

**Chippewa Valley Schools
Clinton Township, Michigan**

**Financial Report
with Supplemental Information
June 30, 2012**

Chippewa Valley Schools

Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements	
District-wide Financial Statements:	
Statement of Net Assets (Deficit)	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets (Deficit)	16
Statement of Revenue, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Fiduciary Fund - Statement of Fiduciary Assets and Liabilities	19
Notes to Financial Statements	20-36
Required Supplemental Information	37
Budgetary Comparison Schedule - General Fund	38
Other Supplemental Information	39
Nonmajor Governmental Funds:	
Combining Balance Sheet	40-41
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	42-43
Schedule of Bonded Indebtedness	44-45
Federal Awards Supplemental Information	Issued Under Separate Cover

Independent Auditor's Report

To the Board of Education
Chippewa Valley Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Valley Schools (the "School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chippewa Valley Schools' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Chippewa Valley Schools as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

To the Board of Education
Chippewa Valley Schools

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chippewa Valley Schools' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated October 3, 2012 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 opinions 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* and should be considered in assessing the results of our audit.

Plante & Morse, PLLC

October 3, 2012

Chippewa Valley Schools

Management's Discussion and Analysis

This section of the Chippewa Valley Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2012. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Chippewa Valley Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, 2010A Capital Projects Fund, and 2010B Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

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

One of the most important questions asked about the School District is “As a whole, what is the School District’s financial condition as a result of the year’s activities?” The statement of net assets (deficit) and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District’s net assets (deficit) - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets (deficit) - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net assets (deficit) and the statement of activities report the governmental activities for the School District, which encompass all of the School District’s services, including instruction, support services, building activities, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District’s Most Significant Funds - Fund Financial Statements

The School District’s fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the food service and building activities are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds - All of the School District’s services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District’s programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets (deficit) and the statement of activities) and governmental funds in a reconciliation.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

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

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

The School District as a Whole

Recall that the statement of net assets (deficit) provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2012:

TABLE I

	Governmental Activities	
	2012	2011
	(in millions)	
Assets		
Current and other assets	\$ 93.2	\$ 118.5
Capital assets	388.8	372.2
Total assets	482.0	490.7
Liabilities		
Current liabilities	55.1	46.9
Long-term liabilities	500.5	506.0
Total liabilities	555.6	552.9
Net Assets		
Invested in capital assets - Net of related debt	(59.5)	(54.8)
Restricted	2.9	4.0
Unrestricted	(17.0)	(11.4)
Total net assets	\$ (73.6)	\$ (62.2)

The above analysis focuses on the net assets (deficit) (see Table I). The change in net assets (deficit) (see Table 2) of the School District's governmental activities is discussed below. The School District's net deficit was (\$73.6) million at June 30, 2012.

Capital assets, net of related debt, totaling (\$59.5) million, compares the original cost, less depreciation, of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Key reasons for the capital assets, net of related debt, totaling (\$59.5) million, include the School District's participation with the School Bond Loan Fund program and the retirement of debt not equal to the current level of depreciation. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Restricted net assets are reported separately to show legal constraints from debt covenants, the fund balance from the International Academy and Cafeteria Fund, and enabling legislation that limits the School District's ability to use those net assets for day-to-day operations.

The remaining amount of net assets (\$17.0) million was unrestricted. The (\$17.0) million in unrestricted net assets (deficit) of governmental activities represent the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net assets for fiscal year 2012 and, for comparative purposes, the changes in net assets for fiscal year 2011.

TABLE 2

	Governmental Activities	
	2012	2011
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 10.8	\$ 7.1
Federal grants and entitlements	6.4	9.3
State categoricals	8.5	6.4
Operating grants	4.5	3.3
General revenue:		
Property taxes	37.4	39.8
State foundation allowance	96.9	96.0
Federal source - Unrestricted	0.3	5.4
Investment earnings and other	2.4	5.7
Total revenue	167.2	173.0
Functions/Program Expenses		
Instruction	86.0	85.6
Support services	45.1	44.8
Community services	0.9	0.9
Building activities	2.0	2.3
Food services	3.5	3.4
International Academy	3.1	2.2
Interest on long-term debt and other	24.5	23.2
Depreciaton (unallocated)	13.5	12.9
Total functions/program expenses	178.6	175.3
Decrease in Net Assets	\$ (11.4)	\$ (2.3)

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$178.6 million. Certain activities were partially funded from those who benefited from the programs (\$10.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$19.4 million). We paid for the remaining "public benefit" portion of our governmental activities with \$37.4 million in taxes, \$96.9 million in State foundation allowance, and with our other revenue, i.e., interest and general entitlements.

The School District experienced a decrease in net assets of \$11.4 million. Key reasons for the change in net assets were:

- Depreciation of capital assets in the amount of \$13.5 million
- Reduction in bonded debt liability of \$3.0 resulting from difference in long-term debt payments and increase in School Bond Loan Fund and School Bond Revolving Fund owed amount
- Increase of liability for employee related obligation of \$ 0.9 million.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$70.6 million, which is a decrease of \$30.2 million from last year. The primary reasons for the decrease were:

- Capital Projects Fund fund balance decrease of \$29.7 million resulting from completion of capital projects
- General Fund fund balance decrease of \$ 0.2 million
- Food Service Fund fund balance increase of \$ 0.1 million
- Building Activities/Childcare Fund fund balance decrease of \$ 0.1 million
- Macomb International Fund fund balance increase of \$ 0.1 million
- Debt Fund fund balance decrease of \$ 0.4 million

There remains \$ 44.5 million from the 2010 bond issue and \$5.5 million from the 2005 bond issue to complete remaining projects. The projects for the 2010 bond issue are estimated to be 51 percent complete and the projects for the 2005 bond issue are estimated to be 96.5 percent complete as of June 30, 2012.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Chippewa Valley Schools continues to assess the maximum allowable millage rate to fund operations (18 mills on nonhomestead property) and the required millage rate for debt retirement to participate in the School Bond Loan Fund. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt service obligations are funded by annual state appropriation. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

In the General Fund, our principal operating fund, the fund balance decreased by \$0.2 million from \$16.9 million to \$16.7 million. The fund balance remained stable from the prior year.

Special Revenue Funds include Food Service, Building Activities/Childcare, and Macomb International Academy Funds. The combined Special Revenue Funds fund balance increased by \$103,445. Food Services Fund balance increased by \$101,612, Building Activities/Childcare Fund balance decreased by \$118,197, and Macomb International Academy Fund balance increased by \$120,030.

Combined, the Debt Service Funds showed a fund balance decrease of \$356,346. Chippewa Valley Schools continues to assess the maximum allowable millage rate to fund operations (18 mills on nonhomestead property) and the required millage rate for debt retirement to participate in the School Bond Loan Fund. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt obligations are funded by annual State appropriation, and no fund balance exists at year end. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

Over the course of the school year, the School District revises its budget to reflect changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. Amendments to the General Fund budget were approved on December 19, 2011 and June 4, 2012. A schedule showing the School District's original and final budget compared with amounts actually received and expended is provided in the supplemental information section of these financial statements.

The process used for developing the original 2011-2012 General Fund budget was different from the normal process where revenue and expenditure line items are evaluated and updated based on specific known items and assumptions. For 2011-2012, both revenue and expenditure categories were updated by a percentage amount reflecting target levels for both revenue and expenditures. As a result of this one-time process for 2011-2012, the changes from the original target level budget to the second amended budget are highlighted as follows:

- Revenue increased by \$3,295,051 (2.54 percent) from the original target level to the second amended budget

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

- Adjustment of impact of loss of federal stimulus funds and state foundation allowance funding (increase of \$1,645,000)
- Prior year adjustment of state special ed funding (increase of \$155,000)
- Federal grant carryover and current year federal grant adjustments (increase of \$641,000)
- Medicaid increase (increase of \$107,000)
- Various increases in interest earnings, fees charged for programs through community education, latchkey, athletics, etc., and miscellaneous sources (increase of \$747,000).
- Expenditures increased by \$98,753 (0.07 percent) from the original target level to the second amended budget.

As a result of the changes from the original target level budget to the second amended budget:

- Revenue goes from \$129,487,355 to \$132,782,406
- Expenditures go from \$133,709,839 to \$133,808,592
- Expenditures exceeding revenue going from \$4,222,484 to \$1,026,186
- Projected fund balance going from \$12,721,790 to \$15,918,088.

When comparing second amended budget to actual for both revenue and expenditures:

- Revenue was \$978,201 under projected revenue (-0.74 percent)
- Expenditures were \$1,804,218 under projected expenditures (-1.35 percent)

Included in the amount under both revenue and expenditures was \$969,062 in state grants (At Risk and Great State Readiness Program) and federal grants that were not received or expended during 2011-2012 (will carry over to 2012-2013). Taking out the grant amount of \$969,062 in both revenue and expenditures budgets

- Net revenue was \$9,139 lower than adjusted budget amount
- Net expenditures were \$835,150 lower than adjusted budget amount, a variance of (0.62) percent

Actual fund balance decreased by \$200,175 to \$16,744,273 (rather than the projected decrease of \$1,026,186 to \$15,918,087). As a percentage of actual expenditures, 2011-2012 fund balance is 12.7 percent compared to 12.8 percent in 2010-2011.

There were no significant variances between the final budget and actual amounts.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2012, the School District had \$512 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase from last year of \$30.2 million.

	<u>2012</u>	<u>2011</u>
Land	\$ 13,092,570	\$ 13,092,570
Construction in progress	12,693,043	11,156,076
Buildings and building improvements	436,429,235	414,076,480
Buses and other vehicles	8,517,781	6,500,337
Furniture and equipment	<u>41,170,852</u>	<u>36,916,552</u>
Total capital assets	<u>\$ 511,903,481</u>	<u>\$ 481,742,015</u>

This year's net additions of approximately \$30.2 million included vehicles, technology, building renovations, and buses. The additions were financed primarily from the 2010B Capital Projects Fund. We anticipate capital additions in 2012-2013 will be less than the 2011-2012 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$371.7 million in general obligation bonds outstanding versus \$395.7 million in the previous year - a change of approximately 6.1 percent. The decrease in the outstanding debt was a result of the principal payments made on the outstanding bond issues with no new issues during the year.

Those bonds consisted of the following:

	<u>2012</u>	<u>2011</u>
General obligation bonds	<u>\$ 371,697,000</u>	<u>\$ 395,709,000</u>

The School District's general obligation bond rating was AAA per S&P and/or Fitch at its issuance. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to the debt limit. The School District's outstanding qualified general obligation debt of \$371.7 million does not apply to the \$477 million statutory limit. The School District has no unqualified general obligation debt.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

In addition, the School District has accumulated debt and accrued interest of approximately \$46.3 million and \$96.8 million to be paid to Michigan's School Bond Loan Fund and Michigan's School Bond Loan Revolving Fund, respectively.

Other obligations include accrued vacation pay and sick leave, voluntary retirement supplement, and self-insurance liability. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Economic conditions and the ability of the State of Michigan to adequately fund K-12 education continue to be a concern for Chippewa Valley Schools and all school districts in Michigan for the 2012-2013 school year and beyond. While there has been some improvement in the economy and available resources have seemed to stabilize, how those resources are allocated from the State level is not certain. The State Aid Bill for 2012-2013 was approved prior to the start of the fiscal year with a modest improvement in funding for Chippewa Valley Schools (foundation allowance increased by \$120 per pupil with a potential \$8 per pupil decrease in new categoricals versus discontinued categoricals).

The impact of the 2012-2013 State Aid Bill, along with a projected increase in enrollment of 75, shows revenue increased by about \$1.9 million dollars going from \$132.8 million in 2011-2012 to \$134.7 million in 2012-2013. Expenditures for 2012-2013 are estimated to be \$137.7 million and include employees for a second year receiving no wage schedule increase or increments and paying at least 10 percent of medical premium, additional staffing for all day kindergarten, and retirement rate increasing to 27.37 percent.

During the past eight years, Chippewa Valley Schools has made adjustments and implemented cost-savings measures that have reduced costs by over \$27.6 million from what they would have otherwise been. In addition to cost reductions and savings, the district has successfully opened several new facilities to accommodate the continued student growth in the School District. In February 2010, the community approved a bond proposal for over \$89 million which will allow the School District to continue to invest in its facilities, technology, and equipment.

The preliminary budget revenue for the General Fund for the 2012-2013 school year, adopted on June 18, 2012, includes the increased foundation allowance of \$120 per pupil and an enrollment increase of 75. The preliminary budget expenditures include continuation of cost reductions from 2011-2012, addition of staff for all day kindergarten, and an increase in the retirement contribution rate. Using the factors indicated and best estimates for other factors, the adopted budget projects that expenditures will exceed revenue by \$3.0 million or 2.2 percent. Compared to the prior year final amended budget, revenue will go from \$132.8 million to \$134.7 million (an increase of \$1.9 million or 1.4 percent) and expenditures will go from \$133.8 million to \$137.7 million (an increase \$3.9 million or 2.9 percent). The excess of expenditures over revenue of \$3.0 million will be covered by fund balance.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Opportunities to enhance revenue and control costs will be monitored on an ongoing basis. Chippewa Valley Schools has managed its finances in this difficult period and has had great support from employee groups to restructure employee's costs to address the changes in the funding commitment from the State of Michigan for K-12 education. Unless K-12 education and funding once again become a priority at the State level, the potential for program reductions that impact students directly remains great.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

Chippewa Valley Schools

Statement of Net Assets (Deficit) June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 3)	\$ 12,455,853
Receivables:	
Accounts receivable	139,394
Due from other governmental units	20,509,507
Interest	366,325
Inventories	85,439
Prepaid costs	1,933,340
Restricted assets (Note 3)	57,720,743
Capital assets - Net (Note 5)	<u>388,829,775</u>
Total assets	482,040,376
Liabilities	
Accounts payable	7,358,487
Accrued payroll and other liabilities	11,723,194
Employee fringe benefits payable	1,334,079
Retirement benefits payable	3,130,369
Retainage payable	826,374
Deferred revenue (Note 4)	674,914
Noncurrent liabilities (Note 7):	
Due within one year	30,068,450
Due in more than one year	<u>500,513,577</u>
Total liabilities	<u>555,629,444</u>
Net Assets (Deficit)	
Invested in capital assets - Net of related debt	(59,547,628)
Restricted:	
Capital projects	480,879
Special Revenue	2,500,899
Unrestricted	<u>(17,023,218)</u>
Total net deficit	<u>\$ (73,589,068)</u>

Chippewa Valley Schools

Statement of Activities Year Ended June 30, 2012

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Assets (Deficit)
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 86,037,110	\$ -	\$ 12,099,244	\$ (73,937,866)
Support services	45,117,086	1,305,438	4,033,081	(39,778,567)
Food services	3,470,622	2,091,308	1,710,761	331,447
Community services	882,715	2,775,848	-	1,893,133
International academy	3,103,966	2,735,074	-	(368,892)
Building activities	2,051,836	1,933,350	-	(118,486)
Interest on long-term debt	24,482,906	-	1,538,718	(22,944,188)
Depreciation expense (unallocated)	13,498,371	-	-	(13,498,371)
Total governmental activities	\$ 178,644,612	\$ 10,841,018	\$ 19,381,804	(148,421,790)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				13,155,283
Property taxes, levied for debt service				24,281,772
State aid not restricted to specific purposes				96,866,590
Federal sources - Unrestricted				267,588
Interest and investment earnings				635,542
Other				1,834,363
Total general revenue				137,041,138
Change in Net Assets				(11,380,652)
Net Deficit - Beginning of year				(62,208,416)
Net Deficit - End of year				\$ (73,589,068)

Chippewa Valley Schools

Governmental Funds Balance Sheet June 30, 2012

	General Fund	2010A Capital Projects Fund	2010B Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 11,127,225	\$ -	\$ -	\$ 1,328,628	\$ 12,455,853
Receivables:					
Accounts receivable	139,394	-	-	-	139,394
Interest	-	139,912	226,413	-	366,325
Due from other governmental units	20,509,507	-	-	-	20,509,507
Due from other funds (Note 6)	235,534	2,797,224	-	2,061,339	5,094,097
Inventories	40,501	-	-	44,938	85,439
Prepaid costs	1,933,340	-	-	-	1,933,340
Restricted assets (Note 3)	-	17,065,358	33,858,618	6,796,767	57,720,743
Total assets	\$ 33,985,501	\$ 20,002,494	\$ 34,085,031	\$ 10,231,672	\$ 98,304,698
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 743,175	\$ -	\$ 5,906,590	\$ 648,377	\$ 7,298,142
Accrued payroll and other liabilities	9,291,579	-	-	-	9,291,579
Employee fringe benefits payable	1,334,079	-	-	-	1,334,079
Retirement benefits payable	3,130,369	-	-	-	3,130,369
Retainage payable	-	-	826,374	-	826,374
Due to other funds (Note 6)	2,121,965	-	2,797,224	235,253	5,154,442
Deferred revenue (Note 4)	620,236	-	-	54,678	674,914
Total liabilities	17,241,403	-	9,530,188	938,308	27,709,899
Fund Balances					
Nonspendable - Inventory and prepaid items	1,973,841	-	-	44,938	2,018,779
Restricted:					
Capital projects	-	20,002,494	24,554,843	5,567,648	50,124,985
Debt service	-	-	-	580,742	580,742
Cafeteria	-	-	-	587,624	587,624
International Academy	-	-	-	1,868,337	1,868,337
Committed:					
Building activities	-	-	-	644,075	644,075
Accumulated employment related obligations	3,229,452	-	-	-	3,229,452
Resale activities	103,895	-	-	-	103,895
Assigned - Budgeted operating deficit 2012/2013 school year	3,020,039	-	-	-	3,020,039
Unassigned	8,416,871	-	-	-	8,416,871
Total fund balances	16,744,098	20,002,494	24,554,843	9,293,364	70,594,799
Total liabilities and fund balances	\$ 33,985,501	\$ 20,002,494	\$ 34,085,031	\$ 10,231,672	\$ 98,304,698

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

Chippewa Valley Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets (Deficit) Year Ended June 30, 2012

Fund Balance Reported in Governmental Funds	\$	70,594,799
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds:		
Cost of capital assets	\$ 511,903,481	
Accumulated depreciation	<u>(123,073,706)</u>	388,829,775
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:		
Bonds payable - Net of bond premium, bond discount, and deferred charges	(525,193,742)	
Employee compensated absences	(1,215,943)	
Self-insurance liability	(3,029,737)	
Voluntary retirement supplement	<u>(1,142,605)</u>	<u>(530,582,027)</u>
Accrued interest payable is not included as a liability in governmental funds		<u>(2,431,615)</u>
Net Assets of Governmental Activities	\$	<u>(73,589,068)</u>

Chippewa Valley Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2012

	General Fund	2010 Building & Site A	2010 Building & Site B	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Local sources	\$ 20,626,897	\$ 289,196	\$ 184,336	\$ 29,046,203	\$ 50,146,632
State sources	105,213,653	-	-	148,457	105,362,110
Federal sources	5,145,219	-	-	3,101,022	8,246,241
Interdistrict sources	-	-	-	2,735,074	2,735,074
Governmental - Intergovernmental	70,000	-	-	-	70,000
Total revenue	131,055,769	289,196	184,336	35,030,756	166,560,057
Expenditures					
Current:					
Instruction	85,618,338	-	-	-	85,618,338
Support services	44,353,579	-	-	-	44,353,579
Food services	-	-	-	3,468,186	3,468,186
Community services	901,261	-	-	-	901,261
International Academy	-	-	-	2,928,474	2,928,474
Building activities	-	-	-	2,051,836	2,051,836
Debt service:					
Principal	-	-	-	24,489,937	24,489,937
Interest	-	-	-	24,174,637	24,174,637
Other	-	-	-	473,821	473,821
Capital outlay	123,844	-	28,431,536	1,976,713	30,532,093
Total expenditures	130,997,022	-	28,431,536	59,563,604	218,992,162
Excess of Revenue Over (Under) Expenditures	58,747	289,196	(28,247,200)	(24,532,848)	(52,432,105)
Other Financing Sources (Uses)					
Transfers in	748,436	-	-	1,025,979	1,774,415
Transfers out	(1,007,358)	-	-	(767,057)	(1,774,415)
Long-term debt issued	-	-	-	22,229,587	22,229,587
Total other financing (uses) sources	(258,922)	-	-	22,488,509	22,229,587
Net Change in Fund Balances	(200,175)	289,196	(28,247,200)	(2,044,339)	(30,202,518)
Fund Balances - Beginning of year	16,944,273	19,713,298	52,802,043	11,337,703	100,797,317
Fund Balances - End of year	<u>\$ 16,744,098</u>	<u>\$ 20,002,494</u>	<u>\$ 24,554,843</u>	<u>\$ 9,293,364</u>	<u>\$ 70,594,799</u>

Chippewa Valley Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (30,202,518)

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

Governmental funds report capital outlays as

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

Depreciation expense	\$ (13,498,371)	
Capitalized capital outlay	<u>30,161,466</u>	16,663,095

School Loan Revolving Fund proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities (22,229,587)

Underwriter's discount/premium and deferred refunding charges reported as expenditures/revenue in the funds and amortized in the statement of activities 703,903

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 24,489,937

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 165,552

Compensated absences, as well as self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was earned than paid out (971,034)

Change in Net Assets of Governmental Activities **\$(11,380,652)**

Chippewa Valley Schools

Fiduciary Funds Statement of Fiduciary Assets and Liabilities June 30, 2012

	Student Activities Agency Fund
Assets	
Cash and investments (Note 3)	\$ 650,317
Due from other funds (Note 6)	<u>60,626</u>
Total assets	<u>\$ 710,943</u>
Liabilities	
Due to student groups	\$ 710,662
Due to other funds (Note 6)	<u>281</u>
Total liabilities	<u>\$ 710,943</u>

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note I - Nature of Business and Significant Accounting Policies

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

District-wide and Fund Financial Statements

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

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

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

Note I - Nature of Business and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Fund Financial Statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Note I - Nature of Business and Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

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

2010A Bond Capital Projects Fund - The 2010A Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

2010B Bond Capital Projects Fund - The 2010B Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds include the Cafeteria Fund, International Academy, and Building Activities Fund. Revenue sources of the Cafeteria Fund include sales to customers and dedicated grants from state and federal sources. Revenue of the Building Activities Fund and International Academy consists primarily of tuition and fees charged to users. Any operating deficit generated by these activities is the responsibility of the General Fund.

Debt Service Funds - The School District's Debt Service Funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the related bond issues.

Capital Projects Fund - The 2005 Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

Assets, Liabilities, and Net Assets or Equity

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

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 14 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased, including United States Department of Agriculture Commodities inventory received by the Cafeteria Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both the district-wide and fund financial statements.

Restricted Assets - The unspent bond proceeds and related interest of the Capital Projects Funds require amounts to be set aside for construction. In addition, unspent property taxes levied in the Debt Service Funds are required to be set aside for future principal and interest payments. These amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for computer purchases which are deemed capital assets at a minimum purchase price of \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20 to 50 years
Buses and other vehicles	7 years
Furniture and other equipment	5 to 20 years

Note I - Nature of Business and Significant Accounting Policies
(Continued)

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

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

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

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

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

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education or superintendent of business services and operations, who is authorized by policy approved by the Board of Education to make assignments.

Note 2 - Stewardship, Compliance, and Accountability

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. Various administrators are authorized to transfer budgeted amounts within functions with any fund. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. The School District did not have any expenditure overruns. State law permits districts to amend their budgets during the year. The School District amended its budget twice during the fiscal year. These budget amendments were adopted by the school board on December 19, 2011 and June 4, 2012.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

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

Capital Projects Fund Compliance - The 2005 Capital Projects Fund, 2010A Capital Projects Fund, and 2010B Capital Projects Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Note 3 - Deposits and Investments

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

The School District has designated 20 financial institutions for the deposit of its funds.

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

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits. At year end, the School District had a deposit balance of \$29,070,290 and no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law. At June 30, 2012, the School District did not hold any investment securities that were uninsured and unregistered.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

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

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

<u>Investment</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. agency bonds - Series A	\$ 16,833,433	1.75 years	AAA	Standards & Poor's or Fitch
U.S. agency bonds - Series B	<u>25,527,174</u>	0.64 year	AAA	Standards & Poor's or Fitch
Total investments	<u>\$ 42,360,607</u>			

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are in U.S. agency bonds. The investment issuers and the percent of total investments of these bonds are as follows:

Issuer	Percent of Investments
Federal Home Loan Bank	28.20 %
Freddie Mac	20.00
Federal National Mortgage Association	50.00

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

Note 4 - Receivables

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the School District has \$620,236 of deferred revenue related to grants received and tuition payments received but not yet earned and \$54,678 of deposits received for the subsequent year's food service program.

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note 5 - Capital Assets

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

	Balance July 1, 2011	Reclassifications	Additions/ Transfers	Disposals	Balance June 30, 2012
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 13,092,570	\$ -	\$ -	\$ -	\$ 13,092,570
Construction in progress	11,156,076	(2,344,661)	3,881,628	-	12,693,043
Subtotal	24,248,646	(2,344,661)	3,881,628	-	25,785,613
Capital assets being depreciated:					
Buildings and building improvements	414,076,480	2,331,474	20,021,281	-	436,429,235
Furniture and equipment	36,916,552	13,187	4,241,113	-	41,170,852
Buses and other vehicles	6,500,337	-	2,017,444	-	8,517,781
Subtotal	457,493,369	2,344,661	26,279,838	-	486,117,868
Accumulated depreciation:					
Buildings and building improvements	87,385,909	-	8,193,119	-	95,579,028
Furniture and equipment	18,556,913	-	4,503,887	-	23,060,800
Buses and other vehicles	3,632,513	-	801,365	-	4,433,878
Subtotal	109,575,335	-	13,498,371	-	123,073,706
Net capital assets being depreciated	347,918,034	2,344,661	12,781,467	-	363,044,162
Net capital assets	\$ 372,166,680	\$ -	\$ 16,663,095	\$ -	\$ 388,829,775

Depreciation expense was not charged to activities, as the School District considers its assets to impact multiple activities and allocation is not practical.

Construction Commitments - The School District has active construction projects at year end. The projects are reported in the 2005, 2010A, and 2010B Capital Projects Funds. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2005 Capital Projects Fund	\$ 176,638,732	\$ 794,907
2010B Capital Projects Fund	47,376,031	11,650,118
Total	\$ 224,014,763	\$ 12,445,025

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	2010B Capital Projects Fund	Other Nonmajor Governmental Funds	Fiduciary Fund	
General Fund	\$ -	\$ -	\$ 235,253	\$ 281	\$ 235,534
2010A Capital Projects Fund	-	2,797,224	-	-	2,797,224
Other nonmajor governmental funds	2,061,339	-	-	-	2,061,339
Fiduciary Fund	60,626	-	-	-	60,626
Total	\$ 2,121,965	\$ 2,797,224	\$ 235,253	\$ 281	\$ 5,154,723

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Transfers of \$1,007,358 from the General Fund to the International Academy covered the School District's tuition owed to the International Academy. The International Academy transferred \$518,436 to the General Fund to reimburse the School District for staff working at the Academy and other expenditures. A transfer of \$18,621 from the 2002 Debt Fund to the 2003 Refunding Debt Fund closed out the 2002 Debt Fund and a transfer of \$230,000 was made from the Cafeteria Fund to the General Fund to pay for indirect costs charged.

Note 7 - Long-term Debt

The School District issues bonds and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes and installment purchase agreements are also general obligations of the School District. Other long-term obligations include compensated absences, termination benefits, and certain risk liabilities.

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 395,709,000	\$ -	\$ 24,012,000	\$ 371,697,000	\$ 25,011,000
Durant Non-Plaintiff Bond	569,883	-	477,937	91,946	91,946
School Bond Loan Fund	44,197,848	2,142,827	-	46,340,675	-
School Loan Revolving Fund	76,747,902	20,086,760	-	96,834,662	-
Bond premium and issuance costs	13,514,551	-	875,745	12,638,806	875,744
Less bond discount	(437,122)	-	(28,904)	(408,218)	(28,904)
Less deferred refunding charges	(2,144,067)	-	(142,938)	(2,001,129)	(142,938)
Other obligations	4,417,251	14,102,019	13,130,985	5,388,285	4,261,602
Total governmental activities	<u>\$ 532,575,246</u>	<u>\$ 36,331,606</u>	<u>\$ 38,324,825</u>	<u>\$ 530,582,027</u>	<u>\$ 30,068,450</u>

Annual debt service requirements to maturity for the above general and Durant bond obligations are as follows:

Years Ending June 30	Governmental Activities				
	Principal	Interest	Interest Subsidy	Net Interest	Total - Net
2013	\$ 25,102,947	\$ 18,476,484	\$ (1,538,718)	\$ 16,937,766	\$ 42,040,713
2014	24,876,000	17,408,690	(1,538,718)	15,869,972	40,745,972
2015	20,730,000	16,301,445	(1,538,718)	14,762,727	35,492,727
2016	19,800,000	15,314,982	(1,538,718)	13,776,264	33,576,264
2017	19,920,000	14,347,645	(1,528,419)	12,819,226	32,739,226
2018-2022	98,930,000	57,332,122	(6,606,547)	50,725,575	149,655,575
2023-2027	87,255,000	33,350,259	(4,742,387)	28,607,872	115,862,872
2028-2032	50,575,000	14,491,250	(2,641,800)	11,849,450	62,424,450
2033-2035	24,600,000	1,775,350	(532,245)	1,243,105	25,843,105
Total	<u>\$ 371,788,947</u>	<u>\$ 188,798,227</u>	<u>\$ (22,206,270)</u>	<u>\$ 166,591,957</u>	<u>\$ 538,380,904</u>

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note 7 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following:

2003 Refunding Issue - \$58,895,000 serial bonds due in annual installments of \$2,845,000 to \$3,185,000 through May 1, 2021; interest at 5.0 percent	\$ 27,335,000
2003 School Bond Loan - \$34,761,580 serial bonds due in annual installments of \$4,131,000 to \$4,266,000 through May 1, 2014; fixed interest at 3.318 percent	8,397,000
2004 Refunding Issue - \$19,570,000 serial bonds due in annual installments of \$1,100,000 to \$1,180,000 through May 1, 2015; interest from 3.5 to 5.0 percent	3,410,000
2005 Issue - \$158,335,000 serial bonds due in annual installments of \$5,300,000 to \$6,800,000 through May 1, 2034; interest from 3.8 to 5.0 percent	130,775,000
2005 Refunding Issue - \$64,285,000 serial bonds due in annual installments of \$2,425,000 to \$7,730,000 through May 1, 2027; interest at 5.0 percent	61,600,000
2006 Refunding Issue - \$63,575,000 serial bonds due in annual installments of \$1,110,000 to \$8,435,000 through May 1, 2027; interest from 4.0 to 5.0 percent	55,185,000
2009 Refunding Issue - \$1,410,000 serial bonds due in one remaining annual installment of \$470,000 on May 1, 2013; interest at 5.0 percent	470,000
2010 Issue - Series A general obligation - unlimited tax; federally taxable - \$19,065,000 due in annual installments of \$3,125,000 to \$3,625,000 through May 1, 2016; interest from 1.15 to 4.25 percent	13,825,000
2010 Issue - Series B general obligation - unlimited tax; federally taxable - Build America Bonds - direct payment - \$70,700,000 due in annual installments of \$550,000 to \$3,700,000 through May 1, 2035; interest from 5.35 to 6.85 percent with 35 percent build America Bonds interest subsidy	<u>70,700,000</u>
Total bonded debt	<u>\$ 371,697,000</u>

Chippewa Valley Schools

Notes to Financial Statements June 30, 2012

Note 7 - Long-term Debt (Continued)

Durant Non-Plaintiff Bond - Annual total payments (principal and interest) of \$96,326 to \$647,231 associated with this bond are funded by the State of Michigan via specifically appropriated state aid and will not require any School District debt levy or utilization of any other School District financial resources. The Durant Non-Plaintiff Bond is comprised of the following issue:

\$1,371,786 School Improvement Bond, Series 1998 - due in one remaining annual installment of \$91,946, on May 15, 2013; interest at 4.76 percent

Other governmental activities long-term obligations include the following:

Employee compensated absences	\$ 1,215,943
Voluntary retirement supplement	1,142,605
Self-insurance liability	<u>3,029,737</u>
Total	<u>\$ 5,388,285</u>

School Bond Loan - The school bond loan payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest, at the annual rate ranging from 4.625 to 5.0 percent from July 1, 2011 to June 30, 2012, has been assessed for the year ended June 30, 2012. Repayment is required when the millage rate necessary to cover the annual bonded debt service falls below seven mills. The School District is required to levy seven mills and repay to the State any excess of the amount levied over the bonded debt service requirements. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Note 7 - Long-term Debt (Continued)

School Loan Revolving Fund - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005, as amended. Interest rates went into effect beginning October 1, 2005 pursuant to Public Act 92. Interest at the annual rate of 3.0 percent from July 1, 2011 to June 30, 2012 has been assessed for the year ended June 30, 2012. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2040. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Voluntary Retirement Supplement - The School District has a long-term voluntary retirement incentive program in place. One future lump-sum payment in the amount of \$820,000 is due on October 1, 2012. The School District also has a long-term voluntary retirement incentive program in place that calls for a total payout of \$322,605 through June 2016 to be paid in monthly installments ranging from \$167.50 to \$335.

Debt Defeasances - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2012, \$183,515,000 of prior years' bonds outstanding are considered defeased.

Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for for all claims except workers' compensation, dental, and medical. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. For dental, claims are limited to various maximum amounts, which depend on employee contractual groups.

Note 8 - Risk Management (Continued)

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the district-wide statements. The School District's maximum exposure is limited to the specific stop-loss for workers' compensation claims of \$300,000. Changes in the estimated liability for the past two fiscal years were as follows:

Self-insured Workers' Compensation

	<u>2012</u>	<u>2011</u>
Estimated liability - Beginning of year	\$ 154,402	\$ 144,251
Estimated claims incurred - Including changes in estimates	98,850	154,887
Claim payments	<u>(142,024)</u>	<u>(144,736)</u>
Estimated liability - End of year	<u>\$ 111,228</u>	<u>\$ 154,402</u>

The School District is partially self-insured for medical benefits provided to employees. The School District's maximum loss exposure for the fiscal year ended June 30, 2012 was limited to a specific stop-loss of \$75,000 and an aggregate stop-loss at 120 percent of estimated medical claims, excluding prescription coverage not to exceed \$11,616,752. The majority of the increase in estimated claims from prior year to current year is as a result of a change in estimate assumptions for 10-month employees that includes estimates for July and August of succeeding fiscal year. The School District has purchased commercial excess insurance coverage to pay employee claims in excess of deductible amounts. Changes in the estimated liability for the year were as follows:

Self-insured Health

	<u>2012</u>	<u>2011</u>
Estimated liability - Beginning of year	\$ 852,000	\$ 852,121
Estimated claims incurred - Including changes in estimates	13,441,998	10,514,641
Claim payments	<u>(11,375,489)</u>	<u>(10,514,762)</u>
Estimated liability - End of year	<u>\$ 2,918,509</u>	<u>\$ 852,000</u>

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

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

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

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate for basic plan members was 12.16 percent of covered payroll for the period from July 1, 2011 through September 30, 2011 and 15.96 percent for the period from October 31, 2011 through June 30, 2012. The employer contribution rate for pension plus plan members was 10.66 percent for the period from July 1, 2011 through September 30, 2011 and 14.73 percent for the period from October 1, 2011 through June 30, 2012. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages, or up to 6.4 percent of gross wages for members entering the MIP Plus plan on or after July 1, 2008. The School District's required and actual contributions to the plan for the years ended June 30, 2012, 2011, and 2010 were \$12,105,256, \$9,603,056, and \$8,761,033, respectively.

Postemployment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 8.50 percent of covered payroll for the period from July 1, 2011 through June 30, 2012. The School District's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2012, 2011, and 2010 were \$6,823,370, \$6,588,765, and \$5,938,056, respectively.

Note 10 - Upcoming Accounting Pronouncements

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued by the GASB in June 2011 and will be effective for the School District's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the School District as of June 30, 2013.

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

Required Supplemental Information

Chippewa Valley Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 19,876,500	\$ 20,697,353	\$ 20,626,897	\$ (70,456)
State sources	103,666,024	105,427,335	105,213,653	(213,682)
Federal sources	5,200,590	5,839,282	5,145,219	(694,063)
Intergovernmental	-	70,000	70,000	-
Total revenue	128,743,114	132,033,970	131,055,769	(978,201)
Expenditures				
Current:				
Instruction:				
Basic program	71,450,196	71,707,895	71,530,803	(177,092)
Added needs	13,929,799	14,311,609	13,970,748	(340,861)
Adult/Continuing education	215,469	158,810	157,989	(821)
Support services:				
Pupil	12,038,401	12,600,184	12,342,152	(258,032)
Instructional staff	4,206,207	3,532,908	3,327,539	(205,369)
General administration	788,816	635,917	624,376	(11,541)
School administration	8,169,918	8,235,121	8,202,939	(32,182)
Business	1,939,477	2,635,328	2,592,853	(42,475)
Operations and maintenance	10,149,926	9,315,190	9,093,935	(221,255)
Pupil transportation services	4,364,328	4,040,097	3,919,292	(120,805)
Central	2,557,156	2,472,821	2,370,719	(102,102)
Other support	2,064,632	2,062,923	1,956,650	(106,273)
Community services	1,054,863	1,093,179	907,027	(186,152)
Total expenditures	132,929,188	132,801,982	130,997,022	(1,804,960)
Other Financing Sources (Uses)				
Transfers in	744,241	748,436	748,436	-
Transfers out	(780,651)	(1,006,610)	(1,007,358)	(748)
Net Change in Fund Balance	(4,222,484)	(1,026,186)	(200,175)	826,011
Fund Balance - Beginning of year	16,944,273	16,944,273	16,944,273	-
Fund Balance - End of year	<u>\$ 12,721,789</u>	<u>\$ 15,918,087</u>	<u>\$ 16,744,098</u>	<u>\$ 826,011</u>

Other Supplemental Information

Chippewa Valley Schools

	Special Revenue Funds			Debt Service Funds		
	Cafeteria	International	Building	2002 Issue	2003	2004
		Academy	Activities		Refunding	Refunding
				Issue	Issue	
Assets						
Cash and investments	\$ 449,300	\$ -	\$ 879,328	\$ -	\$ -	\$ -
Due from other funds	193,002	1,868,337	-	-	-	-
Inventories	44,938	-	-	-	-	-
Restricted assets	-	-	-	-	93,280	22,471
Total assets	\$ 687,240	\$ 1,868,337	\$ 879,328	\$ -	\$ 93,280	\$ 22,471
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll-related liabilities	-	-	-	-	-	-
Due to other funds	-	-	235,253	-	-	-
Deferred revenue	54,678	-	-	-	-	-
Total liabilities	54,678	-	235,253	-	-	-
Fund Balances						
Nonspendable - Inventory	44,938	-	-	-	-	-
Restricted:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	93,280	22,471
Food service	587,624	-	-	-	-	-
International Academy	-	1,868,337	-	-	-	-
Committed	-	-	644,075	-	-	-
Total fund balances	632,562	1,868,337	644,075	-	93,280	22,471
Total liabilities and fund balances	\$ 687,240	\$ 1,868,337	\$ 879,328	\$ -	\$ 93,280	\$ 22,471

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

Debt Service Funds							Capital Projects Fund	
School Bond								
2005 Issue	2005 Refunding	Loan Refunding	2006 Refunding	2009 Refunding	2010 Series A	2010 Series B	2005 Building & Site	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,328,628
-	-	-	-	-	-	-	-	2,061,339
-	-	-	-	-	-	-	-	44,938
<u>184,516</u>	<u>68,769</u>	<u>31,374</u>	<u>61,780</u>	<u>11,730</u>	<u>57,199</u>	<u>49,623</u>	<u>6,216,025</u>	<u>6,796,767</u>
<u>\$ 184,516</u>	<u>\$ 68,769</u>	<u>\$ 31,374</u>	<u>\$ 61,780</u>	<u>\$ 11,730</u>	<u>\$ 57,199</u>	<u>\$ 49,623</u>	<u>\$ 6,216,025</u>	<u>\$ 10,231,672</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 648,377	\$ 648,377
-	-	-	-	-	-	-	-	235,253
-	-	-	-	-	-	-	-	54,678
-	-	-	-	-	-	-	648,377	938,308
-	-	-	-	-	-	-	-	44,938
-	-	-	-	-	-	-	5,567,648	5,567,648
<u>184,516</u>	<u>68,769</u>	<u>31,374</u>	<u>61,780</u>	<u>11,730</u>	<u>57,199</u>	<u>49,623</u>	<u>-</u>	<u>580,742</u>
-	-	-	-	-	-	-	-	587,624
-	-	-	-	-	-	-	-	1,868,337
-	-	-	-	-	-	-	-	644,075
<u>184,516</u>	<u>68,769</u>	<u>31,374</u>	<u>61,780</u>	<u>11,730</u>	<u>57,199</u>	<u>49,623</u>	<u>5,567,648</u>	<u>9,293,364</u>
<u>\$ 184,516</u>	<u>\$ 68,769</u>	<u>\$ 31,374</u>	<u>\$ 61,780</u>	<u>\$ 11,730</u>	<u>\$ 57,199</u>	<u>\$ 49,623</u>	<u>\$ 6,216,025</u>	<u>\$ 10,231,672</u>

Chippewa Valley Schools

	Special Revenue Funds			Debt Service Funds			
	Cafeteria	International Academy	Building Activities	1998 Durant	2002 Issue	2003	
						Refunding Issue	2004 Refunding
Revenue							
Local sources	\$ 2,091,473	\$ -	\$ 1,933,639	\$ 647,232	\$ 1,082,408	\$ 2,771,181	\$ 828,649
State sources	148,457	-	-	-	-	-	-
Federal sources	1,562,304	-	-	-	-	-	-
Interdistrict sources	-	2,735,074	-	-	-	-	-
Total revenue	3,802,234	2,735,074	1,933,639	647,232	1,082,408	2,771,181	828,649
Expenditures							
Current:							
Food services	3,468,186	-	-	-	-	-	-
International Academy	-	2,928,474	-	-	-	-	-
Building activities	-	-	2,051,836	-	-	-	-
Debt service:							
Principal	-	-	-	477,937	1,775,000	3,225,000	1,225,000
Interest	-	-	-	169,295	79,875	3,089,255	591,505
Other	-	-	-	-	71,371	62,943	20,252
Capital outlay	2,436	175,492	-	-	-	-	-
Total expenditures	3,470,622	3,103,966	2,051,836	647,232	1,926,246	6,377,198	1,836,757
Excess of Revenue Over (Under) Expenditures	331,612	(368,892)	(118,197)	-	(843,838)	(3,606,017)	(1,008,108)
Other Financing Sources (Uses)							
Transfers in	-	1,007,358	-	-	-	18,621	-
Transfers out	(230,000)	(518,436)	-	-	(18,621)	-	-
Long-term debt issued	-	-	-	-	763,667	3,572,608	994,340
Total other financing (uses) sources	(230,000)	488,922	-	-	745,046	3,591,229	994,340
Net Change in Fund Balances	101,612	120,030	(118,197)	-	(98,792)	(14,788)	(13,768)
Fund Balances - Beginning of year	530,950	1,748,307	762,272	-	98,792	108,068	36,239
Fund Balances - End of year	\$ 632,562	\$ 1,868,337	\$ 644,075	\$ -	\$ -	\$ 93,280	\$ 22,471

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012**

2005 Issue	Debt Service Funds						Capital Projects Fund	Total
	2005 Refunding	School Bond Loan Refunding	2006 Refunding	2009 Refunding	2010 Series A	2010 Series B	2005 Building & Site	
\$ 6,881,226	\$ 3,438,605	\$ 2,548,736	\$ 3,026,123	\$ 287,414	\$ 1,846,046	\$ 1,656,124	\$ 7,347	\$ 29,046,203
-	-	-	-	-	-	-	-	148,457
-	-	-	-	-	-	1,538,718	-	3,101,022
-	-	-	-	-	-	-	-	2,735,074
<u>6,881,226</u>	<u>3,438,605</u>	<u>2,548,736</u>	<u>3,026,123</u>	<u>287,414</u>	<u>1,846,046</u>	<u>3,194,842</u>	<u>7,347</u>	<u>35,030,756</u>
-	-	-	-	-	-	-	-	3,468,186
-	-	-	-	-	-	-	-	2,928,474
-	-	-	-	-	-	-	-	2,051,836
5,275,000	2,685,000	4,002,000	2,680,000	470,000	2,675,000	-	-	24,489,937
7,441,215	3,479,464	805,754	2,828,077	672,309	567,632	4,450,256	-	24,174,637
134,806	40,752	51,065	54,209	3,729	17,889	16,805	-	473,821
-	-	-	-	-	-	-	1,798,785	1,976,713
<u>12,851,021</u>	<u>6,205,216</u>	<u>4,858,819</u>	<u>5,562,286</u>	<u>1,146,038</u>	<u>3,260,521</u>	<u>4,467,061</u>	<u>1,798,785</u>	<u>59,563,604</u>
(5,969,795)	(2,766,611)	(2,310,083)	(2,536,163)	(858,624)	(1,414,475)	(1,272,219)	(1,791,438)	(24,532,848)
-	-	-	-	-	-	-	-	1,025,979
-	-	-	-	-	-	-	-	(767,057)
<u>5,898,583</u>	<u>2,763,042</u>	<u>2,244,729</u>	<u>2,480,119</u>	<u>854,051</u>	<u>1,401,609</u>	<u>1,256,839</u>	<u>-</u>	<u>22,229,587</u>
<u>5,898,583</u>	<u>2,763,042</u>	<u>2,244,729</u>	<u>2,480,119</u>	<u>854,051</u>	<u>1,401,609</u>	<u>1,256,839</u>	<u>-</u>	<u>22,488,509</u>
(71,212)	(3,569)	(65,354)	(56,044)	(4,573)	(12,866)	(15,380)	(1,791,438)	(2,044,339)
<u>255,728</u>	<u>72,338</u>	<u>96,728</u>	<u>117,824</u>	<u>16,303</u>	<u>70,065</u>	<u>65,003</u>	<u>7,359,086</u>	<u>11,337,703</u>
\$ 184,516	\$ 68,769	\$ 31,374	\$ 61,780	\$ 11,730	\$ 57,199	\$ 49,623	\$5,567,648	\$ 9,293,364

Chippewa Valley Schools

June 30	Durant Principal	Series A 2010 Issue	Series B 2010 Issue	2009 Refunding Issue	2006 Refunding Issue
	Principal	Principal	Principal	Principal	Principal
2013	\$ 91,946	\$ 3,475,000	\$ -	\$ 470,000	\$ 1,905,000
2014	-	3,600,000	-	-	1,890,000
2015	-	3,625,000	-	-	1,100,000
2016	-	3,125,000	550,000	-	1,150,000
2017	-	-	3,675,000	-	120,000
2018	-	-	3,675,000	-	125,000
2019	-	-	3,700,000	-	5,530,000
2020	-	-	3,675,000	-	5,615,000
2021	-	-	3,675,000	-	8,285,000
2022	-	-	3,675,000	-	8,435,000
2023	-	-	3,675,000	-	8,425,000
2024	-	-	3,700,000	-	4,345,000
2025	-	-	3,700,000	-	4,320,000
2026	-	-	3,700,000	-	4,290,000
2027	-	-	3,700,000	-	1,675,000
2028	-	-	3,700,000	-	-
2029	-	-	3,700,000	-	-
2030	-	-	3,700,000	-	-
2031	-	-	3,700,000	-	-
2032	-	-	3,700,000	-	-
2033	-	-	3,700,000	-	-
2034	-	-	3,700,000	-	-
2035	-	-	3,700,000	-	-
Total principal	\$ 91,946	\$ 13,825,000	\$ 70,700,000	\$ 470,000	\$ 55,185,000
Principal payments due	May 15	May 1	May 1	May 1	May 1
Interest payments due	May 15	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	4.76%	1.15% to 4.25%	5.35% to 6.85%	5.0%	4.0% to 5.0%
Original issue	\$ 1,371,786	\$ 19,065,000	\$ 70,700,000	\$ 1,410,000	\$ 63,575,000

**Other Supplemental Information
Schedule of Bonded Indebtedness
Year Ended June 30, 2012**

2005 Refunding Issue	2005 Issue	2004 Refunding Issue	2003 SBL Refunding Issue	2003 Refunding Issue	Total
Principal	Principal	Principal	Principal	Principal	
\$ 5,365,000	\$ 5,300,000	\$ 1,180,000	\$ 4,131,000	\$ 3,185,000	\$ 25,102,946
5,490,000	5,325,000	1,130,000	4,266,000	3,175,000	24,876,000
7,410,000	5,350,000	1,100,000	-	3,135,000	20,730,000
7,520,000	5,400,000	-	-	3,090,000	19,800,000
7,625,000	5,450,000	-	-	3,050,000	19,920,000
7,730,000	5,500,000	-	-	3,000,000	20,030,000
2,435,000	5,575,000	-	-	2,955,000	20,195,000
2,425,000	5,650,000	-	-	2,900,000	20,265,000
-	5,725,000	-	-	2,845,000	20,530,000
-	5,800,000	-	-	-	17,910,000
-	5,875,000	-	-	-	17,975,000
3,900,000	5,950,000	-	-	-	17,895,000
3,900,000	6,025,000	-	-	-	17,945,000
3,900,000	6,100,000	-	-	-	17,990,000
3,900,000	6,175,000	-	-	-	15,450,000
-	6,250,000	-	-	-	9,950,000
-	6,325,000	-	-	-	10,025,000
-	6,400,000	-	-	-	10,100,000
-	6,500,000	-	-	-	10,200,000
-	6,600,000	-	-	-	10,300,000
-	6,700,000	-	-	-	10,400,000
-	6,800,000	-	-	-	10,500,000
-	-	-	-	-	3,700,000
\$ 61,600,000	\$ 130,775,000	\$ 3,410,000	\$ 8,397,000	\$ 27,335,000	\$ 371,788,946
May 1	May 1	May 1	May 1	May 1	
May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
5.0%	3.8% to 5.0%	2.0% to 5.0%	3.318%	2.25% to 5.0%	
\$ 64,285,000	\$ 158,335,000	\$ 19,570,000	\$ 34,761,580	\$ 58,895,000	