

**Chippewa Valley Schools
Clinton Township, Michigan**

**Financial Report
with Supplemental Information
June 30, 2014**

Chippewa Valley Schools

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Independent Auditor's Report

To the Board of Education
Chippewa Valley Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Education
Chippewa Valley Schools

Opinion

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, 2014 and the respective changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund budgetary comparison schedule on pages 4-12 and page 38, respectively, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School District's basic financial statements. The nonmajor governmental funds combining balance sheet, combining statement of revenue, expenditures, and changes in fund balance, and the schedule of bonded indebtedness are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the Board of Education
Chippewa Valley Schools

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014 on our consideration of Chippewa Valley Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chippewa Valley Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

Auburn Hills, Michigan
September 22, 2014

Chippewa Valley Schools

Management's Discussion and Analysis

This section of 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, 2014. 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 assets and liabilities, 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 position 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 revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net position, the difference between assets and liabilities, as reported in the statement of net position, as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues 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 position 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, community services, 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 Cafeteria Fund and the Building Activities Fund 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:

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

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 position and the statement of activities) and governmental funds in a reconciliation.

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 assets and liabilities. 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.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table I provides a summary of the School District's net position as of June 30, 2014 and 2013:

TABLE I	Governmental Activities	
	2014	2013
	(in millions)	
Assets		
Current and other assets	\$ 67.8	\$ 77.5
Capital assets	383.8	388.5
Total assets	451.6	466.0
Deferred Outflows	14.7	15.5
Total assets and deferred outflows	466.3	481.5
Liabilities		
Current liabilities	40.8	48.9
Long-term liabilities	507.4	506.6
Total liabilities	548.2	555.5
Net Position		
Net investment in capital assets	(83.8)	(71.9)
Restricted	18.8	18.2
Unrestricted	(16.9)	(20.3)
Total net position	<u>\$ (81.9)</u>	<u>\$ (74.0)</u>

The above analysis focuses on the net position (see Table I). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was (\$81.9) million at June 30, 2014. Net investments in capital assets totaling (\$83.8) 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. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use the net position for day-to-day operations. The remaining amount of net position, (\$16.9) million, is considered unrestricted.

The (\$16.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Included in the (\$16.9) million is \$38.2 million in accrued interest owed to the State of Michigan on amounts borrowed by the School District from the School Bond Loan Fund program. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

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 position for fiscal year 2014 and, for comparative purposes, the changes in net position for fiscal year 2013.

TABLE 2

	Governmental Activities	
	2014	2013
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 10.2	\$ 10.2
Federal grants and entitlements	8.2	8.2
State categoricals	9.2	10.3
Other operating grants	3.0	4.3
General revenue:		
Property taxes	35.5	35.6
State foundation allowance	108.4	103.0
Investment earnings, loss on sale, and other	0.1	7.1
Total revenue	<u>174.6</u>	<u>178.7</u>
Functions/Program Expenses		
Instruction	90.2	87.5
Support services	47.3	46.7
Community services	0.9	0.9
Building activities	1.5	1.7
Food services	3.4	3.4
International Academy	3.0	3.0
Interest on long-term debt and other	22.1	21.9
Depreciation (unallocated)	14.1	14.0
Total functions/program expenses	<u>182.5</u>	<u>179.1</u>
Decrease in Net Position	<u><u>\$ (7.9)</u></u>	<u><u>\$ (0.4)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$182.6 million. Certain activities were partially funded from those who benefited from the programs, \$10.2 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$20.4 million. We paid for the remaining "public benefit" portion of our governmental activities with \$35.5 million in taxes, \$108.4 million in State foundation allowance, and with our other revenues, i.e., interest and general entitlements.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

The School District experienced a decrease in net position of \$8.0 million. Key reasons for the change in net position were:

- Depreciation of capital assets in the amount of \$14.1 million
- A decrease in total revenue in the amount of \$4.1 million, primarily due to decreased revenue in 2014 as compared to 2013 from the sale of property, a decrease in community service activity revenue, and a decrease in transfers from other funds
- Decrease of liability for employee related obligations of \$0.9 million
- Net reduction in bonded debt liability of \$2.7 million resulting from the difference in long-term debt payments and increase in School Bond Loan Fund and School Bond Revolving Fund owed

As discussed above, the net cost shows the financial burden that was placed on the School District and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

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 \$49.5 million, which is a decrease of \$7.7 million from last year. The primary reasons for the decrease are as follows:

- Capital Projects Fund - fund balance decrease of \$9.6 million resulting from the completion of capital projects
- General Fund - fund balance increase of \$1.8 million
- Cafeteria Fund - fund balance increase of \$0.2 million

In the General Fund, our principal operating fund, the fund balance increased by \$1.8 million from \$17.3 million to \$19.1 million.

Combined, the Debt Service Funds showed a fund balance decrease of \$176,468. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. The millage for Debt Service Funds fund balances is reserved since they can only be used to pay debt service obligations. It has been determined that the statutorily limited debt mills to be levied for the upcoming year is 8.64.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues 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 January 27, 2014 and June 2, 2014. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were revisions made to the 2013-2014 General Fund original budget. Budgeted revenues remained consistent from the original budget to the final amended budget.

Budgeted expenditures increased just over \$700,000 from the original budget to the final amended budget. A significant increase in the operations and maintenance budgetary category reflects the majority of the increased costs. Over \$336,000 of cost increment can be attributed to increased natural gas and electricity costs due to the extremely harsh winter. Another increased spending category related to additional textbook purchases amounting to over \$351,000.

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

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2014, the School District had \$524.4 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$5.1 million.

	2014	2013
Land	\$ 13,092,570	\$ 13,092,570
Construction in progress	1,182,646	3,742,701
Buildings and building improvements	464,328,805	455,075,885
Buses and other vehicles	8,183,648	7,967,117
Furniture and equipment	37,593,271	39,401,078
Total capital assets	<u>\$ 524,380,940</u>	<u>\$ 519,279,351</u>

This year's additions of approximately \$5.1 million included vehicles, technology, building renovations, buses, and furniture. The additions were financed primarily through the 2010B Capital Projects Fund.

The 2014-2015 fiscal year will begin to see additions financed through the 2010A Capital Projects Fund. We present more detailed information about our capital assets in Note 5 to the financial statements.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Debt

At the end of this year, the School District had \$319.0 million in bonds outstanding versus \$340.7 million in the previous year, a change of 6.4 percent attributable to bond principal payments made during the year. Those bonds consisted of the following:

	<u>2014</u>	<u>2013</u>
General obligation bonds	<u>\$ 318,980,000</u>	<u>\$ 340,681,000</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 this debt limit. The School District's outstanding unqualified general obligation debt of \$319.0 million is significantly below this \$486 million statutorily imposed limit.

In addition, the School District has accumulated debt and accrued interest of approximately \$50.1 million and \$133.7 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, sick leave, and capital leases. 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

Our elected officials and administration consider many factors when setting the School District's 2014-2015 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2014-2015 fiscal year is 90 percent and 10 percent of the October 2014 and February 2015 student counts, respectively. The 2014-2015 fiscal year budget was adopted in June 2014, based on an estimate of an enrollment equal to that of the 2013-2014 fiscal year. The majority of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2014-2015 school year, we anticipate that the fall student count may be short of the estimates used in creating the 2014-2015 budget. Once the final student count and related per-pupil funding are validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Chippewa Valley Schools

Management's Discussion and Analysis (Continued)

Revenue assumptions for the 2014-2015 fiscal year included an increased foundation allowance of \$50 per pupil, an additional \$125 per pupil equity payment, and increased retirement stabilization funding. Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. Budgeted expenditures for 2014-2015 include increased expenditures due to net staffing changes, increased health insurance costs, and an increased net retirement expense from 24.79 percent to 25.78 percent of payroll. Using the factors indicated above and other best estimates available, the adopted budget for 2014-2015 projects that revenue will exceed expenditures by just over \$990,000. This excess would be added to our fund balance in order to preserve the School District's financial stability.

Economic conditions and the commitment of the State of Michigan to fund K-12 education as a priority continue to be a concern for Chippewa Valley Schools and all school districts in Michigan for the 2014-2015 school year and beyond. While there continues to be improvement in the economy and resources available to the State, there has not been a significant change in the level of funding to K-12. The School District remains committed to its mission of providing a safe, inviting, supportive environment that engages students and prepares them to be successful and to contribute to an ever-changing world.

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 Position June 30, 2014

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 16,339,883
Receivables	22,957,960
Inventories	78,311
Prepaid costs	357,421
Restricted assets (Note 3)	27,991,515
Capital assets - Net (Note 5)	<u>383,773,666</u>
Total assets	451,498,756
Deferred Outflows of Resources - Deferred charges on bond refunding (Note 7)	<u>14,720,241</u>
Total assets and deferred outflows of resources	466,218,997
Liabilities	
Accounts payable	1,526,684
Accrued payroll and other liabilities	17,019,186
Employee fringe benefits payable	1,087,956
Retainage payable	230,624
Unearned revenue (Note 4)	1,142,502
Noncurrent liabilities (Note 7):	
Due within one year	19,770,927
Due in more than one year	<u>507,387,713</u>
Total liabilities	<u>548,165,592</u>
Net Position	
Net investment in capital assets	(83,764,645)
Restricted:	
Capital projects	15,783,686
Special revenue	2,954,481
Unrestricted	<u>(16,920,117)</u>
Total net position	<u>\$ (81,946,595)</u>

Chippewa Valley Schools

Statement of Activities Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 90,220,427	\$ -	\$ 13,018,187	\$ (77,202,240)
Support services	47,337,250	1,329,601	4,339,395	(41,668,254)
Food services	3,407,561	2,016,342	1,711,495	320,276
Community services	927,617	2,465,024	-	1,537,407
International academy	3,126,386	2,932,687	-	(193,699)
Building activities	1,503,552	1,443,541	-	(60,011)
Interest	22,051,305	-	1,416,390	(20,634,915)
Depreciation expense (unallocated)	14,064,714	-	-	(14,064,714)
Total primary government	\$ 182,638,812	\$ 10,187,195	\$ 20,485,467	(151,966,150)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				11,583,751
Property taxes, levied for debt service				23,962,134
State aid not restricted to specific purposes				108,382,365
Interest and investment earnings				326,408
Loss on the sale of capital assets				(631,290)
Other				388,287
Total general revenues				144,011,655
Change in Net Position				(7,954,495)
Net Position - Beginning of year				(73,992,100)
Net Position - End of year				\$ (81,946,595)

Chippewa Valley Schools

Governmental Funds Balance Sheet June 30, 2014

	General Fund	2010A Capital Projects Fund	2010B Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 14,635,514	\$ -	\$ -	\$ 1,704,369	\$ 16,339,883
Accounts receivable	178,251	-	600	-	178,851
Accrued interest receivable	-	31,557	-	-	31,557
Due from other governmental units	22,747,552	-	-	-	22,747,552
Due from other funds (Note 6)	713,909	-	-	2,320,655	3,034,564
Inventories	39,723	-	-	38,588	78,311
Prepaid costs	357,421	-	-	-	357,421
Restricted assets (Note 3)	-	20,256,068	2,828,049	4,907,398	27,991,515
Total assets	<u>\$38,672,370</u>	<u>\$20,287,625</u>	<u>\$ 2,828,649</u>	<u>\$ 8,971,010</u>	<u>\$ 70,759,654</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 754,380	\$ -	\$ 590,668	\$ 181,901	\$ 1,526,949
Accrued payroll-related liabilities	14,237,408	-	-	-	14,237,408
Employee fringe benefits payable	1,087,956	-	-	-	1,087,956
Retainage payable	-	-	230,624	-	230,624
Due to other funds (Note 6)	2,440,480	-	5,155	588,664	3,034,299
Unearned revenue (Note 4)	1,077,186	-	-	65,316	1,142,502
Total liabilities	19,597,410	-	826,447	835,881	21,259,738
Fund Balances					
Nonspendable - Inventory and prepaid items	397,144	-	-	38,588	435,732
Restricted:					
Capital projects	-	20,287,625	2,002,202	4,382,461	26,672,288
Debt service	-	-	-	423,301	423,301
Cafeteria	-	-	-	753,672	753,672
International Academy	-	-	-	2,162,221	2,162,221
Committed:					
Building activities	-	-	-	374,886	374,886
Accumulated employment obligations	1,249,317	-	-	-	1,249,317
Resale activities	76,710	-	-	-	76,710
Unassigned	17,351,789	-	-	-	17,351,789
Total fund balances	<u>19,074,960</u>	<u>20,287,625</u>	<u>2,002,202</u>	<u>8,135,129</u>	<u>49,499,916</u>
Total liabilities and fund balances	<u>\$38,672,370</u>	<u>\$20,287,625</u>	<u>\$ 2,828,649</u>	<u>\$ 8,971,010</u>	<u>\$ 70,759,654</u>

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 Position June 30, 2014

Fund Balance Reported in Governmental Funds	\$ 49,499,916
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	\$ 524,380,940
Accumulated depreciation	<u>(140,607,274)</u> 383,773,666
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:	
Bonds payable - Plus bond premium - Net of bond discount	(525,482,808)
Employee compensated absences	(1,249,317)
Self-insurance liability	(77,781)
Voluntary retirement supplement	<u>(348,734)</u> (527,158,640)
Accrued interest payable is not included as a liability in governmental funds	(2,781,778)
Deferred outflows of resources (deferred interest) that do not benefit the current period are not reported in the governmental funds	<u>14,720,241</u>
Net Position of Governmental Activities	<u>\$ (81,946,595)</u>

Chippewa Valley Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2014

	General Fund	2010A Capital Projects Fund	2010B Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 18,865,586	\$ 208,991	\$ 674	\$ 27,507,574	\$ 46,582,825
State sources	117,481,191	-	-	144,731	117,625,922
Federal sources	5,138,904	-	-	3,022,894	8,161,798
Interdistrict sources	12,375	-	-	2,932,687	2,945,062
Total revenue	141,498,056	208,991	674	33,607,886	175,315,607
Expenditures					
Current:					
Instruction	90,414,914	-	-	-	90,414,914
Support services	47,595,885	-	-	20,895	47,616,780
Food services	-	-	-	3,407,561	3,407,561
Community services	927,617	-	-	-	927,617
International Academy	-	-	-	3,126,386	3,126,386
Building activities	-	-	-	1,503,552	1,503,552
Debt service:					
Principal	-	-	-	21,701,000	21,701,000
Interest	-	-	-	23,675,431	23,675,431
Other	-	-	-	144,145	144,145
Capital outlay	386,291	-	9,482,006	578,030	10,446,327
Total expenditures	139,324,707	-	9,482,006	54,157,000	202,963,713
Excess of Revenue Over (Under) Expenditures	2,173,349	208,991	(9,481,332)	(20,549,114)	(27,648,106)
Other Financing Sources (Uses)					
Transfers in	617,316	-	-	1,130,306	1,747,622
Transfers out	(1,012,831)	-	-	(734,791)	(1,747,622)
Long-term debt issued	-	-	-	19,900,656	19,900,656
Total other financing (uses) sources	(395,515)	-	-	20,296,171	19,900,656
Net Change in Fund Balances	1,777,834	208,991	(9,481,332)	(252,943)	(7,747,450)
Fund Balances - Beginning of year	17,297,126	20,078,634	11,483,534	8,388,072	57,247,366
Fund Balances - End of year	\$ 19,074,960	\$ 20,287,625	\$ 2,002,202	\$ 8,135,129	\$ 49,499,916

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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (7,747,450)

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	\$ (14,064,714)	
Capitalized capital outlay	<u>9,976,281</u>	(4,088,433)

The effect of capital assets disposals that decreased net position (631,290)

Deferred interest is reported as an expenditure in the governmental funds, but is capitalized and amortized in the statement of activities (793,187)

Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position (19,900,656)

Underwriter's discount/premium reported as expenditures/revenue in the funds and amortized in the statement of activities 1,663,877

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 21,701,000

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 897,581

Compensated absences, as well as self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was paid out than was earned 944,063

Change in Net Position of Governmental Activities \$ (7,954,495)

Chippewa Valley Schools

Fiduciary Funds Statement of Fiduciary Assets and Liabilities June 30, 2014

	<u>Agency Funds</u>
Assets	
Cash and investments (Note 3)	\$ 1,352,582
Due from other funds (Note 6)	<u>279,490</u>
Total assets	<u><u>\$ 1,632,072</u></u>
Liabilities	
Due to student activities	\$ 1,352,317
Due to other funds (Note 6)	<u>279,755</u>
Total liabilities	<u><u>\$ 1,632,072</u></u>

Chippewa Valley Schools

Notes to Financial Statements June 30, 2014

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of 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 district-wide financial statements (i.e., the statement of net position 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 position 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. Revenue not meeting this definition is classified as a deferred inflow of resources. 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.

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

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

The School District reports the following major governmental funds:

General Fund - The General Fund is 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.

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

Assets, Liabilities, and Net Position 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.

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 are 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.

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

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

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

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 - Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are comprised of the following: nonspendable, restricted, committed, assigned, and unassigned.

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

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

- 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
- Unassigned - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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 January 27, 2014 and June 16, 2014.

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.

The School District budgets and reports capital outlay expenditures within the related function in the budgetary comparison schedule - General Fund. In accordance with generally accepted accounting principles, the School District reports capital outlay separately in the statement of revenue, expenditures, and changes in fund balance.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

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.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2010B Capital Projects Fund. The project for which the 2010B Capital Projects Fund bonds were issued was considered complete on June 30, 2014 and the cumulative expenditures recognized for the construction period were \$69,819,890.

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 18 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:

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 be used for the School District's deposits. At year end, the School District's deposit balance of \$44,388,697 had \$43,927,616 of 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.

Note 3 - Deposits and Investments (Continued)

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, 2014, 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:

Investment	Fair Value	Maturities	Rating	Rating Organization
U.S. agency bonds - Series A	\$ 2,236,377	.17 year	AAA	Standard & Poor's

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	24.80 %
Federal Home Loan Mortgage Corp	28.50
Federal National Mortgage Association	46.70

Chippewa Valley Schools

Notes to Financial Statements June 30, 2014

Note 3 - Deposits and Investments (Continued)

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 - Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned 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 \$659,321 of unearned revenue related to grants received and tuition payments received but not yet earned, \$417,865 of estimated tax overpayment, and \$65,316 of deposits received for the subsequent year's food service program.

Note 5 - Capital Assets

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

	Balance July 1, 2013	Reclassifications	Additions	Disposals	Balance June 30, 2014
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 13,092,570	\$ -	\$ -	\$ -	\$ 13,092,570
Construction in progress	3,742,701	(2,560,055)	-	-	1,182,646
Subtotal	16,835,271	(2,560,055)	-	-	14,275,216
Capital assets being depreciated:					
Buildings and building improvements	455,075,885	2,560,055	6,692,865	-	464,328,805
Furniture and equipment	39,401,078	-	2,918,080	4,725,887	37,593,271
Buses and other vehicles	7,967,117	-	365,336	148,805	8,183,648
Subtotal	502,444,080	2,560,055	9,976,281	4,874,692	510,105,724
Accumulated depreciation:					
Buildings and building improvements	104,309,457	-	8,969,545	-	113,279,002
Furniture and equipment	22,263,812	-	4,269,792	4,109,477	22,424,127
Buses and other vehicles	4,212,693	-	825,377	133,925	4,904,145
Subtotal	130,785,962	-	14,064,714	4,243,402	140,607,274
Net capital assets being depreciated	371,658,118	2,560,055	(4,088,433)	631,290	369,498,450
Net capital assets	\$ 388,493,389	\$ -	\$ (4,088,433)	\$ 631,290	\$ 383,773,666

Chippewa Valley Schools

Notes to Financial Statements June 30, 2014

Note 5 - Capital Assets (Continued)

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:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2005 Capital Projects Fund	\$ 177,824,461	\$ 869,913
2010A Capital Projects Fund	154,104	1,139,702
2010B Capital Projects Fund	<u>69,819,890</u>	<u>2,002,202</u>
Total	<u>\$ 247,798,455</u>	<u>\$ 4,011,817</u>

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	\$ -	\$ 5,155	\$ 439,924	\$ 268,830	\$ 713,909
Other nonmajor governmental funds	2,320,606	-	-	49	2,320,655
Fiduciary Fund	<u>119,874</u>	<u>-</u>	<u>148,740</u>	<u>10,876</u>	<u>279,490</u>
Total	<u>\$ 2,440,480</u>	<u>\$ 5,155</u>	<u>\$ 588,664</u>	<u>\$ 279,755</u>	<u>\$ 3,314,054</u>

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 \$1,012,831 from the General Fund to the International Academy covered the School District's tuition owed to the International Academy. The International Academy transferred \$479,316 to the General Fund to reimburse the School District for staff working at the Academy and other expenditures. A transfer of \$35,000 from the 2005 Debt Fund and \$82,475 from the School Bond Loan Refunding Fund to the 2010 Series B Debt Fund related to a reallocation of revenues. Finally, a transfer of \$138,000 was made from the Cafeteria Fund to the General Fund to contribute to the costs of operation incurred by the General Fund for Cafeteria Fund operations.

Chippewa Valley Schools

Notes to Financial Statements June 30, 2014

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. Other long-term obligations include compensated absences, termination benefits, and certain risk liabilities.

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 340,681,000	\$ -	\$ 21,701,000	\$ 318,980,000	\$ 17,595,000
School Bond Loan Fund	48,366,025	1,703,477	-	50,069,502	-
School Loan Revolving Fund	115,456,852	18,197,179	-	133,654,031	-
Bond premium	24,822,466	-	1,692,781	23,129,685	1,692,781
Less bond discount	(379,314)	-	(28,904)	(350,410)	(28,904)
Deferred outflow - Deferred refunding charges	(15,513,428)	-	(793,187)	(14,720,241)	(793,187)
Other obligations	2,619,895	2,042,352	2,986,415	1,675,832	512,050
Total governmental activities	<u>\$ 516,053,496</u>	<u>\$ 21,943,008</u>	<u>\$ 25,558,105</u>	<u>\$ 512,438,399</u>	<u>\$ 18,977,740</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	Maximum Interest Subsidy	Net Interest	Total - Net
2015	\$ 17,595,000	\$ 16,242,525	\$ (1,511,021)	\$ 14,731,504	\$ 32,326,504
2016	19,655,000	15,412,813	(1,538,718)	13,874,095	33,529,095
2017	19,765,000	14,452,724	(1,528,419)	12,924,305	32,689,305
2018	19,935,000	13,452,812	(1,459,605)	11,993,207	31,928,207
2019	20,160,000	12,444,450	(1,390,790)	11,053,660	31,213,660
2020-2024	94,455,000	47,817,100	(5,897,531)	41,919,569	136,374,569
2025-2029	71,655,000	25,281,090	(3,915,433)	21,365,657	93,020,657
2030-2034	52,060,000	9,256,012	(1,770,913)	7,485,099	59,545,099
2035	3,700,000	253,445	(88,709)	164,736	3,864,736
Total	<u>\$ 318,980,000</u>	<u>\$ 154,612,971</u>	<u>\$ (19,101,139)</u>	<u>\$ 135,511,832</u>	<u>\$ 454,491,832</u>

Chippewa Valley Schools

Notes to Financial Statements June 30, 2014

Note 7 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following:

2004 Refunding Issue - \$19,570,000 serial bonds due in one remaining installment of \$1,100,000 on May 1, 2015; interest at 5.0 percent	\$ 1,100,000
2005 Issue - \$158,335,000 serial bonds due in one remaining installment of \$5,350,000 on May 1, 2015; interest at 5.0 percent	5,350,000
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	50,745,000
2006 Refunding Issue - \$63,575,000 serial bonds due in annual installments of \$110,000 to \$8,435,000 through May 1, 2027; interest from 4.0 percent to 5.0 percent	51,390,000
2010 Issue - \$19,065,000 Series A general obligation - unlimited tax; federally taxable due in annual installments of \$3,125,000 to \$3,625,000 through May 1, 2016; interest from 3.65 percent to 4.25 percent	6,750,000
2010 Issue - \$70,700,000 Series B general obligation - unlimited tax; federally taxable - Build America Bonds - direct payment due in annual installments of \$550,000 to \$3,700,000 through May 1, 2035; interest from 5.35 percent to 6.85 percent with up to 35 percent Build America Bonds interest subsidy	70,700,000
2013 Refunding Issue - \$132,945,000 serial bonds due in annual installments of \$5,775,000 to \$8,530,000 through May 1, 2034; interest from 3.63 percent to 5.25 percent	<u>132,945,000</u>
Total bonded debt	<u>\$ 318,980,000</u>

Other governmental activities long-term obligations include the following:

Employee compensated absences	\$ 1,249,317
Voluntary retirement supplement	348,734
Self-insurance liability	<u>77,781</u>
Total	<u>\$ 1,675,832</u>

Note 7 - Long-term Debt (Continued)

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 an annual rate ranging from 3.523 percent to 3.535 percent from July 1, 2013 to June 30, 2014, has been assessed for the year ended June 30, 2014. Repayment is required when the millage rate necessary to cover the annual bonded debt service falls below 7 mills. The School District is required to levy 7 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.

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 an annual rate ranging from 3.523 percent to 3.535 percent from July 1, 2013 to June 30, 2014 has been assessed for the year ended June 30, 2014. 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 that calls for a total payout of \$348,735 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, 2014, \$135,775,000 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 all claims except workers' compensation and dental. 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.

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>2014</u>	<u>2013</u>
Estimated liability - Beginning of year	\$ 156,135	\$ 111,228
Estimated claims incurred - Including changes in estimates	(9,369)	165,589
Claim payments	<u>(95,537)</u>	<u>(120,682)</u>
Estimated liability - End of year	<u>\$ 51,229</u>	<u>\$ 156,135</u>

Effective July 1, 2013, the School District is no longer self-insured for medical and has purchased premium-based health insurance for all employees. The estimated liability at June 30, 2014 and 2013 relates to claims which have been incurred but have not been reported to the School District related to the prior contract in place. Changes in the estimated liability for the year were as follows:

Self-insured Health

	<u>2014</u>	<u>2013</u>
Estimated liability - Beginning of year	\$ 851,584	\$ 2,918,509
Estimated claims incurred - Including changes in estimates	1,391,182	10,922,307
Claim payments	<u>(2,216,214)</u>	<u>(12,989,232)</u>
Estimated liability - End of year	<u>\$ 26,552</u>	<u>\$ 851,584</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 health care 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 postemployment 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. For the period from July 1, 2013 through September 30, 2013, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension Contributions	15.21 %	15.02 %	15.02 %	12.78 %	12.78 %	12.78 %	15.21 %
Health Contributions	9.11 %	9.11 %	8.18 %	8.18 %	9.11 %	8.18 %	8.18 %
Defined Contribution Plan Employer Contributions							
DC Employer Contributions	0.00 %	1.00 %	1.00 %	3.00 %	4.00 %	4.00 %	0.00 %
Personal Healthcare Fund	0.00 %	0.00 %	2.00 %	2.00 %	0.00 %	2.00 %	2.00 %

* First worked September 4, 2012 or later

Chippewa Valley Schools

Notes to Financial Statements June 30, 2014

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

For the period from October 1, 2013 through June 30, 2014, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension Contributions	18.34 %	18.11 %	18.11 %	15.44 %	15.44 %	15.44 %	18.34 %
Health Contributions	6.45 %	6.45 %	5.52 %	5.52 %	6.45 %	5.52 %	5.52 %
Defined Contribution Plan Employer Contributions							
DC Employer Contributions	0.00 %	1.00 %	1.00 %	3.00 %	4.00 %	4.00 %	0.00 %
Personal Healthcare Fund	0.00 %	0.00 %	2.00 %	2.00 %	0.00 %	2.00 %	2.00 %

* First worked September 4, 2012 or later

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School District's required and actual contributions to the plan for the years ended June 30, 2014, 2013, and 2012 were \$13,795,000, \$11,967,000, and \$12,105,000, respectively.

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

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 or 20 percent for those not Medicare eligible 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 ranged from 8.18 percent to 9.11 percent of covered payroll for the period from July 1, 2013 through September 30, 2013, and from 5.52 percent to 6.45 percent of covered payroll for the period from October 1, 2013 through June 30, 2014 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 401(k) account.

The School District's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2014, 2013, and 2012 were \$5,476,000, \$6,943,000, and \$6,823,000, respectively.

Note 10 - Upcoming Accounting Pronouncements

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, 2014

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 19,233,212	\$ 18,886,245	\$ 18,865,586	\$ (20,659)
State sources	116,847,111	117,466,053	117,481,191	15,138
Federal sources	5,910,905	5,702,236	5,138,904	(563,332)
Intergovernmental	-	13,050	12,375	(675)
Total revenue	141,991,228	142,067,584	141,498,056	(569,528)
Expenditures				
Current:				
Instruction:				
Basic program	76,050,498	75,927,109	75,693,143	(233,966)
Added needs	15,535,000	15,115,408	14,882,277	(233,131)
Adult/Continuing education	173,657	157,804	140,865	(16,939)
Support services:				
Pupil	12,833,102	12,479,862	12,400,728	(79,134)
Instructional staff	4,169,192	4,421,225	4,162,888	(258,337)
General administration	754,217	802,435	721,875	(80,560)
School administration	9,121,463	9,150,160	9,003,612	(146,548)
Business	2,084,707	2,151,671	2,035,382	(116,289)
Operations and maintenance	9,363,460	10,254,922	10,037,139	(217,783)
Pupil transportation services	4,142,248	4,175,014	4,031,147	(143,867)
Central	3,022,982	3,365,170	3,242,697	(122,473)
Other support	2,133,942	2,144,849	2,044,061	(100,788)
Community services	1,104,523	1,050,226	928,893	(121,333)
Total expenditures	140,488,991	141,195,855	139,324,707	(1,871,148)
Other Financing Sources (Uses)				
Transfers in	741,723	612,896	617,316	4,420
Transfers out	(1,001,866)	(1,012,851)	(1,012,831)	20
Net Change in Fund Balance	1,242,094	471,774	1,777,834	1,306,060
Fund Balance - Beginning of year	17,297,126	17,297,126	17,297,126	-
Fund Balance - End of year	<u>\$ 18,539,220</u>	<u>\$ 17,768,900</u>	<u>\$ 19,074,960</u>	<u>\$ 1,306,060</u>

Other Supplemental Information

Chippewa Valley Schools

	Special Revenue Funds			Debt Funds		
		International	Building	2004		School Bond
	Cafeteria	Academy	Activities	Refunding	2005	Loan
			Issue	2005 Issue	Refunding	Refunding
Assets						
Cash and investments	\$ 671,430	\$ -	\$ 952,674	\$ -	\$ -	\$ -
Due from other funds	147,558	2,173,097	-	-	-	-
Inventories	38,588	-	-	-	-	-
Restricted assets	-	-	-	23,789	94,312	93,153
Total assets	\$ 857,576	\$2,173,097	\$ 952,674	\$ 23,789	\$ 94,312	\$ 93,153
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll-related liabilities:						
Due to other funds	-	10,876	577,788	-	-	-
Unearned revenue	65,316	-	-	-	-	-
Total liabilities	65,316	10,876	577,788	-	-	-
Fund Balances						
Nonspendable - Inventory	38,588	-	-	-	-	-
Restricted:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	23,789	94,312	93,153
Food service	753,672	-	-	-	-	-
International Academy	-	2,162,221	-	-	-	-
Committed - Building operating budgets	-	-	374,886	-	-	-
Total fund balances	792,260	2,162,221	374,886	23,789	94,312	93,153
Total liabilities and fund balances	\$ 857,576	\$2,173,097	\$ 952,674	\$ 23,789	\$ 94,312	\$ 93,153

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

Debt Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
2006 Refunding	2009 Refunding	2010 Series A	2010 Series B	2013 Refunding	2005 Building & Site	
\$ -	\$ -	\$ -	\$ -	\$ 80,265	\$ -	\$ 1,704,369
-	-	-	-	-	-	2,320,655
-	-	-	-	-	-	38,588
<u>82,000</u>	<u>-</u>	<u>44,439</u>	<u>5,343</u>	<u>-</u>	<u>4,564,362</u>	<u>4,907,398</u>
<u>\$ 82,000</u>	<u>\$ -</u>	<u>\$ 44,439</u>	<u>\$ 5,343</u>	<u>\$ 80,265</u>	<u>\$ 4,564,362</u>	<u>\$ 8,971,010</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,901	\$ 181,901
-	-	-	-	-	-	588,664
-	-	-	-	-	-	65,316
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,901</u>	<u>835,881</u>
-	-	-	-	-	-	38,588
-	-	-	-	-	4,382,461	4,382,461
82,000	-	44,439	5,343	80,265	-	423,301
-	-	-	-	-	-	753,672
-	-	-	-	-	-	2,162,221
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,886</u>
<u>82,000</u>	<u>-</u>	<u>44,439</u>	<u>5,343</u>	<u>80,265</u>	<u>4,382,461</u>	<u>8,135,129</u>
<u>\$ 82,000</u>	<u>\$ -</u>	<u>\$ 44,439</u>	<u>\$ 5,343</u>	<u>\$ 80,265</u>	<u>\$ 4,564,362</u>	<u>\$ 8,971,010</u>

Chippewa Valley Schools

	Special Revenue Funds			Debt Funds			
	Cafeteria	International Academy	Building Activities	2004	2005		School Bond
				Refunding Issue	2005 Issue	Refunding	Loan Refunding
Revenue							
Local sources	\$ 2,016,342	\$ -	\$ 1,443,541	\$ 786,451	\$ 3,714,087	\$ 5,247,740	\$ 2,770,121
State sources	144,731	-	-	-	-	-	-
Federal sources	1,606,504	-	-	-	-	-	-
Interdistrict sources	-	2,932,687	-	-	-	-	-
Total revenue	3,767,577	2,932,687	1,443,541	786,451	3,714,087	5,247,740	2,770,121
Expenditures							
Current:							
Support services	-	808	-	-	-	-	-
Food services	3,407,561	-	-	-	-	-	-
International Academy	-	3,126,386	-	-	-	-	-
Building activities	-	-	1,503,552	-	-	-	-
Debt service:							
Principal	-	-	-	1,130,000	5,325,000	5,490,000	4,266,000
Interest	-	-	-	559,831	1,647,212	3,362,238	692,439
Other	-	-	-	5,442	38,972	31,565	32,395
Capital outlay	1,175	243,553	-	-	-	-	-
Total expenditures	3,408,736	3,370,747	1,503,552	1,695,273	7,011,184	8,883,803	4,990,834
Excess of Revenue Over (Under) Expenditures	358,841	(438,060)	(60,011)	(908,822)	(3,297,097)	(3,636,063)	(2,220,713)
Other Financing Sources (Uses)							
Transfers in	-	1,012,831	-	-	-	-	-
Transfers out	(138,000)	(479,316)	-	-	(35,000)	-	(82,475)
Long-term debt issued	-	-	-	907,009	3,277,806	3,612,584	2,163,981
Total other financing (uses) sources	(138,000)	533,515	-	907,009	3,242,806	3,612,584	2,081,506
Net Change in Fund Balances	220,841	95,455	(60,011)	(1,813)	(54,291)	(23,479)	(139,207)
Fund Balances - Beginning of year	571,419	2,066,766	434,897	25,602	148,603	116,632	139,207
Fund Balances - End of year	\$ 792,260	\$ 2,162,221	\$ 374,886	\$ 23,789	\$ 94,312	\$ 93,153	\$ -

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014**

Debt Funds					Capital Projects Fund	
2006 Refunding	2009 Refunding	2010 Series A	2010 Series B	2013 Refunding	2005 Building & Site	Total
\$ 2,702,863	\$ -	\$ 2,514,459	\$ 1,791,040	\$ 4,520,388	\$ 542	\$ 27,507,574
-	-	-	-	-	-	144,731
-	-	-	1,416,390	-	-	3,022,894
-	-	-	-	-	-	2,932,687
<u>2,702,863</u>	<u>-</u>	<u>2,514,459</u>	<u>3,207,430</u>	<u>4,520,388</u>	<u>542</u>	<u>33,607,886</u>
-	-	10,610	8,722	755	-	20,895
-	-	-	-	-	-	3,407,561
-	-	-	-	-	-	3,126,386
-	-	-	-	-	-	1,503,552
1,890,000	-	3,600,000	-	-	-	21,701,000
2,783,183	654,152	573,010	4,551,946	8,851,420	-	23,675,431
18,053	-	5,046	3,594	9,078	-	144,145
-	-	-	-	-	333,302	578,030
<u>4,691,236</u>	<u>654,152</u>	<u>4,188,666</u>	<u>4,564,262</u>	<u>8,861,253</u>	<u>333,302</u>	<u>54,157,000</u>
(1,988,373)	(654,152)	(1,674,207)	(1,356,832)	(4,340,865)	(332,760)	(20,549,114)
-	-	-	117,475	-	-	1,130,306
-	-	-	-	-	-	(734,791)
<u>2,009,608</u>	<u>654,152</u>	<u>1,659,894</u>	<u>1,200,609</u>	<u>4,415,013</u>	<u>-</u>	<u>19,900,656</u>
<u>2,009,608</u>	<u>654,152</u>	<u>1,659,894</u>	<u>1,318,084</u>	<u>4,415,013</u>	<u>-</u>	<u>20,296,171</u>
21,235	-	(14,313)	(38,748)	74,148	(332,760)	(252,943)
<u>60,765</u>	<u>-</u>	<u>58,752</u>	<u>44,091</u>	<u>6,117</u>	<u>4,715,221</u>	<u>8,388,072</u>
<u>\$ 82,000</u>	<u>\$ -</u>	<u>\$ 44,439</u>	<u>\$ 5,343</u>	<u>\$ 80,265</u>	<u>\$4,382,461</u>	<u>\$ 8,135,129</u>

Chippewa Valley Schools

June 30	2013 Refunding	Series A 2010	Series B 2010	2006 Refunding	2005 Refunding
	Issue	Issue	Issue	Issue	Issue
	Principal	Principal	Principal	Principal	Principal
2015	\$ -	\$ 3,625,000	\$ -	\$ 110,000	\$ 7,410,000
2016	8,345,000	3,125,000	550,000	115,000	7,520,000
2017	8,345,000	-	3,675,000	120,000	7,625,000
2018	8,405,000	-	3,675,000	125,000	7,730,000
2019	8,495,000	-	3,700,000	5,530,000	2,435,000
2020	8,510,000	-	3,675,000	5,615,000	2,425,000
2021	8,530,000	-	3,675,000	8,285,000	-
2022	5,775,000	-	3,675,000	8,435,000	-
2023	5,860,000	-	3,675,000	8,425,000	-
2024	5,950,000	-	3,700,000	4,345,000	3,900,000
2025	6,035,000	-	3,700,000	4,320,000	3,900,000
2026	6,145,000	-	3,700,000	4,290,000	3,900,000
2027	6,235,000	-	3,700,000	1,675,000	3,900,000
2028	6,330,000	-	3,700,000	-	-
2029	6,425,000	-	3,700,000	-	-
2030	6,520,000	-	3,700,000	-	-
2031	6,625,000	-	3,700,000	-	-
2032	6,730,000	-	3,700,000	-	-
2033	6,840,000	-	3,700,000	-	-
2034	6,845,000	-	3,700,000	-	-
2035	-	-	3,700,000	-	-
Total principal	\$ 132,945,000	\$ 6,750,000	\$ 70,700,000	\$ 51,390,000	\$ 50,745,000
Principal payments due	May 1	May 1	May 1	May 1	May 1
Interest payments due	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
Interest rate	3.63% to 5.25%	3.65% to 4.25%	5.35% to 6.85%	4.0% to 5.0%	5.0%
Original issue	\$ 132,945,000	\$ 19,065,000	\$ 70,700,000	\$ 63,575,000	\$ 64,285,000

**Other Supplemental Information
Schedule of Bonded Indebtedness
Year Ended June 30, 2014**

2005 Issue	2004 Refunding Issue	Total
Principal	Principal	
\$ 5,350,000	\$ 1,100,000	\$ 17,595,000
-	-	19,655,000
-	-	19,765,000
-	-	19,935,000
-	-	20,160,000
-	-	20,225,000
-	-	20,490,000
-	-	17,885,000
-	-	17,960,000
-	-	17,895,000
-	-	17,955,000
-	-	18,035,000
-	-	15,510,000
-	-	10,030,000
-	-	10,125,000
-	-	10,220,000
-	-	10,325,000
-	-	10,430,000
-	-	10,540,000
-	-	10,545,000
-	-	3,700,000
\$ 5,350,000	\$ 1,100,000	\$ 318,980,000
May 1	May 1	
May 1 and November 1	May 1 and November 1	
5.0%	5.0%	
\$ 158,335,000	\$ 19,570,000	