

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**GOVERNMENTAL FUNDS BALANCE SHEET**

**June 30, 2005**

|  | <b>General<br/>Fund</b> | <b>Other<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|-------------------------------------|---|
| <b>ASSETS</b>                                  |                         |                                     |   |
| Cash and cash equivalents                      | \$ 3,851,555            | \$ 1,965,521                        | \$ 5,817,076                            |
| Property taxes receivable                      | 341,294                 | 17,054                              | 358,348                                 |
| Due from Intermediate School District          | 301,774                 |                                     | 301,774                                 |
| Due from Federal Government                    | 906,343                 | 358,701                             | 1,265,044                               |
| Due from State of Michigan                     | 10,793,882              | 27,978                              | 10,821,860                              |
| Due from other government                      | 8,752                   |                                     | 8,752                                   |
| Due from other funds                           | 251,183                 | 183,394                             | 434,577                                 |
| Accounts receivable                            | 108,817                 | 47,038                              | 155,855                                 |
| Inventories                                    | 176,704                 | 50,049                              | 226,753                                 |
| Prepaid expenses                               | 362,202                 |                                     | 362,202                                 |
| Total assets                                   | \$ 17,102,506           | \$ 2,649,735                        | \$ 19,752,241                           |
| <b>LIABILITIES AND FUND BALANCES</b>           |                         |                                     |   |
| Liabilities:                                   |                         |                                     |   |
| Accounts payable and other current liabilities | \$ 1,900,269            | \$ 117,338                          | \$ 2,017,607                            |
| Due to Intermediate School District            | 85,074                  |                                     | 85,074                                  |
| Salaries payable                               | 3,783,453               | 31,137                              | 3,814,590                               |
| Payroll taxes                                  | 467,217                 | 2,382                               | 469,599                                 |
| Retirement                                     | 1,273,938               | 4,630                               | 1,278,568                               |
| Due to other funds                             | 183,394                 | 236,983                             | 420,377                                 |
| Deferred revenues                              | 668,859                 | 17,054                              | 685,913                                 |
| Interest payable                               | 98,910                  |                                     | 98,910                                  |
| Note payable                                   | 7,300,000               |                                     | 7,300,000                               |
| Total liabilities                              | 15,761,114              | 409,524                             | 16,170,638                              |
| Fund balances:                                 |                         |                                     |   |
| Reserved for:                                  |                         |                                     |   |
| Retirement of long-term debt                   |                         | 572,823                             | 572,823                                 |
| Unreserved:                                    |                         |                                     |   |
| Designated for band uniforms                   | 55,000                  |                                     | 55,000                                  |
| Designated for carry-over                      | 128,991                 |                                     | 128,991                                 |
| Undesignated                                   | 1,157,401               | 1,667,388                           | 2,824,789                               |
| Total fund balances                            | 1,341,392               | 2,240,211                           | 3,581,603                               |
| Total liabilities and fund balances            | \$ 17,102,506           | \$ 2,649,735                        | \$ 19,752,241                           |

See accompanying notes.

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
DISTRICT-WIDE STATEMENT OF NET ASSETS  
June 30, 2005**

|   |                     |                         |
|---|---------------------|-------------------------|
| <b>Total fund balances - governmental funds</b>   | \$                  | 3,581,603               |
| Amounts reported for governmental activities in the statement of net assets are different because:  |                     |                         |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.  |                     |                         |
| The cost of the capital assets is   | \$ 52,991,370       |                         |
| Accumulated depreciation is   | <u>(26,330,146)</u> | 26,661,224              |
| Property tax revenues and related receivable not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.   |                     | 286,678                 |
| Other long term receivable not available to pay current period expenditures.  |                     | 132,818                 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of: |                     |                         |
| Bonds and loan payable  |                     | (16,015,523)            |
| Accrued interest on the bonds   |                     | (196,101)               |
| Other accrued benefits  |                     | <u>(9,890,601)</u>      |
| <b>Total net assets - governmental activities</b>   | <b>\$</b>           | <b><u>4,560,098</u></b> |

*See accompanying notes.*

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
Year Ended June 30, 2005**

|  | <b>General<br/>Fund</b> | <b>Other<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|-------------------------------------|---|
| <b>REVENUES</b>                                      |                         |                                     |   |
| Local sources  | \$ 12,793,835           | \$ 3,843,031                        | \$ 16,636,866                           |
| State program revenues                               | 59,190,807              | 155,011                             | 59,345,818                              |
| Federal program revenues                             | 4,104,364               | 1,543,698                           | 5,648,062                               |
| Total revenues                                       | <u>76,089,006</u>       | <u>5,541,740</u>                    | <u>81,630,746</u>                       |
| <b>EXPENDITURES</b>                                  |                         |                                     |   |
| Current:   |                         |                                     |   |
| Instruction services                                 | 44,749,521              |                                     | 44,749,521                              |
| Support services                                     | 28,383,564              | 4,810,322                           | 33,193,886                              |
| Community services                                   | 401,229                 |                                     | 401,229                                 |
| Debt service:  |                         |                                     |   |
| Principal  |                         | 3,087,631                           | 3,087,631                               |
| Interest   |                         | 585,084                             | 585,084                                 |
| Capital outlay                                       | 807,001                 | 4,629,492                           | 5,436,493                               |
| Total expenditures                                   | <u>74,341,315</u>       | <u>13,112,529</u>                   | <u>87,453,844</u>                       |
| Excess (deficiency) of revenues over<br>expenditures | <u>1,747,691</u>        | <u>(7,570,789)</u>                  | <u>(5,823,098)</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                                     |   |
| Operating transfers in (out)                         | (3,176,732)             | 2,931,253                           | (245,479)                               |
| Proceeds from Bond Issuance                          |                         | 5,920,200                           | 5,920,200                               |
| Total Other Financing Sources (Uses)                 | <u>(3,176,732)</u>      | <u>8,851,453</u>                    | <u>5,674,721</u>                        |
| Net change in fund balances                          | (1,429,041)             | 1,280,664                           | (148,377)                               |
| Fund balances - July 1, 2004                         | 2,770,433               | 959,547                             | 3,729,980                               |
| Fund balances - June 30, 2005                        | <u>\$ 1,341,392</u>     | <u>\$ 2,240,211</u>                 | <u>\$ 3,581,603</u>                     |

See accompanying notes.

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005**

|  |             |                    |
|--|-------------|--------------------|
| <b>Total net change in fund balances - governmental funds</b>  | \$          | (148,377)          |
| Amounts reported for governmental activities in the statement of activities are different because:   |             |                    |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  |             |                    |
| Depreciation expense   | (1,390,177) |                    |
| Capital outlay   | 143,895     | (1,246,282)        |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.   |             |                    |
|  |             | 3,104,153          |
| Repayment of capital lease is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.  |             |                    |
|  |             | 368,804            |
| Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.  |             |                    |
|  |             | 27,759             |
| Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds.   |             |                    |
|  |             | 39,554             |
| In the statement of activities, certain operating expenses - other accrued benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, other accrued benefits decreased.   |             |                    |
|  |             | 692,041            |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, 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 due. The additional interest reported in the statement of activities is the net result of two factors. Accrued interest on bonds increased. |             |                    |
|  |             | 44,012             |
| Gross proceeds were received from the issuance of a new bond. The amount is treated as a source of financing in the governmental funds. The bond proceeds are not revenue but constitute long-term liabilities in the statement of net assets.   |             |                    |
|  |             | (5,980,000)        |
| <b>Change in net assets of governmental activities</b>   | \$          | <b>(3,098,336)</b> |

See accompanying notes.