

**KENOWA HILLS
PUBLIC SCHOOLS**
Kent and Ottawa Counties, Michigan

Annual Financial Report

For the year ended June 30, 2014

KENOWA HILLS PUBLIC SCHOOLS
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For the year ended June 30, 2014

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

September 25, 2014

The Board of Education
Kenowa Hills Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kenowa Hills Public Schools (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Kenowa Hills Public Schools as of June 30, 2014, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kenowa Hills Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2014 on our consideration of Kenowa Hills Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kenowa Hills Public Schools' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants

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MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of the Kenowa Hills Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplementary Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.



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Management's Discussion and Analysis
June 30, 2014

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	<u>2014</u>	<u>2013</u>
Assets		
Current assets	\$ 11,657,667	\$ 11,776,099
Noncurrent assets	31,413,081	32,736,465
Total Assets	43,070,748	44,512,564
Deferred Outflows of Resources	1,022,595	1,107,811
Liabilities		
Current liabilities	8,775,321	7,430,528
Noncurrent liabilities	29,842,263	34,286,302
Total Liabilities	38,617,584	41,716,830
Net Position		
Invested in capital assets, net of related debt	(1,604,453)	(2,639,614)
Restricted	2,375,133	1,885,155
Unrestricted	4,705,079	4,658,004
Total Net Position	\$ 5,475,759	\$ 3,903,545



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Management's Discussion and Analysis
 June 30, 2014

The Statement of Activities presents changes in net position from operating results:

	<u>2014</u>	<u>2013</u>
Program Revenues		
Charges for services	\$ 1,435,336	\$ 1,351,885
Operating grants	7,697,207	6,180,187
General Revenues		
Property taxes	12,105,475	12,037,690
State school aid, unrestricted	15,836,211	16,210,731
Interest earnings	10,218	12,964
Gain on sale of fixed assets	520,707	—
Other	536,105	310,314
Total Revenues	<u>38,141,259</u>	<u>36,103,771</u>
Expenses		
Instruction	21,336,416	21,975,097
Supporting services	11,328,363	11,763,006
Community services	550,263	538,884
Food service	1,388,105	1,442,709
Other	86,184	167,162
Interest expense	1,879,714	2,039,365
Total Expenses	<u>36,569,045</u>	<u>37,926,223</u>
Increase (decrease) in net position	1,572,214	(1,822,452)
Net Position - Beginning of Year	<u>3,903,545</u>	<u>5,725,997</u>
Net Position - End of Year	<u><u>\$ 5,475,759</u></u>	<u><u>\$ 3,903,545</u></u>

Financial Analysis of the District as a Whole

The District's financial position is influenced by many factors. The District experienced slight increase in local tax revenues however a larger decrease state funded revenues. The District prepared for this decrease in revenues by the sale of two unused educational buildings and reducing operating costs. The employee groups have worked with the administration and the Board of Education to limit the costs of benefits while at the same time increasing employees' cost share of said benefits for future years to come.

The Districts's total revenues increased 5.6 percent to \$38.1 million. Property taxes and unrestricted State aid accounted for most of the District's revenue, contributing 73 cents of every dollar raised. Another 20 percent came from State and Federal aid for specific programs, and the remainder from fees charged for services, interest earnings and miscellaneous sources. The chart below depicts the breakdown of the sources of revenue for the District.



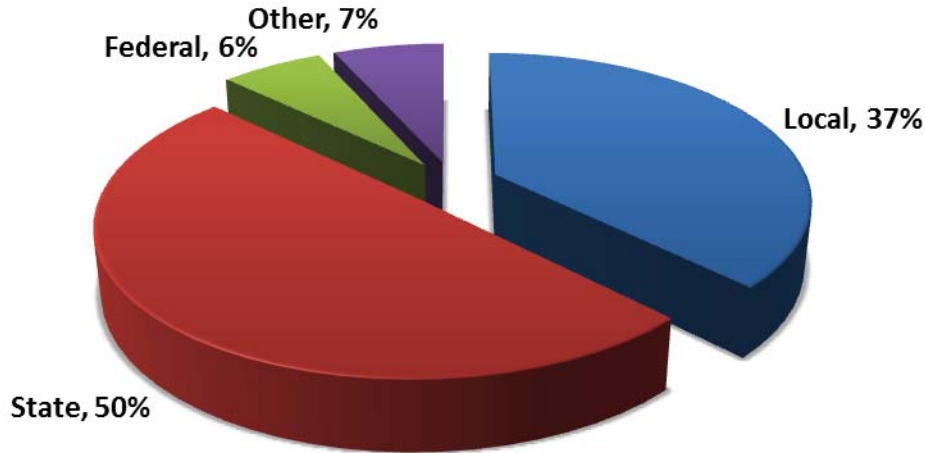
Kenowa Hills Public Schools

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Management's Discussion and Analysis

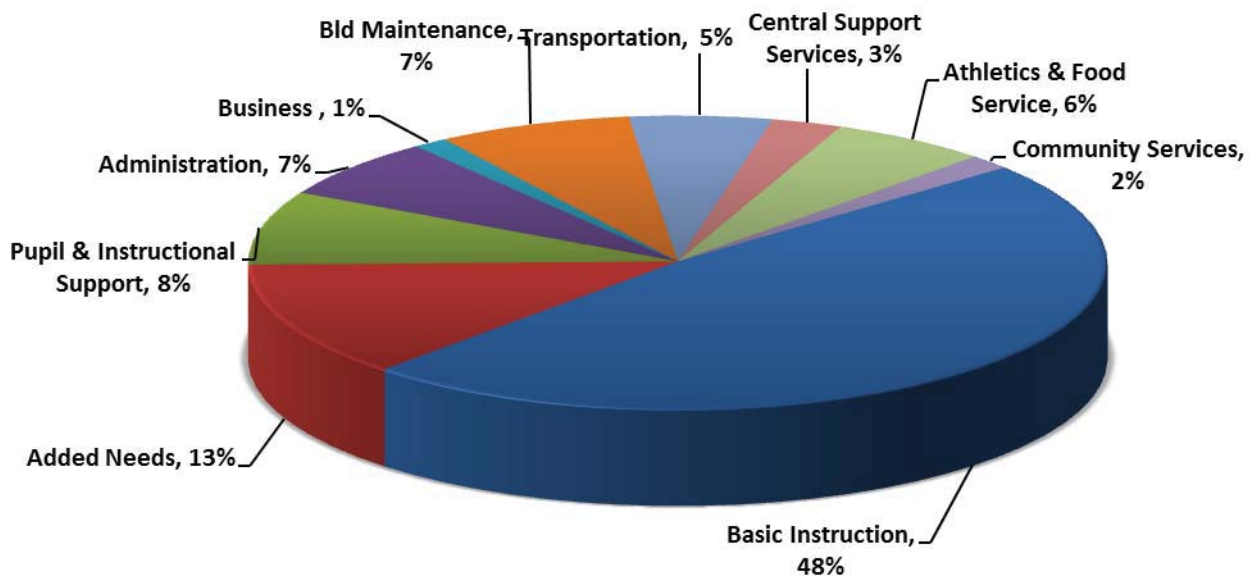
June 30, 2014

Sources of Revenue for Fiscal Year 2013-14



The total cost of all programs and services decreased 3.7 percent to \$36.6 million. The District's expenses are predominantly related to instructing, caring for (added needs and pupil services) and transporting students (77 percent). The District's administrative and business activities accounted for 7 percent of total costs. Operation and maintenance expenses accounted for 6 percent.

Departmental Expenditures as Percentage of Total



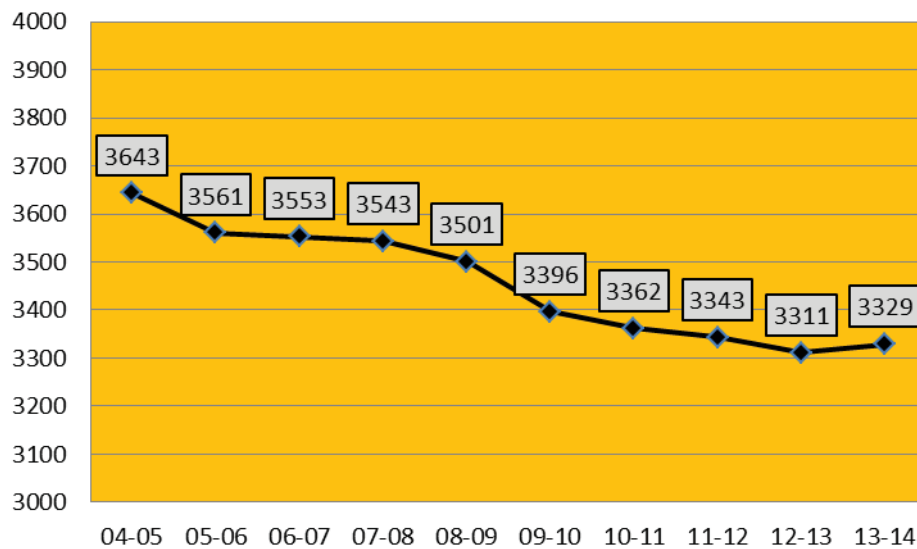


Total revenues surpassed expenses, increasing net position by \$1.6 million from last year.

Total revenues for 2013-14 increased by approximately 5.6% while expenses decreased 3.7%.

- The blended student count for which the District receives a foundation allowance increased by 18 students between 2012-13 and 2013-14.

Enrollment History: 2005 through 2014



- Changes to valuations on some commercial and industrial properties, along with a slight increase in the housing market resulted in a decrease in taxable values for the sixth consecutive year.
- Approximately 47% of the District's revenue is funded by the State of Michigan. This is cause for the District to remain cautious regarding funding as the state legislature does not appear to be taking action to correct the State's financial problems.
- The District reduced its fund equity by approximately 10% over the 2008-09 and 2009-10 school years from 17% to 7%. The Board of Education, during the 2009-10 school year, took prudent and dramatic steps to place the District in a position in which it can sustain itself financially, including reducing staff significantly and closing three elementary buildings. As a result, during the 2011-12 school year \$348,737 was added back to the District's General Fund balance. This helped the District as it endured a loss of students and increased employee retirement costs during the 2012-13 school year which resulted in the District using almost 6.5% of its fund balance. During the 2013-14 school year the District was able to add back 1.6% of the lost fund balance as a result of continued efforts of the Board of Education and entire staff.



Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Kenowa Hills Public School's funds are described as follows:

Major Fund

General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$31,730,591, total other financing sources of \$309,116, total expenditures of \$31,958,568, and total other financing uses of \$968. It ended the fiscal year with a fund balance of \$5,105,279, an increase of \$80,171 from the fund balance of \$5,025,108 at June 30, 2013.

Nonmajor Funds

Special Revenue Funds

The District operates one Special Revenue Fund, for the food service program. Total revenues were \$1,494,274, total expenditures were \$1,355,805, and total other financing uses were \$107,819. The ending fund balance was \$33,695 at June 30, 2014.

Debt Service Funds

The District maintains three Debt Service Funds. Total revenues were \$4,200,094 and total expenditures were \$4,228,843. The ending fund balances in the Debt Service Funds totaled \$2,149,877.



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Management's Discussion and Analysis

June 30, 2014

2013 Construction Capital Projects Fund

The District sold land and obsolete buildings with the proceeds to be used for additional building improvement plans in the District. Total revenues for 2013-14 were \$123, and total other financing sources were \$518,819 (which included the proceeds from the sale of District buildings), leaving a fund balance of \$518,942 at June 30, 2014.

Fiduciary Funds

The District has Scholarship Funds and a Student Activities Fund. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2014 totaled \$176,929.

General Fund Budgetary Highlights

Over the course of the year, the District revised its initial annual operating budget three times, once in December, March, and in June just prior to fiscal year end. These budget revisions included:

- Changes made to account for the final student enrollment that determines how much foundation grant per pupil or State school aid will be received during the fiscal year. The original budget adopted in June of 2013 included the assumption of a decline in enrollment of seventy-five (75) however the final blended enrollment resulted in an increase of eighteen (18) students.
- Changes in staffing due to student educational needs, updating curriculum materials, repair and maintenance of facilities and increased costs for employee retirement pension funding.

Capital Asset and Debt Administration

Capital Assets

By the end of 2013-14, the District had invested \$53 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$1,449,675.

At June 30, 2014, the District's investment in capital assets (net of accumulated depreciation), including land, land improvements, buildings, vehicles, furniture and equipment, was \$31.4 million. This represents a decrease of approximately \$1.3 million from the previous year-end.

Land	\$ 1,106,100
Land improvements	2,683,797
Buildings and additions	26,417,703
Furniture and equipment	592,694
Vehicles	<u>612,787</u>
Net Capital Assets	<u><u>\$ 31,413,081</u></u>



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Management's Discussion and Analysis
June 30, 2014

Long-term Debt

At year end, the District had \$34.5 million in general obligation bonds and other long-term debt outstanding – a net decrease of \$2.4 million from last year. The District continued to pay down its debt, retiring \$2.33 million of outstanding bonds.

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a district's boundaries. The District's other long term obligations consist of accumulated sick leave. We present more detailed information about our long-term liabilities in Note F in the Notes to Basic Financial Statements.

The District's underlying bond rating from Standard & Poor's on its general obligation unlimited tax debt is "A+" which improved from an "A" rating. The outstanding debt was qualified by the State, and thus also carries the State's program rating of "AA-".

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Michigan's economy continues to be a major concern for future school funding. The District's October 2013 student count of 3,337 was up 18 students from the October 2012 count of 3,319. This count is slightly less than the Fall 2011 blended count of 3343. State School Aid funding, which represents approximately 47% of the District's annual revenues, still remains below the 2006-07 funding level.
- Negotiated contract agreements are in place with teacher and support staff unions through August 2015 and transportation and all of custodial services will be provided by private contractors beginning the 2014-15 school year.
- The District's fund balance in its primary operating fund, the General Fund, increased by \$80,171 during the 2013-14 fiscal year to \$5,105,279. This increase was less than the \$202,757 loss projected. The current fund balance represents 15.8% of the 2014-15 General Fund operational budget. As a result of this Fund Balance, the District is optimistic that the significant operational changes and budget reductions made for the 2014-15 school year will allow the District to move forward with a balanced operational program and financial outlook. However, if funding does not improve, the District will have to once again experience many reductions to discontinue an ongoing use of the Fund Balance which is projected to be \$1,178,243 at the end of the 2014-15 school year.



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Management's Discussion and Analysis

June 30, 2014

- In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, requiring all governments providing defined benefit pensions to their employees (including Michigan school districts who contribute to the Michigan Public Schools Employee Retirement System (MPERS)) to recognize their unfunded pension obligation as a liability for the first time. The net pension liability that will be recorded on the district-wide financial statements (not on the General Fund statements) will be computed using specific parameters set forth by the GASB. The total net pension liability of the MPERS system approximates \$25 billion, and this amount will be allocated to each participating Michigan school district on a pro-rata basis. The provisions of the GASB statement are effective for the fiscal year ending June 30, 2015. The Michigan Office of Retirement Services (ORS) has estimated that Kenowa Hills Public Schools' net pension liability for the 2012 fiscal year was \$44 million. This is a close estimate of the 2014 liability that will be included on the District's Statement of Net Assets for the year ended June 30, 2015. If this liability were applied to the 2014 Statement of Net Assets, the net position of the District would change from a positive balance of just under \$5.5 million to a negative balance of approximately \$38.5 million. This liability will change from year to year, and there is no expectation that the District will be liable for the total amount in any one year. As all school districts in the State are subject to the same requirements, this situation will be similar for each participating school district in Michigan. It is uncertain at this time as to how the typical users of school district financial statements (financial institutions, bond rating agencies, etc.) will view this major change in financial reporting requirements.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Kenowa Hills Public Schools, 2325 Four Mile Road, N.W., Grand Rapids, MI 49544.

BASIC FINANCIAL STATEMENTS

KENOWA HILLS PUBLIC SCHOOLS
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash	\$ 1,050
Cash equivalents, deposits and investments (Note B)	7,590,953
Accounts receivable	40,348
Due from other governmental units (Note C)	3,998,872
Inventory	22,100
Prepaid expenses	4,344
Capital assets not being depreciated (Note E)	1,106,100
Capital assets being depreciated, net (Note E)	30,306,981
	43,070,748
Deferred Outflows of Resources	
Loss on advance bond refundings, net	1,022,595
	1,022,595
Liabilities	
Accounts payable	355,930
Due to other governmental units	1,291,515
Accrued interest payable	293,686
Salaries payable	1,935,441
Unearned revenue	266,988
Long-term liabilities (Note F):	
Due within one year	4,631,761
Due in more than one year	29,842,263
	38,617,584
Net Position	
Invested in capital assets, net of related debt	(1,604,453)
Restricted for:	
Debt service	1,856,191
Capital projects	518,942
Unrestricted	4,705,079
	5,475,759
	\$ 5,475,759

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 21,336,416	\$ 55,424	\$ 5,473,395	\$(15,807,597)
Supporting services	11,328,363	199,703	572,772	(10,555,888)
Community services	550,263	695,198	-	144,935
Food service	1,388,105	485,011	1,009,159	106,065
Other	86,184	-	-	(86,184)
Interest expense	1,879,714	-	641,881	(1,237,833)
Total Governmental Activities	\$ 36,569,045	\$ 1,435,336	\$ 7,697,207	(27,436,502)
General Revenues				
Taxes:				
				8,569,206
				3,536,269
				15,836,211
				10,218
				520,707
				536,105
				<u>29,008,716</u>
				1,572,214
				<u>3,903,545</u>
				<u>\$ 5,475,759</u>

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2014

Assets	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Cash	\$ 400	\$ 650	\$ 1,050
Cash equivalents, deposits and investments (Note B)	4,814,173	2,776,780	7,590,953
Accounts receivable	40,348	-	40,348
Due from other funds (Note D)	116,132	38,532	154,664
Due from other governmental units (Note C)	3,946,096	52,776	3,998,872
Inventory	8,183	13,917	22,100
Prepaid expenditures	4,344	-	4,344
Total Assets	<u>\$ 8,929,676</u>	<u>\$ 2,882,655</u>	<u>\$11,812,331</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 353,457	\$ 2,473	\$ 355,930
Due to other funds (Note D)	-	154,664	154,664
Due to other governmental units	1,291,515	-	1,291,515
Salaries payable	1,928,669	6,772	1,935,441
Unearned revenue	250,756	16,232	266,988
Total Liabilities	<u>3,824,397</u>	<u>180,141</u>	<u>4,004,538</u>
 Fund Balances (Note A)			
Nonspendable	12,527	13,917	26,444
Restricted	-	2,688,597	2,688,597
Assigned	10,242	-	10,242
Unassigned	5,082,510	-	5,082,510
Total Fund Balances	<u>5,105,279</u>	<u>2,702,514</u>	<u>7,807,793</u>
Total Liabilities and Fund Balances	<u>\$ 8,929,676</u>	<u>\$ 2,882,655</u>	<u>\$11,812,331</u>

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total governmental fund balances		\$ 7,807,793
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$52,959,532 and accumulated depreciation is \$21,546,451.		31,413,081
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.		1,022,595
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:		
General obligation bonds	\$(32,675,000)	
Bond premium	(1,365,129)	
Early retirement incentive	(14,000)	
Accumulated sick leave	(419,895)	
	(34,474,024)	(34,474,024)
Accrued interest is not included as a liability in governmental funds.		(293,686)
Total net position - governmental activities		\$ 5,475,759

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	General	Nonmajor	Total
Revenues			
Local sources	\$ 9,848,213	\$ 4,043,451	\$13,891,664
State sources	18,355,089	78,416	18,433,505
Federal sources	1,380,170	1,530,854	2,911,024
Interdistrict sources	2,147,119	41,770	2,188,889
Total Revenues	31,730,591	5,694,491	37,425,082
Expenditures			
Current:			
Instruction	20,229,844	-	20,229,844
Supporting services	11,075,751	-	11,075,751
Community services	538,666	-	538,666
Food service	-	1,355,805	1,355,805
Capital outlay	93,820	-	93,820
Debt service:			
Principal repayment	-	2,330,000	2,330,000
Interest and fiscal charges	-	1,898,843	1,898,843
Interdistrict	20,487	-	20,487
Total Expenditures	31,958,568	5,584,648	37,543,216
Excess (Deficiency) of Revenues Over Expenditures	(227,977)	109,843	(118,134)
Other Financing Sources (Uses)			
Sale of school property	64,220	518,819	583,039
Refunds of prior year expenditures	137,077	-	137,077
Transfers in	107,819	-	107,819
Transfers out	-	(107,819)	(107,819)
Other transactions	(968)	-	(968)
Total Other Financing Sources (Uses)	308,148	411,000	719,148
Net Change In Fund Balances	80,171	520,843	601,014
Fund Balances, Beginning of Year	5,025,108	2,181,671	7,206,779
Fund Balances, End of Year	\$ 5,105,279	\$ 2,702,514	\$ 7,807,793

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2014

Net change in fund balances - total governmental funds \$ 601,014

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

	Capital outlays	\$ 188,623	
	Depreciation expense	<u>(1,449,675)</u>	(1,261,052)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead considered deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (55,368)

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired. (62,332)

Bond premium is amortized over the life of the new bond issue on the Statement of Activities. 113,761

Losses on advanced bond refundings are amortized over the life of the new bond issue on the Statement of Activities. (85,216)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 2,330,000

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities however, interest expense is recognized as the interest accrues regardless of when it is paid. 19,129

In the Statement of Net Position, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$178,804) exceeded the amounts used/paid (\$151,082). (27,722)

Total changes in net position - governmental activities \$ 1,572,214

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 9,685,150	\$9,812,397	\$9,848,213	\$ 35,816
State sources	17,225,059	18,340,395	18,355,089	14,694
Federal sources	1,271,512	1,387,918	1,380,170	(7,748)
Interdistrict sources	2,033,632	2,141,427	2,147,119	5,692
Total Revenues	30,215,353	31,682,137	31,730,591	48,454
Expenditures				
Current:				
Instruction:				
Basic programs	15,794,211	16,014,685	16,002,410	12,275
Added needs	4,274,000	4,251,373	4,227,434	23,939
Supporting services:				
Pupil services	1,782,869	1,765,615	1,754,026	11,589
Instructional staff services	922,915	979,346	964,805	14,541
General administrative services	445,306	431,120	418,364	12,756
School administrative services	1,793,703	1,824,042	1,804,688	19,354
Business services	479,123	448,938	437,873	11,065
Operation and maintenance services	2,255,855	2,494,861	2,456,332	38,529
Pupil transportation services	1,787,618	1,850,011	1,806,811	43,200
Central services	728,873	899,760	890,571	9,189
Other supporting services	583,686	555,346	542,281	13,065
Community services	567,809	554,098	538,666	15,432
Interdistrict	26,387	25,100	20,487	4,613
Capital outlay	-	93,820	93,820	-
Total Expenditures	31,442,355	32,188,115	31,958,568	229,547
Excess (Deficiency) Of Revenues Over Expenditures	(1,227,002)	(505,978)	(227,977)	278,001
Other Financing Sources (Uses)				
Refunds of prior year expenditures	-	135,522	137,077	1,555
Sale of school property	-	64,219	64,220	1
Transfers in	-	108,826	107,819	(1,007)
Other transactions	-	(5,346)	(968)	4,378
Total Other Financing Sources (Uses)	-	303,221	308,148	4,927
Net Change In Fund Balances	(1,227,002)	(202,757)	80,171	282,928
Fund Balances, Beginning of Year	5,025,108	5,025,108	5,025,108	-
Fund Balances, End of Year	\$ 3,798,106	\$ 4,822,351	\$ 5,105,279	\$ 282,928

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2014

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash equivalents, deposits and investments (Note B)	\$ 28,680	\$ 148,249
Liabilities		
Accounts payable	\$ -	\$ 979
Due to student groups	-	147,270
Total Liabilities	-	\$ 148,249
Net Assets		
Held in trust for:		
Individuals and organizations	\$ 28,680	

See accompanying notes to basic financial statements.

KENOWA HILLS PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2014

	<u>Private Purpose Trust Fund</u>
Additions	
Interest earnings	\$ 126
Deductions	
Endowment activities - scholarships	<u>700</u>
Change In Net Assets	(574)
Net Assets, Beginning of Year	<u>29,254</u>
Net Assets, End of Year	<u><u>\$ 28,680</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Note A – Summary of Significant Accounting Policies

Kenowa Hills Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 3,339 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Kenowa Hills Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Governmental Funds

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

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Fund maintained by the District is the Food Service Special Revenue Fund.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains scholarship funds for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

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

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Kenowa Hills Public Schools has also adopted budgets for its Special Revenue Fund. A school district's Budget Appropriations Act (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Kenowa Hills Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Assistant Superintendent for Business to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

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

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

10. Accumulated Sick Leave/Early Retirement Incentive

Accumulated sick leave and early retirement incentive at June 30, 2014 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick days. At June 30, 2014, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for accumulated sick leave and early retirement incentive amounted to \$419,895 and \$14,000, respectively.

11. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

12. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.
- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

As of June 30, 2014, Kenowa Hills Public Schools had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

13. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

14. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- 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 in Michigan.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Balances at June 30, 2014 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 7,590,953
Fiduciary Funds:	
Trust and Agency Funds	<u>176,929</u>
	<u>\$ 7,767,882</u>

Cash Equivalents, Deposits and Investments

Depositories actively used by the District during the year are detailed as follows:

1. Chemical Bank

Cash equivalents consist of bank public funds checking accounts. Deposits consist of certificates of deposit.

June 30, 2014 balances are detailed as follows:

Cash equivalents	\$ 6,200,761
Deposits	<u>27,121</u>
	<u>\$ 6,227,882</u>

Custodial Credit Risk Related to Cash Equivalents and Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's cash equivalents and deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$ 6,227,882, and the bank balance was \$6,624,411. Of the bank balance, \$859,173 was covered by federal depository insurance and \$5,765,238 was uninsured and uncollateralized.

Investments

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

	<u>Fair Value</u>
Bank of New York Mellon Trust Investment Pool Account	<u>\$1,540,000</u>

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by State law.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Interest Rate Risk

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

Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2013 ad valorem State Education Taxes generated within the Kenowa Hills Public School District, and paid to the State of Michigan, totaled \$6,272,765.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in October, 2013, and February, 2014. The 2013-14 "Foundation Allowance" for Kenowa Hills Public Schools was \$7,209 for 3,328 "Full Time Equivalent" students, generating \$17,837,627 in state aid payments to the District, of which \$3,236,891 was paid to the District in July and August, 2014 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 (the tax lien date) by the Cities of Walker and Grand Rapids, and the Charter Townships of Alpine, Plainfield and Tallmadge and the Township of Wright, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Ottawa, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Kenowa Hills Public Schools' electors had previously (May 8, 2007) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2013.

The District levied 3.27 mills in 2013 for debt service purposes.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases are limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

Note D – Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing interfund receivables and payables from expenditures not yet reimbursed at June 30, 2014, are detailed as follows:

	Due From	Due To
Major Fund		
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ 116,132	\$ —
Nonmajor Funds		
Special Revenue Fund:		
Food Service Fund:		
General Fund	—	116,132
Debt Service Funds:		
2005 Debt Service Fund:		
2010 Construction Debt Service Fund	22,735	—
2010 Buses Debt Service Fund	15,797	—
2010 Construction Debt Service Fund:		
2005 Debt Service Fund	—	22,735
2010 Buses Debt Service Fund:		
2005 Debt Service Fund	—	15,797
	38,532	38,532
Total Nonmajor Funds	38,532	154,664
Total All Funds	\$ 154,664	\$ 154,664

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Operating transfers between funds to allocate expenditures during the year ended June 30, 2014 were as follows:

	Transfers In	Transfers Out
Major Fund		
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ 107,819	\$ —
Nonmajor Fund		
Special Revenue Fund:		
Food Service Fund:		
General Fund	—	107,819
	—	107,819
Total All Funds	\$ 107,819	\$ 107,819

Note E – Capital Assets

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

	Balances July 1, 2013	Additions	Deductions	Balances June 30, 2014
Capital assets not being depreciated:				
Land	\$ 1,108,000	\$ —	\$ 1,900	\$ 1,106,100
Construction in progress	108,169		108,169	—
	1,216,169	\$ —	\$ 110,069	1,106,100
Total capital assets not being depreciated	1,216,169	\$ —	\$ 110,069	1,106,100
Capital assets being depreciated:				
Land improvements	3,863,351	\$ 67,759	\$ 5,210	3,925,900
Buildings and additions	44,763,299	26,061	896,034	43,893,326
Furniture and equipment	1,841,989	202,972	371,378	1,673,583
Vehicles	2,610,188	—	249,565	2,360,623
	53,078,827	\$ 296,792	\$ 1,522,187	51,853,432
Total capital assets being depreciated	53,078,827	\$ 296,792	\$ 1,522,187	51,853,432
Less accumulated depreciation for:				
Land improvements	1,068,919	\$ 178,264	\$ 5,080	1,242,103
Buildings and additions	17,321,916	1,009,568	855,861	17,475,623
Furniture and equipment	1,321,221	110,917	351,249	1,080,889
Vehicles	1,846,475	150,926	249,565	1,747,836
	21,558,531	\$1,449,675	\$ 1,461,755	21,546,451
Total accumulated depreciation	21,558,531	\$1,449,675	\$ 1,461,755	21,546,451
Total capital assets being depreciation, net	31,520,296			30,306,981
Net Capital Assets	\$ 32,736,465			\$ 31,413,081

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 1,116,250
Supporting services	302,257
Community services	11,597
Food service	19,571
	\$ 1,449,675
	\$ 1,449,675

Note F – Long-term Debt

Changes in long-term debt for the year ended June 30, 2014 are summarized as follows:

	Debt Outstanding July 1, 2013	Debt Added	Debt Retired	Debt Outstanding June 30, 2014
General obligation bonds:				
March 17, 2005 Refunding	\$ 20,890,000	\$ —	\$ 2,255,000	\$ 18,635,000
June 23, 2010 – Series A	13,815,000	—	—	13,815,000
June 23, 2010 – Series B	300,000	—	75,000	225,000
Bond premium	1,478,890	—	113,761	1,365,129
Early retirement incentive	24,000	—	10,000	14,000
Accumulated sick leave	382,173	178,804	141,082	419,895
	\$ 36,890,063	\$ 178,804	\$ 2,594,843	\$ 34,474,024
	\$ 36,890,063	\$ 178,804	\$ 2,594,843	\$ 34,474,024

Long-term bonds and other obligations outstanding at June 30, 2014 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$34,490M Refunding Bonds March 17, 2005:				
Annual maturities of \$1,190K to \$2,370K	May 1, 2026	4.75 – 5.00	\$18,635,000	\$ 2,370,000
\$13,815M Building and Site, Series A June 23, 2010:				
Annual maturities of \$1,925K to \$11,890K	May 1, 2026	3.55 – 6.375	13,815,000	1,925,000
\$510M Building and Site, Series B June 23, 2010:				
Annual maturities of \$75K	May 1, 2017	3.00 – 3.20	225,000	75,000
Bond premium			1,365,129	113,761
Other Obligations				
Early retirement incentive			14,000	8,000
Accumulated sick leave			419,895	140,000
			\$34,474,024	\$ 4,631,761
			\$34,474,024	\$ 4,631,761

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 4,370,000	\$ 1,064,794	\$ 5,434,794
2016	1,265,000	944,044	2,209,044
2017	1,325,000	885,157	2,210,157
2018	1,310,000	820,257	2,130,257
2019	1,375,000	754,757	2,129,757
2020	1,445,000	686,007	2,131,007
2021	1,520,000	613,757	2,133,757
2022	1,590,000	537,757	2,127,757
2023	1,670,000	458,257	2,128,257
2024	1,750,000	374,757	2,124,757
2025	1,760,000	287,257	2,047,257
2026	13,295,000	199,257	13,494,257
	\$ 32,675,000	\$ 7,626,058	\$ 40,301,058

Note G – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a state-wide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll expense for employees covered by MPERS for the year ended June 30, 2014 was \$16,120,245. The System provides retirement, survivor and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive those benefits.

Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2013 Annual Report of the MPERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

Public Act 75 of 2010 defines anyone who became a member of MPERS after June 30, 2010 as a *Pension Plus* member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 9.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions.

Public Act 300 of 2012 grants all active members who first become a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012. Under this reform, members voluntarily chose to increase, maintain, or stop their contributions based on four options offered by the System.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus hybrid plan and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period to elect to opt out of the Pension Plus hybrid plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus hybrid plan. If they elect to opt out of the pension Plus hybrid plan, their participation in the DC plan will be retroactive to their date of hire.

Benefit Provisions

Benefit provisions of the defined benefit pension plan are established by state statute, which may be amended. Public Act 300 of 2012, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of credited service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants. The Pension Plus hybrid plan pairs a guaranteed retirement income (Defined Benefit) with a flexible and transferable retirement savings (Defined Contribution) account.

Regular retirement:

- Basic members who may retire at age 55 with 30 or more years of credited service; or at age 60 with 10 or more years of credited service.
- Member Investment Plan (MIP) members who may retire at any age with 30 or more years of credited service; at age 60 with 10 or more years of credited service; or at age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.
- Pension Plus Plan members (who became members of MPSERS on or after July 1, 2010) who may retire at age 60 with 10 or more years of credited service.

Early retirement:

- Any member may retire with an early permanently reduced pension after completing at least 15 but less than 30 years of credited services; and after attaining age 55; and with credited service in each of the 5 school years immediately preceding the pension effective date.

Member Contributions

Member contribution rates vary based on date of hire and certain voluntary elections. Basic Plan members make no contributions. MIP members enrolled prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987, through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Employer Contributions

Districts in the State of Michigan are required to contribute the full actuarial funding contribution amount to fund pension benefits, at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS. The District's contributions to the plan (including the retiree healthcare plan) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$4,696,235, \$4,371,720 and \$3,876,112, respectively. The contribution rates for the fiscal year ranged from 12.78% to 18.34% of gross wages, plus an additional "Stabilization Rate" of 1.6% for the first quarter of the 2013-14 fiscal year and an additional 4.56% for the second through fourth quarters of the fiscal year, which was reimbursed to all districts with State aid Section 147c funds.

Pension Plan Status

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS does not make separate measurements of assets and actuarial accrued liability for individual districts, instead using the aggregate actuarial cost method. The actuarial accrued liability at September 30, 2012 (the latest reporting date available) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date was \$62.72 billion. Net assets available for retirement benefits on that date were \$38.45 billion leaving an unfunded actuarial accrued liability of \$24.27 billion. The total unfunded actuarial accrued liability increased by \$1.88 billion from September 30, 2011 to September 30, 2012. At September 30, 2012 the funded ratio of actuarial accrued liability was 61.3%; covered payroll totaled \$8.65 billion, and unfunded actuarial accrued liability was 280.6% of covered payroll.

Other Postemployment Benefits

Plan Description and Employee Contributions

Benefit provisions of the post-employment healthcare plan are established by state statute which may be amended. Retirees have the option of health coverage, which, through 2012, is currently funded on a cash disbursement basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Public Act 300 of 2012 granted all active members of MPSERS a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

Members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their Section 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) account no later than their first pay date after February 1, 2013.

Members who did not make an election before the deadline retain the subsidy benefit and continue making the 3% contribution toward retiree healthcare.

Members who elected to retain the premium subsidy continue to annually contribute 3% of compensation into the healthcare funding account. A member or former member age 60 or older, who made the 3% healthcare contributions but who does not meet the eligibility requirements may request a refund of their contributions.

Under Public Act 300 of 2012, the State no longer offers an insurance premium subsidy in retirement for public school employees who first work on or after September 4, 2012. Instead all new employees will be placed into the Personal Healthcare Fund where they will have support saving for retirement healthcare costs in the following ways:

- They will be automatically enrolled in a 2% employee contribution into a Section 457 account as of their date of hire, earning them a 2% employer match into a 401(k) account.
- They will receive a credit into a Health Reimbursement Account (HRA) at termination if they have at least 10 years of service at termination. The credit will be \$2,000 for participants who are at least 60 years of age at termination or \$1,000 for participants who are less than 60 years of age at termination.

Employer contributions

Required contributions for post-employment health care benefits ranged from 5.52% to 8.18% of covered payroll for the fiscal year ended June 30, 2014.

Post-employment Plan Status

At September 30, 2012, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole was \$14.79 billion. The MPSERS net assets available for these benefits were \$1.35 billion leaving an unfunded actuarial accrued liability of \$13.44 billion. At September 30, 2012, the funded ratio of actuarial liability was 9.1%; covered payroll totaled \$8.6 billion, and unfunded actuarial liability was 155.4% of covered payroll.

Note H – Risk Management and Benefits

The District is a member of the SET-SEG Incorporated Insurance Pooled Fund (the Fund). Premiums from participants in the Fund provide coverage to pay claims, administrative expenses and to purchase reinsurance to protect the Fund and members against large losses. As of June 30, 2014, there were no material pending claims against the District. The District paid \$116,745 in premiums to the Fund for the year ended June 30, 2014.

KENOWA HILLS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2014

The District is also a member of the SET-SEG Incorporated Workers' Compensation Pooled Fund (the Fund). Premiums from participants in the Fund provide coverage to pay claims, administrative expenses and to purchase reinsurance to protect the Fund and members against large losses. As of June 30, 2014, there were no material pending claims against the District. The District paid \$30,948 in premiums to the Fund for the year ended June 30, 2014.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note I – Upcoming Accounting Pronouncement

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension obligation as a liability for the first time and to more comprehensibly and comparably measure the annual costs of pension benefits. The net pension liability that will be recorded on the district-wide financial statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and Required Supplementary Information (RSI). Kenowa Hills Public Schools is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of the Statement are effective for financial statements for the year ending June 30, 2015.

SUPPLEMENTARY INFORMATION

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GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2014 and 2013

Assets	2014	2013
Cash	\$ 400	\$ 400
Cash equivalents, deposits and investments	4,814,173	5,350,848
Receivables:		
Taxes	-	36,024
Accounts	40,348	6,852
Due from other funds	116,132	47,386
Due from other governmental units	3,946,096	4,062,467
Inventory	8,183	8,498
Prepaid expenditures	4,344	40,663
	\$ 8,929,676	\$ 9,553,138
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 353,457	\$ 658,312
Due to other funds	-	30
Due to other governmental units	1,291,515	1,487,692
Salaries payable	1,928,669	1,951,700
Unearned revenue	250,756	430,296
	3,824,397	4,528,030
Fund Balances		
Nonspendable	12,527	49,161
Assigned	10,242	3,887
Unassigned	5,082,510	4,972,060
	5,105,279	5,025,108
	\$ 8,929,676	\$ 9,553,138

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2014 and 2013

	2014	2013
Local sources:		
Property taxes:		
Current property taxes	\$ 8,561,615	\$ 8,817,285
Delinquent and other property taxes	29,610	5,040
Interest on delinquent taxes	14,005	13,487
	<u>8,605,230</u>	<u>8,835,812</u>
Interest earnings:		
Interest on deposits and investments	7,391	7,464
Revenue from student activities:		
Athletic admissions	55,722	70,916
Athletic participation fees	57,881	61,318
Miscellaneous athletics	15,500	16,127
	<u>129,103</u>	<u>148,361</u>
Other local revenue:		
Childcare fees	618,877	518,556
Preschool fees	76,321	60,620
Summer school tuition	16,205	13,155
On-line learning tuition	350	400
Transportation fees	12,025	12,522
Copy center fees	430	227
Class fees	38,869	37,504
Rental of school facilities	47,231	66,734
Donations	14,560	13,711
Universal service fund	58,575	48,065
Beverage consortium commissions	11,781	12,482
Sale of school property	-	2,635
Insurance refunds	93,111	50,073
Miscellaneous	118,154	27,309
	<u>1,106,489</u>	<u>863,993</u>
Total local sources	9,848,213	9,855,630
State sources:		
State school aid	17,782,317	16,552,366
Special education - transportation	240,199	478,047
Special education - itinerants	331,216	160,284
Bus driver safety	1,357	324
	<u>18,355,089</u>	<u>17,191,021</u>
Total state sources	18,355,089	17,191,021
Federal sources:		
Title I	461,696	505,688
Title I - migrant	115,776	152,398
Title IIA	131,261	75,648
Title III	54,762	21,875
I.D.E.A. program	608,624	601,149
Medicaid - outreach	8,051	11,103
	<u>1,380,170</u>	<u>1,367,861</u>
Total federal sources	1,380,170	1,367,861

(Continued)

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2014 and 2013

	2014	2013
Interdistrict sources:		
Special education - county	\$ 1,753,403	\$ 1,779,674
Special education - local school districts	111,012	62,858
Medicaid fee for service	240,260	250,427
Other	42,444	63,627
Total interdistrict sources	2,147,119	2,156,586
Total Revenues	\$ 31,730,591	\$ 30,571,098

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2014 and 2013

	2014	2013
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 4,020,546	\$ 4,129,855
Employee benefits	2,469,083	2,301,204
Purchased services	114,958	101,818
Supplies	149,852	195,797
Payments to other districts	-	36,059
	<u>6,754,439</u>	<u>6,764,733</u>
Middle school:		
Salaries	2,026,276	2,012,416
Employee benefits	1,289,128	1,139,819
Purchased services	28,847	19,982
Supplies	39,183	43,508
Miscellaneous	375	780
Payments to other districts	25,825	-
	<u>3,409,634</u>	<u>3,216,505</u>
High school:		
Salaries	3,210,726	3,062,859
Employee benefits	1,910,681	1,718,167
Purchased services	123,790	67,364
Supplies	355,683	145,054
Miscellaneous	41,606	8,227
Payments to other districts	113,615	106,745
	<u>5,756,101</u>	<u>5,108,416</u>
Preschool:		
Salaries	44,187	48,588
Employee benefits	16,966	17,233
Purchased services	314	801
Supplies	1,564	1,407
Miscellaneous	730	1,575
Payments to other districts	6,678	6,647
	<u>70,439</u>	<u>76,251</u>
Summer school:		
Salaries	8,572	3,570
Employee benefits	3,225	1,234
Supplies	-	12
	<u>11,797</u>	<u>4,816</u>
Total basic programs	<u>16,002,410</u>	<u>15,170,721</u>
Added needs:		
Special education:		
Salaries	1,508,792	1,541,668
Employee benefits	964,594	861,596
Purchased services	27,570	33,983
Supplies	9,755	32,418
Payments to other districts	326,709	446,243
	<u>2,837,420</u>	<u>2,915,908</u>

(Continued)

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2014 and 2013

	2014	2013
Compensatory education:		
Salaries	\$ 733,838	\$ 683,230
Employee benefits	460,497	383,002
Purchased services	14,445	19,941
Supplies	24,709	123,797
Payments to other districts	-	211
	<u>1,233,489</u>	<u>1,210,181</u>
Career and technology education:		
Salaries	82,851	79,395
Employee benefits	54,590	48,430
Purchased services	5,404	1,020
Supplies	11,397	7,079
Capital outlay	2,283	50
	<u>156,525</u>	<u>135,974</u>
Total added needs	<u>4,227,434</u>	<u>4,262,063</u>
Total instruction	20,229,844	19,432,784
Supporting services:		
Pupil services:		
Attendance services:		
Salaries	2,453	996
Employee benefits	821	323
Purchased services	57	57
	<u>3,331</u>	<u>1,376</u>
Guidance services:		
Salaries	334,653	353,501
Employee benefits	230,632	220,990
Purchased services	1,221	1,503
Supplies	824	2,312
Miscellaneous	395	395
	<u>567,725</u>	<u>578,701</u>
Health services:		
Employee benefits	-	543
Purchased services	312	-
Supplies	1,290	2,229
Payments to other districts	119,763	114,432
	<u>121,365</u>	<u>117,204</u>
Psychological services:		
Purchased services	126	1,606
Supplies	2,390	3,157
Miscellaneous	211,713	198,576
	<u>214,229</u>	<u>203,339</u>
Speech pathology services:		
Purchased services	191	102
Supplies	3,193	7,144
Payments to other districts	347,397	335,367
	<u>350,781</u>	<u>342,613</u>
Social worker services:		
Purchased services	365	498
Supplies	898	3,875

(Continued)

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2014 and 2013

	2014	2013
Social worker services: (Continued)		
Payments to other districts	\$ 318,333	\$ 338,183
	<u>319,596</u>	<u>342,556</u>
Teacher consultant services:		
Purchased services	382	823
Supplies	-	1,116
Payments to other districts	122,587	114,079
	<u>122,969</u>	<u>116,018</u>
Other pupil support services:		
Salaries	31,785	31,471
Employee benefits	22,245	32,919
	<u>54,030</u>	<u>64,390</u>
Total pupil services	1,754,026	1,766,197
Instructional staff services:		
Salaries	168,196	167,838
Employee benefits	90,007	94,509
Purchased services	248,295	80,612
Supplies	1,523	11,540
Miscellaneous	2,303	1,900
	<u>510,324</u>	<u>356,399</u>
Educational media services:		
Salaries	135,666	158,586
Employee benefits	70,591	89,216
Purchased services	22,084	20,006
Supplies	24,505	21,256
Miscellaneous	3,372	3,394
	<u>256,218</u>	<u>292,458</u>
Supervision and direction of instruction:		
Salaries	85,416	91,396
Employee benefits	50,852	51,594
Purchased services	1,684	641
Supplies	210	629
Miscellaneous	97	-
	<u>138,259</u>	<u>144,260</u>
Academic student assessment:		
Salaries	5,852	-
Employee benefits	2,199	-
Purchased services	51,743	38,123
Supplies	210	5,870
	<u>60,004</u>	<u>43,993</u>
Total instructional staff services	964,805	837,110
General administrative services:		
Board of education:		
Salaries	5,363	7,182
Employee benefits	450	4,765
Purchased services	80,116	126,454

(Continued)

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2014 and 2013

	2014	2013
General administrative services: (Continued)		
Supplies	\$ 2,100	\$ -
Miscellaneous	8,787	9,301
	<u>96,816</u>	<u>147,702</u>
Executive administration:		
Salaries	193,191	181,220
Employee benefits	122,586	110,600
Purchased services	2,273	2,250
Supplies	1,481	2,048
Miscellaneous	2,017	3,219
	<u>321,548</u>	<u>299,337</u>
Total general administrative services	418,364	447,039
School administrative services:		
Office of the principal:		
Salaries	1,107,932	1,127,826
Employee benefits	669,602	667,912
Purchased services	22,607	24,155
Supplies	3,697	12,196
Miscellaneous	850	2,049
	<u>1,804,688</u>	<u>1,834,138</u>
Total school administrative services	1,804,688	1,834,138
Business services:		
Fiscal services:		
Salaries	240,835	259,076
Employee benefits	141,256	134,549
Purchased services	14,015	16,079
Supplies	1,288	826
Miscellaneous	1,334	1,328
Payments to other districts	25,659	59,028
	<u>424,387</u>	<u>470,886</u>
Internal services:		
Salaries	33,604	41,255
Employee benefits	25,503	28,894
Purchased services	6,333	2,395
Supplies	(65,440)	(72,544)
	-	-
Other business services:		
Purchased services	2,005	1,784
Miscellaneous	11,481	15,116
	<u>13,486</u>	<u>16,900</u>
Total business services	437,873	487,786
Operation and maintenance services:		
Operation and maintenance:		
Salaries	291,347	481,481
Employee benefits	208,710	343,973
Purchased services	1,110,651	966,355

(Continued)

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2014 and 2013

	2014	2013
Operation and maintenance: (Continued)		
Supplies	\$ 845,362	\$ 690,396
Miscellaneous	262	181
Total operation and maintenance services	2,456,332	2,482,386
Pupil transportation services:		
Pupil transportation:		
Salaries	17,743	678,283
Employee benefits	77,091	351,081
Purchased services	1,078,276	88,829
Supplies	183,459	257,666
Miscellaneous	-	1,357
Payments to other districts	450,242	559,267
Total pupil transportation services	1,806,811	1,936,483
Central services:		
Communications services:		
Purchased services	49,482	45,641
Staff/personnel services:		
Purchased services	27,950	33,468
Technology services:		
Salaries	255,815	228,867
Employee benefits	140,974	136,311
Purchased services	176,468	85,928
Supplies	52,920	17,954
Capital outlay	94,803	2,112
Total central services	720,980	471,172
Pupil accounting:		
Salaries	53,728	30,631
Employee benefits	36,821	17,477
Purchased services	1,610	5,280
Supplies	-	95
Miscellaneous	-	179
Total central services	92,159	53,662
Total central services	890,571	603,943
Other supporting services:		
Salaries	288,659	305,888
Employee benefits	123,199	123,326
Purchased services	69,339	71,436
Supplies	43,460	51,846
Miscellaneous	17,624	15,825
Total other supporting services	542,281	568,321
Total supporting services	11,075,751	10,963,403

(Continued)

KENOWA HILLS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2014 and 2013

	2014	2013
Community services:		
Community services direction:		
Salaries	\$ 24,780	\$ 29,498
Employee benefits	9,462	10,195
Purchased services	3,029	5,122
Supplies	1,300	906
	<u>38,571</u>	<u>45,721</u>
Performing Arts Center:		
Salaries	687	1,201
Employee benefits	257	309
Purchased services	-	1,523
Supplies	539	2,368
	<u>1,483</u>	<u>5,401</u>
Custody and care of children:		
Salaries	321,062	301,613
Employee benefits	137,874	123,234
Purchased services	6,978	5,935
Supplies	24,167	24,405
Miscellaneous	-	235
	<u>490,081</u>	<u>455,422</u>
Non-public school pupils:		
Salaries	4,628	-
Employee benefits	1,575	-
Purchased services	1,663	2,669
Supplies	665	-
	<u>8,531</u>	<u>2,669</u>
Total community services	538,666	509,213
Interdistrict:		
Other	20,487	14,950
Capital outlay:		
Land and building improvements	93,820	-
Total Expenditures	<u><u>\$ 31,958,568</u></u>	<u><u>\$ 30,920,350</u></u>

NONMAJOR GOVERNMENTAL FUNDS

KENOWA HILLS PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2014

	Special Revenue	Debt Service	
	Food Service	2005 Refunding	2010 Construction
Assets			
Cash	\$ 650	\$ -	\$ -
Cash equivalents, deposits and investments	108,665	286,862	1,847,935
Due from other funds	-	38,532	-
Due from other governmental units	52,072	704	-
Inventory	13,917	-	-
Total Assets	\$ 175,304	\$ 326,098	\$ 1,847,935
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,473	\$ -	\$ -
Due to other funds	116,132	-	22,735
Salaries payable	6,772	-	-
Unearned revenue	16,232	-	-
Total Liabilities	141,609	-	22,735
Fund Balances			
Nonspendable	13,917	-	-
Restricted	19,778	326,098	1,825,200
Total Fund Balances	33,695	326,098	1,825,200
Total Liabilities and Fund Balances	\$ 175,304	\$ 326,098	\$ 1,847,935

2010 Buses	Capital Projects 2013 Construction	Total
\$ -	\$ -	\$ 650
14,376	518,942	2,776,780
-	-	38,532
-	-	52,776
-	-	13,917
\$ 14,376	\$ 518,942	\$ 2,882,655
\$ -	\$ -	\$ 2,473
15,797	-	154,664
-	-	6,772
-	-	16,232
15,797	-	180,141
-	-	13,917
(1,421)	518,942	2,688,597
(1,421)	518,942	2,702,514
\$ 14,376	\$ 518,942	\$ 2,882,655

KENOWA HILLS PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2014

	Special Revenue	Debt Service	
	Food Service	2005 Refunding	2010 Construction
Revenues			
Local sources:			
Property taxes	\$ -	\$ 3,235,024	\$ 285,078
Interest earnings	104	2,361	213
Food sales	485,011	-	-
Total local sources	485,115	3,237,385	285,291
State sources	78,416	-	-
Federal sources	888,973	-	641,881
Interdistrict sources	41,770	-	-
Total Revenues	1,494,274	3,237,385	927,172
Expenditures			
Current:			
Food service	1,355,805	-	-
Debt service:			
Principal repayment	-	2,255,000	-
Interest and fiscal charges	-	1,057,768	830,804
Total Expenditures	1,355,805	3,312,768	830,804
Excess (Deficiency) of Revenues Over Expenditures	138,469	(75,383)	96,368
Other Financing Sources (Uses)			
Sale of school property	-	-	-
Transfers out	(107,819)	-	-
Total Other Financing Sources (Uses)	(107,819)	-	-
Net Change in Fund Balances	30,650	(75,383)	96,368
Fund Balances, Beginning of Year	3,045	401,481	1,728,832
Fund Balances, End of Year	\$ 33,695	\$ 326,098	\$ 1,825,200

2010 Buses	Capital Projects 2013 Construction	Total
\$ 35,511	\$ -	\$ 3,555,613
26	123	2,827
-	-	485,011
35,537	123	4,043,451
-	-	78,416
-	-	1,530,854
-	-	41,770
35,537	123	5,694,491
-	-	1,355,805
75,000	-	2,330,000
10,271	-	1,898,843
85,271	-	5,584,648
(49,734)	123	109,843
-	518,819	518,819
-	-	(107,819)
-	518,819	411,000
(49,734)	518,942	520,843
48,313	-	2,181,671
\$ (1,421)	\$ 518,942	\$ 2,702,514

KENOWA HILLS PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources:			
Interest earnings	\$ -	\$ 104	\$ 104
Food sales	502,975	485,011	(17,964)
Total local sources	502,975	485,115	(17,860)
State sources	77,698	78,416	718
Federal sources	908,000	888,973	(19,027)
Interdistrict sources	46,200	41,770	(4,430)
Total Revenues	<u>1,534,873</u>	<u>1,494,274</u>	<u>(40,599)</u>
Expenditures			
Current:			
Food service	1,387,941	1,355,805	32,136
Excess (Deficiency) of Revenues Over Expenditures	<u>146,932</u>	<u>138,469</u>	<u>(8,463)</u>
Other Financing Sources (Uses)			
Transfers out	(108,826)	(107,819)	1,007
Net Change in Fund Balances	38,106	30,650	(7,456)
Fund Balances, Beginning of Year	<u>3,045</u>	<u>3,045</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 41,151</u>	<u>\$ 33,695</u>	<u>\$ (7,456)</u>

SPECIAL REVENUE FUND

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

KENOWA HILLS PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

	2014	2013
Assets		
Cash	\$ 650	\$ 650
Cash equivalents, deposits and investments	108,665	46,978
Due from other funds	-	30
Due from other governmental units	52,072	9,944
Inventory	13,917	14,969
Total Assets	\$ 175,304	\$ 72,571
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 2,473	\$ -
Due to other funds	116,132	46,992
Salaries payable	6,772	6,999
Unearned revenue	16,232	15,535
Total Liabilities	141,609	69,526
Fund Balances		
Nonspendable	13,917	3,045
Restricted	19,778	-
Total Fund Balances	33,695	3,045
Total Liabilities and Fund Balances	\$ 175,304	\$ 72,571

KENOWA HILLS PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2014 and 2013

	2014	2013
Revenues		
Local sources:		
Food sales:		
Children's lunches	\$ 301,085	\$ 305,200
Adult lunches and banquets	21,176	24,862
Milk	1,900	2,241
Ala carte	145,095	166,723
Sale of school property	1,000	-
Other	14,755	13,676
	<u>485,011</u>	<u>512,702</u>
Interest earnings:		
Interest on deposits and investments	104	1,173
Total local sources	<u>485,115</u>	<u>513,875</u>
State sources	78,416	73,046
Federal sources	888,973	864,621
Interdistrict sources	41,770	40,465
	<u>1,494,274</u>	<u>1,492,007</u>
Total Revenues		
Expenditures		
Current:		
Food service:		
Salaries	441,917	463,918
Employee benefits	219,147	258,179
Purchased services	34,851	26,475
Supplies	654,040	663,928
New equipment and furniture	-	3,849
Miscellaneous	5,850	5,098
	<u>1,355,805</u>	<u>1,421,447</u>
Total Expenditures		
Excess of Revenues Over Expenditures	<u>138,469</u>	<u>70,560</u>
Other Financing Sources (Uses)		
Transfers out	(107,819)	(67,515)
	<u>30,650</u>	<u>3,045</u>
Net Change In Fund Balances		
Fund Balances, Beginning of Year	<u>3,045</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 33,695</u></u>	<u><u>\$ 3,045</u></u>

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DEBT SERVICE FUNDS

Debt Service Funds — to accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects, and school bus purchases.

KENOWA HILLS PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2014

	<u>2005 Refunding</u>	<u>2010 Construction</u>	<u>2010 Buses</u>
Assets			
Cash equivalents, deposits and investments	\$ 286,862	\$ 1,847,935	\$ 14,376
Taxes receivable	-	-	-
Due from other funds	38,532	-	-
Due from other governmental units	704	-	-
Total Assets	<u><u>\$ 326,098</u></u>	<u><u>\$ 1,847,935</u></u>	<u><u>\$ 14,376</u></u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 22,735	\$ 15,797
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>22,735</u>	<u>15,797</u>
Fund Balances			
Restricted	<u>326,098</u>	<u>1,825,200</u>	<u>(1,421)</u>
Total Liabilities and Fund Balances	<u><u>\$ 326,098</u></u>	<u><u>\$ 1,847,935</u></u>	<u><u>\$ 14,376</u></u>

Totals	
2014	2013
\$ 2,149,173	\$ 2,178,068
-	19,344
38,532	38,532
704	-
<u>\$ 2,188,409</u>	<u>\$ 2,235,944</u>
\$ 38,532	\$ 38,532
-	18,786
<u>38,532</u>	<u>57,318</u>
<u>2,149,877</u>	<u>2,178,626</u>
<u>\$ 2,188,409</u>	<u>\$ 2,235,944</u>

KENOWA HILLS PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	2005 Refunding	2010 Construction	2010 Buses
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 3,093,910	\$ 272,634	\$ 33,972
Industrial facilities taxes	124,229	10,921	1,365
Delinquent and other property taxes	8,239	725	85
In lieu of taxes	3,599	345	38
Interest on delinquent taxes	5,047	453	51
	<u>3,235,024</u>	<u>285,078</u>	<u>35,511</u>
Interest earnings:			
Interest on deposits and investments	2,361	213	26
Total local sources	<u>3,237,385</u>	<u>285,291</u>	<u>35,537</u>
Federal sources:			
QSCB interest subsidy	-	641,881	-
Total Revenues	<u>3,237,385</u>	<u>927,172</u>	<u>35,537</u>
Expenditures			
Debt service:			
Principal repayment	2,255,000	-	75,000
Interest and fiscal charges:			
Interest expense	1,041,525	826,325	9,038
Paying agent fees	225	1,100	750
Tax refunds	16,018	3,379	483
Total Expenditures	<u>3,312,768</u>	<u>830,804</u>	<u>85,271</u>
Net Change in Fund Balances	(75,383)	96,368	(49,734)
Fund Balances, Beginning of Year	<u>401,481</u>	<u>1,728,832</u>	<u>48,313</u>
Fund Balances, End of Year	<u>\$ 326,098</u>	<u>\$ 1,825,200</u>	<u>\$ (1,421)</u>

Totals	
2014	2013
\$ 3,400,516	\$ 3,102,924
136,515	101,016
9,049	2,480
3,982	854
5,551	4,998
3,555,613	3,212,272
2,600	3,143
3,558,213	3,215,415
641,881	697,318
4,200,094	3,912,733
2,330,000	2,220,000
1,876,888	1,986,068
2,075	925
19,880	70,568
4,228,843	4,277,561
(28,749)	(364,828)
2,178,626	2,543,454
\$ 2,149,877	\$ 2,178,626

CAPITAL PROJECTS FUND

2013 Construction Fund — to account for proceeds from sale of school property used to finance building restoration projects.

KENOWA HILLS PUBLIC SCHOOLS
2013 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2014 and 2013

	2014	2013
Assets		
Cash equivalents, deposits and investments	\$ 518,942	\$ -
Liabilities and Fund Balances		
Liabilities	\$ -	\$ -
Fund Balances		
Restricted	518,942	-
Total Liabilities and Fund Balances	\$ 518,942	\$ -

KENOWA HILLS PUBLIC SCHOOLS
2013 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 123	\$ -
Expenditures	-	-
Excess of Revenues Over Expenditures	123	-
Other Financing Sources		
Sale of school property	518,819	-
Net Change in Fund Balances	518,942	-
Fund Balances, Beginning of Year	-	-
Fund Balances, End of Year	<u>\$ 518,942</u>	<u>\$ -</u>

AGENCY FUND

Student Activities — to account for the collection and disbursements of monies used by the school activity clubs and groups.

KENOWA HILLS PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2014

	Balances July 1, 2013	Additions	Deductions	Balances June 30, 2014
Assets				
Cash equivalents, deposits and investments	\$ 124,013	\$ 351,280	\$ 327,044	\$ 148,249
Liabilities				
Accounts payable	\$ -	\$ 979	\$ -	\$ 979
Due to other funds	366	-	366	-
Due to student groups	123,647	350,301	326,678	147,270
Total Liabilities	\$ 124,013	\$ 351,280	\$ 327,044	\$ 148,249

OTHER INFORMATION

KENOWA HILLS PUBLIC SCHOOLS
Summary of 2013 Taxes Levied and Collected
For the year ended June 30, 2014

	Kent County		
	Cities of		
	Grand Rapids	Walker	Alpine
Taxable Valuations			
Operating	\$ 159,203	\$483,888,120	\$105,684,187
Debt Service	1,135,700	771,474,362	183,099,873
Rates (Mills)			
General Fund			
2005 Debt Service Fund			
2010 Construction Debt Service Fund			
2010 Buses Debt Service Fund			
Taxes Levied 2013 Rolls			
General Fund	\$ 2,866	\$ 6,562,922	\$ 1,675,634
2005 Debt Service Fund	3,380	2,295,796	544,844
2010 Construction Debt Service Fund	297	201,828	47,898
2010 Buses Debt Service Fund	37	25,229	5,987
	<u>6,580</u>	<u>9,085,775</u>	<u>2,274,363</u>
Taxes Uncollected 2013 Rolls			
General Fund	-	25,017	8,790
2005 Debt Service Fund	-	12,490	2,366
2010 Construction Debt Service Fund	-	1,098	208
2010 Buses Debt Service Fund	-	137	26
	<u>-</u>	<u>38,742</u>	<u>11,390</u>
Taxes Collected 2013 Rolls			
General Fund	2,866	6,537,905	1,666,844
2005 Debt Service Fund	3,380	2,283,306	542,478
2010 Construction Debt Service Fund	297	200,730	47,690
2010 Buses Debt Service Fund	37	25,092	5,961
	<u>6,580</u>	<u>9,047,033</u>	<u>2,262,973</u>
Delinquent Taxes Collected			
General Fund	-	11,251	16,412
2005 Debt Service Fund	-	3,531	3,638
2010 Construction Debt Service Fund	-	345	286
2010 Buses Debt Service Fund	-	36	37
	<u>-</u>	<u>15,163</u>	<u>20,373</u>
Total Taxes Collected			
General Fund	2,866	6,549,156	1,683,256
2005 Debt Service Fund	3,380	2,286,837	546,116
2010 Construction Debt Service Fund	297	201,075	47,976
2010 Buses Debt Service Fund	37	25,128	5,998
	<u>\$ 6,580</u>	<u>\$ 9,062,196</u>	<u>\$ 2,283,346</u>

Ottawa County			
Townships of			
Plainfield	Tallmadge	Wright	Total
\$ 291,430	\$10,287,707	\$13,938,406	\$ 614,249,053
1,419,642	56,919,090	31,412,107	1,045,460,774
			18.0000
			2.9757
			0.2616
			0.0327
			<u>21.2700</u>
\$ 5,246	\$ 173,161	\$ 176,938	\$ 8,596,767
4,225	169,374	93,471	3,111,090
371	14,890	8,217	273,501
46	1,861	1,027	34,187
<u>9,888</u>	<u>359,286</u>	<u>279,653</u>	<u>12,015,545</u>
-	101	434	34,342
-	372	320	15,548
-	33	28	1,367
-	4	4	171
<u>-</u>	<u>510</u>	<u>786</u>	<u>51,428</u>
5,246	173,060	176,504	8,562,425
4,225	169,002	93,151	3,095,542
371	14,857	8,189	272,134
46	1,857	1,023	34,016
<u>9,888</u>	<u>358,776</u>	<u>278,867</u>	<u>11,964,117</u>
-	1,947	-	29,610
-	2	-	7,171
-	-	-	631
-	-	-	73
<u>-</u>	<u>1,949</u>	<u>-</u>	<u>37,485</u>
5,246	175,007	176,504	8,592,035
4,225	169,004	93,151	3,102,713
371	14,857	8,189	272,765
46	1,857	1,023	34,089
<u>\$ 9,888</u>	<u>\$ 360,725</u>	<u>\$ 278,867</u>	<u>\$ 12,001,602</u>