6,195	3,996
Drama	3,527	5,722	8,157	1,092
French Club	916	704	661	959
Football-Varsity	4,646	24,810	21,260	8,196
Golf	960	380	380	960
General	415	5,016	5,137	294
Girls' Track	174	2,814	2,656	332
Grants	710	2,095	1,352	1,453
International Club	542	-	-	542
Knights of Columbus	50	-	-	50
Library	367	323	404	286
Medical Charity	2,185	-	-	2,185
National Honor Society	416	782	698	500
Parking Lot Fund	873	333	-	1,206
Powerlifting	277	-	213	64
Raider Trader	552	1,741	1,627	666
Rachel's Challenge	1,137	4,251	4,601	787
Scholarship Fund	425	3,500	3,925	-
Science Dept.	53	-	-	53
Soccer - Boys	1,069	2,846	2,861	1,054
Soccer - Girls	538	450	121	867
Softball	283	2,915	2,401	797
Spanish Club	129	319	319	129
Special Ed	1,943	1,999	3,855	87
Student Council	2,285	8,821	8,370	2,736
Tennis	972	1,782	1,380	1,374
Track -Jr. High	276	-	35	241
Varsity Club	3,201	26,209	29,411	(1)
Volleyball	2,903	9,527	9,133	3,297
Wrestling	1,011	3,311	2,292	2,030
Xmas Families	19	-	-	19
Yearbook	7,624	25,077	26,676	6,025
Total High School	<u>60,645</u>	<u>245,432</u>	<u>245,478</u>	<u>60,599</u>
TOTAL STUDENT GROUPS	\$ <u>104,166</u>	\$ <u>335,771</u>	\$ <u>341,973</u>	\$ <u>97,964</u>

ALMONT COMMUNITY SCHOOLS
 SCHEDULE OF OTHER INSTALLMENT CONTRACTS
 JUNE 30, 2012

<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Payable</u>	<u>Total</u>
10/02/06	10/02/12		\$ <u>10,110</u>	\$ <u>416</u>	\$ <u>10,526</u>
			\$ <u>10,110</u>	\$ <u>416</u>	\$ <u>10,526</u>

Purpose: To acquire one 2006 bus.
 Note payable with Lapeer County Bank
 Original Note \$54,987

<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Payable</u>	<u>Total</u>
08/16/06	10/02/12	4.500%	\$ <u>3,086</u>	\$ <u>142</u>	\$ <u>3,228</u>
			\$ <u>3,086</u>	\$ <u>142</u>	\$ <u>3,228</u>

Purpose: To acquire one scissor lift.
 Note payable with Equipment Leasing Specialists, Inc.
 Original Note \$19,926

ALMONT COMMUNITY SCHOOLS
 DETAIL OF 1998 DURANT BONDS
 JUNE 30, 2012

1998 DURANT

Date of issue: 11/24/1998
 Amount authorized: \$97,533

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Annual Requirement</u>
5/15/2013	4.761353 %	\$ <u>6,537</u>	\$ <u>311</u>	\$ <u>6,848</u>
Total		\$ <u><u>6,537</u></u>	\$ <u><u>311</u></u>	\$ <u><u>6,848</u></u>

ALMONT COMMUNITY SCHOOLS
 DETAIL OF BONDED DEBT
 2002 BUILDING AND SITE BONDS
 JUNE 30, 2012

Schedule of Bonded Indebtedness

Date of issue: 10/30/2002

Amount authorized: \$ 22,350,000

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Annual Requirement</u>
5/15/2013	3.600 %	\$ 550,000	\$ 70,732	\$ 620,732
5/15/2014	3.750 %	625,000	50,932	675,932
5/15/2015	3.900 %	<u>705,000</u>	<u>27,496</u>	<u>732,496</u>
Total		<u>\$ 1,880,000</u>	<u>\$ 149,160</u>	<u>\$ 2,029,160</u>

ALMONT COMMUNITY SCHOOLS
 DETAIL OF BONDED DEBT
 2004 REFUNDING BONDS
 JUNE 30, 2012

Schedule of Bonded Indebtedness

Date of issue: 02/25/2004
 Amount authorized: \$ 13,060,000

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Annual Requirements</u>
5/15/2013	3.500%	\$ 1,165,000	\$ 353,851	\$ 1,518,851
5/15/2014	3.750%	1,175,000	313,076	1,488,076
5/15/2015	4.000%	1,170,000	269,014	1,439,014
5/15/2016	3.800%	500,000	222,214	722,214
5/15/2017	4.000%	495,000	203,214	698,214
5/15/2018	4.000%	490,000	183,414	673,414
5/15/2019	4.150%	480,000	163,814	643,814
5/15/2020	4.375%	475,000	143,894	618,894
5/15/2021	4.375%	475,000	123,113	598,113
5/15/2022	4.375%	470,000	102,331	572,331
5/15/2023	4.375%	465,000	81,769	546,769
5/15/2024	4.500%	455,000	61,425	516,425
5/15/2025	4.500%	450,000	40,950	490,950
5/15/2026	4.500%	<u>460,000</u>	<u>20,700</u>	<u>480,700</u>
TOTAL		\$ <u>8,725,000</u>	\$ <u>2,282,779</u>	\$ <u>11,007,779</u>

ALMONT COMMUNITY SCHOOLS
 DETAIL OF BONDED DEBT
 2006 REFUNDING BONDS
 JUNE 30, 2012

Schedule of Bonded Indebtedness

Date of issue: 02/13/2006
 Amount authorized: \$ 7,615,000

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Annual Requirements</u>
05/15/13	4.000 %	\$ -	\$ 306,079	\$ 306,079
05/15/14	4.000 %	-	306,079	306,079
05/15/15	4.000 %	-	306,079	306,079
05/15/16	4.000 %	45,000	306,079	351,079
05/15/17	3.850 %	50,000	304,279	354,279
05/15/18	3.850 %	50,000	302,354	352,354
05/15/19	3.850 %	55,000	300,429	355,429
05/15/20	3.850 %	950,000	298,311	1,248,311
05/15/21	3.900 %	945,000	261,736	1,206,736
05/15/22	4.000 %	940,000	224,881	1,164,881
05/15/23	4.000 %	930,000	187,281	1,117,281
05/15/24	4.000 %	925,000	150,081	1,075,081
05/15/25	4.125 %	915,000	113,081	1,028,081
05/15/26	4.125 %	910,000	75,338	985,338
05/15/27	4.200 %	900,000	37,800	937,800
TOTAL		\$ <u>7,615,000</u>	\$ <u>3,479,887</u>	\$ <u>11,094,887</u>

ALMONT COMMUNITY SCHOOLS
 DETAIL OF BONDED DEBT
 2012 REFUNDING BONDS
 JUNE 30, 2012

Schedule of Bonded Indebtedness

Date of issue: 04/27/2012
 Amount authorized: \$ 8,535,000

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Annual Requirements</u>
05/01/13	4.000 %	\$ -	\$ 320,150	\$ 320,150
05/01/14	4.000 %	-	320,150	320,150
05/01/15	4.000 %	-	320,150	320,150
05/01/16	4.000 %	860,000	320,150	1,180,150
05/01/17	4.000 %	875,000	285,750	1,160,750
05/01/18	4.000 %	900,000	250,750	1,150,750
05/01/19	4.000 %	900,000	214,750	1,114,750
05/01/20	4.000 %	-	178,750	178,750
05/01/21	4.000 %	-	178,750	178,750
05/01/22	4.000 %	-	178,750	178,750
05/01/23	4.000 %	-	178,750	178,750
05/01/24	4.000 %	-	178,750	178,750
05/01/25	4.000 %	-	178,750	178,750
05/01/26	4.000 %	-	178,750	178,750
05/01/27	4.000 %	-	178,750	178,750
05/01/28	3.500 %	1,000,000	178,750	1,178,750
05/01/29	3.500 %	1,000,000	143,750	1,143,750
05/01/30	3.500 %	1,000,000	108,750	1,108,750
05/01/31	3.750 %	1,000,000	73,750	1,073,750
05/01/32	3.625 %	1,000,000	36,250	1,036,250
TOTAL		\$ 8,535,000	\$ 4,003,100	\$ 12,538,100

A-133 INFORMATION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

October 5, 2012

To the Board of Education

Almont Community Schools
Almont, MI

We have audited the basic financial statements of Almont Community Schools as of and for the year ended June 30, 2012, and have issued our report thereon dated October 5, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Almont Community Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Almont Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Almont Community Schools' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Almont Community Schools' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Almont Community Schools, in a separate letter dated October 5, 2012.

This report is intended solely for the information and use of management, The Michigan Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 5, 2012

To the Board of Education
Almont Community Schools
Almont, MI

Compliance

We have audited the compliance of Almont Community Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have direct and material effect on each of its major federal programs for the year ended June 30, 2012. Almont Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Almont Community Schools' management. Our responsibility is to express an opinion on Almont Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Almont Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Almont Community Schools' compliance with those requirements.

In our opinion, Almont Community Schools complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

The management of Almont Community Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Almont Community Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Almont Community Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, The Michigan Department of Education, federal awarding agencies, and pass-through entities and should not be used by anyone other than these specified parties.

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AMOUNT	ACCRUED (DEFERRED) REVENUE JUNE 30, 2011	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE JUNE 30, 2012
<u>U.S. DEPT. OF EDUCATION</u>							
<u>Passed Through Michigan Dept. of Education</u>							
Title I Part A							
101530-1011	84.010	\$ 114,900	-	\$ 97,271	\$ 364	\$ 364	-
111530-1112		129,613	-	-	86,458	105,329	18,871
Title II Part A							
100520-0910	84.367	67,599	18,708	51,506	18,708	-	-
110520-1011		76,070	5,220	75,061	5,220	-	-
110520-1112		47,020	-	-	15,875	20,484	4,609
ARRA Education Stabilization Fund							
112525-1011	84-394	203,974	31,067	203,974	31,067	-	-
EducationJobs Fund							
112545-1011	84.410	388,800	51,065	298,746	141,119	90,054	-
112545-1112		29,371	-	-	29,371	29,371	-
Total Passed Through Michigan Dept. of Education		1,057,347	106,060	726,558	328,182	245,602	23,480
<u>Passed through Lapeer ISD</u>							
Special Education							
Flow Through 10-11	84.027	127,169	3,733	127,072	3,733	-	-
Flow Through 11-12		123,815	-	-	120,561	123,815	3,254
Total Passed Through Lapeer ISD		250,984	3,733	127,072	124,294	123,815	3,254
<u>Passed through Imlay City Schools</u>							
Title III Limited English	84.365A	5,677	-	-	5,677	5,677	-
Total U.S. Dept. of Education		1,314,008	109,793	853,630	458,153	375,094	26,734
<u>U.S. DEPT. OF AGRICULTURE</u>							
<u>Passed Through Michigan Dept. of Education</u>							
National School Lunch Program - 1011							
National School Lunch Program - 1112	10.555	154,910	5,611	154,910	5,611	-	-
	10.555	154,189	-	-	151,445	154,189	2,744
National School Lunch - Breakfast 1011							
National School Lunch - Breakfast 1112	10.553	33,628	1,416	32,212	1,416	-	-
	10.553	35,966	-	-	34,920	35,966	1,046
<u>Food Distributions</u>							
Entitlement Commodities - 1112	10.550	25,443	-	-	25,443	25,443	-
Bonus Commodities - 1112	10.550	2,847	-	-	2,847	2,847	-
Total U.S. Dept. of Agriculture		406,983	7,027	187,122	221,682	218,445	3,790
<u>U.S. DEPT. OF HEALTH & HUMAN SERVICES</u>							
<u>Passed through Lapeer ISD</u>							
Medical Assistance Program	93.778	1,321	-	-	1,321	1,321	-
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>		<u>\$ 1,722,312</u>	<u>\$ 116,820</u>	<u>\$ 1,040,752</u>	<u>\$ 681,156</u>	<u>\$ 594,860</u>	<u>\$ 30,524</u>

ALMONT COMMUNITY SCHOOLS
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ <u>594,860</u>
FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS	
General Fund	\$ 376,415
School Service Fund	<u>218,445</u>
TOTAL	\$ <u>594,860</u>

- 1) The Schedule of Expenditures of Federal Awards has been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Auditor Report in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Report have been reconciled in the attached reconciliation.

ALMONT COMMUNITY SCHOOLS
 RECONCILIATION OF "GRANT AUDITOR REPORT"
 TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012

Current Payments Per the Grant Auditor Report	\$	521,574
<u>Add:</u> Grants Passed Through the Lapeer Intermediate School District		
Special Education Flow Through (CFDA 84.027)		124,294
Medical Assistance Program (CFDA 93.778)		1,321
Total Grants Passed Through the Lapeer Intermediate School District		<u>125,615</u>
Grants Passed Through the Imlay City Schools		
Title III (CFDA 84.365A)		5,677
Entitlement and Bonus Commodities (CFDA 10.550)		<u>28,290</u>
TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$	<u><u>681,156</u></u>

ALMONT COMMUNITY SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>
Noncompliance material to financial statements noted?	<i>No</i>

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>
Audit findings required to be reported in accordance with sections 510(a) Circular 133?	<i>No</i>

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? *No*

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
<i>10.550 10.553 10.555</i>	<i>National School Lunch Cluster</i>

Dollar threshold used to distinguish between Type A and Type B programs: *\$300,000*

Auditee qualified as low-risk auditee? *Yes*

Section 2-Financial Statement Findings

No matters were noted.

Section 3-Federal Award Findings and Questioned Costs

No matters were noted.