Dexter Community Schools

Financial Report
With Supplemental Information
Prepared in Accordance With GASB 34

June 30, 2005

Dexter Community Schools

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Independent Auditors' Report

Board of Education
Dexter Community Schools
Dexter, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools, as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dexter Community School's 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 Dexter Community Schools as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 2005, on our consideration of the School District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grants 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* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dexter Community School's basic financial statements. The accompanying combining nonmajor fund financial statements and individual fund statements are presented are presented for the purpose of additional analysis and is not a required part of the basic financial statements. The combining nonmajor fund financial statements and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

July 22, 2005

As administration of Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2005.

Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by ($121,200) (net assets). Of this amount, $3,126,999 (unrestricted net assets) may be used to meet the District's ongoing obligations to taxpayers, students and creditors.

- The District's total net assets increased by $1,771,241. The increase was accomplished through the limitation of expenditures to 95.78% of the approved budget for the fiscal year.

- As of the close of the current fiscal year, the District's aggregated fund balance for the District's governmental funds was $6,117,898 or 15.14 percent of the total expenditures of these funds.

- The general fund had a net change in fund balance of $989,379. At the end of the year, unreserved fund balance for the general fund was $3,920,162 or 13.48 percent, of total general fund expenditures. Total fund balance for the general fund was $4,070,162.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-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 financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. 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 provide information about the School District's most significant funds – the General Fund, the 1998 Debt Fund, and the 2003 Refunding Debt Fund. All other funds are presented in one column as non-major funds.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities - One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations. However, the School District's goal is to provide services to our students, not to generate profits as private-sector corporations do. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The statement of net assets and the statement of activities present information about the following:

Governmental Activities - All of the District's basic services are considered to be governmental activities, including instruction, support services, community services, athletics, food services, and transfers to other local districts. Property taxes, intergovernmental revenues (unrestricted and restricted State Aid), and charges for services finance most of these activities.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, political conditions at the State Capitol, student enrollment growth, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The government-wide financial statements can be found on pages 1 - 2 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds – not the District as a whole. The fund financial statements begin on page 3 and provide detailed information about the most significant funds. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." The District's two types of funds: governmental funds and fiduciary funds use different accounting approaches as further discussed in the notes to the financial statements.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

Fiduciary Funds - The District is the fiduciary for various student group activities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

The basic fiduciary fund financial statement can be found on page 7 of this report.

Additional Information - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 8 - 18 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis focuses on the net assets and changes in net assets of the District's governmental activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The following is a summary of the School District's net assets as of June 30, 2005 and 2004.

	Governmental Activities	
	June 30, 2005	June 30, 2004
Current assets	$14,493,109	$14,474,441
Noncurrent assets	94,851,152	97,218,118
Total assets	109,344,261	111,692,559
Current liabilities	13,282,551	14,657,079
Noncurrent liabilities	96,182,910	98,927,921
Total liabilities	109,465,461	113,585,000
Net assets:		
Invested in capital assets – net of related debt	(4,506,485)	(4,776,257)
Restricted	1,258,286	720,770
Unrestricted	3,126,999	2,163,046
Total net assets	$ (121,200)	$ (1,892,441)

The above analysis focuses on the net assets. The change in net assets of the School District's governmental activities is discussed below. The net assets differ from fund balances and a reconciliation appears on page 4.

By far the largest portion of the District's deficit in net assets reflects its investment in capital assets (i.e. land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets, $1,258,286, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these amounts are restricted for debt service and capital projects. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. The remaining balance of unrestricted net assets $3,126,999, may be used to meet the government's ongoing obligations to citizens and creditors.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see table above), which shows the changes in net assets for fiscal year 2005.

The following is a summary of the changes in net assets for the year ended June 30, 2005 and June 30, 2004.

	Governmental Activities Year Ended June 30, 2005	June 30, 2004
Revenues:		
Program revenues:		
Charges for services	$ 2,408,654	$ 2,372,256
Operating grants	5,027,900	4,410,667
General revenues:		
Property taxes	10,660,347	9,708,273
Grants and state aid	22,554,890	22,422,667
Other	349,443	329,291
Total revenues	41,001,234	39,243,154
Functions/Program Expenses		
Instruction	17,822,971	17,161,057
Support services	12,410,016	12,058,655
Food service activities	1,359,885	1,370,781
Athletic activities	676,675	631,959
Community services	976,679	1,125,382
Other	320,374	321,937
Interest on long-term obligations	4,630,034	5,134,104
Depreciation (unallocated)	1,033,359	1,052,174
Total expenses	39,229,993	38,856,049
Increase (decrease) in net assets	$ 1,771,241	$ 387,105

The District's net assets increased by $1,771,241 during the current fiscal year. The increase in net assets differs from the change in fund balances and a reconciliation appears on page 6.

The net cost shows the financial burden that was placed on the State 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 the School District's 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.

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted funds are the General Fund and Debt Funds.

During the fiscal year ended June 30, 2005, the School District amended the budget of the General Fund twice and the Debt Funds once. State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the School District's general fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

The general fund actual revenue and other financing sources was $30,795,775. That amount is lower than the amended budget estimate of $30,859,236. The variance was less than 0.20%.

The actual expenditures and other financing uses of the general fund were $29,797,396, which is below the amended budget estimate of $31,111,244. The variance was $1,313,848 favorable to the final amended budget. Cost avoidances were in the areas of unemployment compensation, health benefit claims, taxes abated, interest, and utilities. Savings were attained in salaries and benefits of bus drivers due to a shortage of staff. Special education services required were less than anticipated primarily in the areas of paraprofessional wages and outsourced physical and speech therapy services. Teaching supplies and buses planned for this year were costs that are deferred into next year due to the timing of delivery. In addition, actual health benefit costs were below projected costs in the self-funded health benefits plan.

The general fund had total revenues of $30,795,775 and total expenditures of $29,797,396 with a net change in fund balance of $998,379 and an ending fund balance of $4,070,162.

Capital Asset and Debt Administration

Capital Assets - At the end of fiscal year 2005, the School District had $119,357,781 invested in land and buildings, furniture and equipment, vehicles and buses. Of this amount, $24,506,629 in depreciation has been taken over the years. We currently have net book value of $94,851,152.

	Governmental Activities	
	June 30, 2005	June 30, 2004
Revenues:		
Land	$ 2,591,902	$ 2,591,902
Building and improvements	113,536,959	113,380,025
Furniture and equipment	1,447,415	1,414,076
Buses	1,781,505	1,775,209
Total capital assets	119,357,781	119,161,212
Less accumulated depreciation	24,506,629	21,943,094
Net capital assets	$ 94,851,152	$ 97,218,118

Major capital asset events during the current fiscal year included the following:

- The completion of construction projects ($168,223).
- Acquisition of two buses ($121,455).

Long-Term Debt - At June 30, 2005, the District had total bonded debt outstanding of $99,357,637, of which $307,562 is Durant Resolution Bonds, that are a legal obligation of the School District, but an annual State of Michigan appropriation is the only revenue source making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the District is under no obligation for payment.

	Governmental Activities	
	June 30, 2005	June 30, 2004
Bonds	$ 83,340,000	$ 87,425,000
Unamortized deferred amount on refunding	(1,422,655)	(1,524,655)
Unamortized bond premium	1,161,873	1,244,873
School bond loan fund	15,970,857	14,541,595
Durant resolution bonds	307,562	307,562
Total	$ 99,357,637	$101,994,375

The District's total long-term debt decreased by $2,636,738 during the current fiscal year. There was no new borrowing during the year.

The District has an "Aaa" rating for the general obligation bonds from Moody's and an "AA" rating from Standard & Poor's.

State statues limit the amount of general obligation debt that a School District may issue to 15 percent of its total assessed valuation (State Equalized Value). The current debt limitation for Dexter Community Schools is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 7 on pages 15 – 16 of this report.

Economic Factors and Next Year's Budgets and Rates

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the state sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to equalize the per pupil finance resource disparities among school districts. The State aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation guarantee beginning in fiscal year 1994-1995. The Legislature has appropriated funds to establish a foundation guarantee in 2004-2005 of $7,376 per pupil for Dexter Community Schools, based upon the District's 1993-1994 revenue. In following years the foundation guarantee may be adjusted by an index based upon the change in revenues to the state school aid fund and change in the total number of pupils statewide and the spread between the high and low pupil guarantee will be reduced. The foundation guarantee consists of the locally raised property taxes plus State aid. The source of revenues for the State's contribution to the foundation allowance is derived from a mix of taxing sources, including but not limited to, a statewide property tax of six mills on all property (homestead and non-homestead), a state sales and use tax, a real estate transfer tax and a cigarette tax. The funding status for education is volatile.

The following factors were considered in preparing District's budgets for the 2005-2006 fiscal year:

- Foundation allowance of $7,476 per pupil.
- Student enrollment increase of 50 students.
- State aid membership count based on 75% September and 25% prior February blend.
- Staff salary increase of 1%.
- WISD special education reimbursement of 80% of unreimbursed expenses.

Requests for Information

This financial report is designed to provide a general overview of the Dexter Community School's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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Dexter Community Schools
Statement of Net Assets
June 30, 2005

	Governmental Activities
Assets:	
Cash and investments	$ 8,884,488
Receivables:	
Taxes	658,901
Accounts receivable	50,277
Due from other governmental units	4,728,625
Inventories	20,502
Prepaid expenses	150,316
Capital assets less accumulated depreciation of $24,506,629	94,851,152
Total assets	109,344,261
Liabilities:	
Accounts payable	318,999
State aid anticipation loan	3,455,000
Accrued payroll	1,796,923
Accrued interest	702,906
Other liabilities	2,680,023
Long-term liabilities:	
Bonds payable, due within one year	4,213,303
Other obligations, due within one year	115,397
Bonds payable, due in more than one year	79,173,477
Other obligations, due in more than one year	17,009,433
Total liabilities	109,465,461
Net Assets:	
Investment in capital assets - net of related debt	(4,506,485)
Restricted for debt service	1,095,371
Restricted for construction	162,915
Unrestricted	3,126,999
Total net assets	$ (121,200)

See Notes to Financial Statements.

Dexter Community Schools
Statement of Activities
Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants/ Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Assets
Primary Government				
Governmental activities:				
Instruction	$ 17,822,971	$ 162,995	$ 4,602,200	$ (13,057,776)
Support services	12,410,016	-	176,625	(12,233,391)
Food service activities	1,359,885	1,333,943	210,347	184,405
Athletic activities	676,675	156,754	-	(519,921)
Community services	976,679	754,962	38,728	(182,989)
Other	320,374	-	-	(320,374)
Interest on long-term debt	4,630,034	-	-	(4,630,034)
Depreciation (unallocated)	1,033,359	-	-	(1,033,359)
Total governmental activities	$ 39,229,993	$ 2,408,654	5,027,900	(31,793,439)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				2,866,034
Property taxes, levied for debt services				7,794,313
State aid not restricted to specific purposes				22,554,890
Interest and investment earnings				155,691
Other				193,752
Total general revenues				33,564,680
Change in Net Assets				1,771,241
Net Assets - Beginning of Year				(1,892,441)
Net Assets - End of Year				$ (121,200)

See Notes to Financial Statements.

Dexter Community Schools
Balance Sheet
Governmental Funds
June 30, 2005

	General	1998 Debt Fund	2003 Debt Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 7,002,478	$ 1,177,410	$ 301,632	$ 402,968	$ 8,884,488
Receivables:					
Taxes receivable	322,231	194,704	141,966	-	658,901
Accounts receivable	27,806	1,695	405	20,371	50,277
Due from other governmental units	4,695,961	-	-	32,664	4,728,625
Due from other funds	80,000	-	-	31,068	111,068
Inventories	-	-	-	20,502	20,502
Prepaid expenditures	150,000	-	-	316	150,316
Total assets	$ 12,278,476	$ 1,373,809	$ 444,003	$ 507,889	$ 14,604,177
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 280,733	$ -	$ -	$ 38,266	$ 318,999
State aid anticipation loan	3,455,000	-		-	3,455,000
Due to other funds	31,068	-	-	80,000	111,068
Salaries payable	1,792,969	-	-	3,954	1,796,923
Accrued expenditures	409,455	-	-	889	410,344
Deferred revenue	232,319	10,975	8,560	135,321	387,175
Other liabilities	2,006,770	-	-	-	2,006,770
Total liabilities	8,208,314	10,975	8,560	258,430	8,486,279
Fund Balances:					
Reserved for debt service	-	1,362,834	435,443	-	1,798,277
Reserved for construction	-	-	-	162,915	162,915
Reserved for inventory	-	-	-	20,502	20,502
Reserved for prepaid expenditures	150,000	-	-	-	150,000
Designated for special purposes	2,790,287	-	-	-	2,790,287
Unreserved:undesignated	1,129,875	-	-	66,042	1,195,917
Total fund balances	4,070,162	1,362,834	435,443	249,459	6,117,898
Total liabilities and fund balances	$ 12,278,476	$ 1,373,809	$ 444,003	$ 507,889	$ 14,604,177

See Notes to Financial Statements.

Dexter Community Schools

Reconciliation of Balance Sheet of Governmental Funds to Net Assets
Governmental Funds
June 30, 2005

Total Fund Balances - Governmental Funds		$ 6,117,898
Amount reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 119,357,781	
Accumulated depreciation is	(24,506,629)	
		94,851,152
Other long-term assets not available to pay current period expenditures, therefore deferred in the funds		249,904
Long-term liabilities not due and payable in the current period and not reported in the funds:		
Bonds payable		(83,647,562)
School bond loan fund		(15,970,857)
Deferred amount on refunding		1,422,655
Unamortized premiums		(1,161,873)
Compensated balances		(1,153,973)
Accrued self-funded insurance is not included as a liability in governmental activities.		(125,638)
Accrued interest payable is not included as a liability in governmental activities.		(702,906)
Total Net Assets - Governmental Activities		$ (121,200)

See Notes to Financial Statements.

Dexter Community Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2005

	General	1998 Debt Fund	2003 Debt Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	$ 3,425,493	$ 4,618,248	$ 3,342,595	$ 2,257,327	$ 13,643,663
State sources	24,021,749	-	-	93,353	24,115,102
Federal sources	650,904	-	-	155,722	806,626
Interdistrict and other	2,472,062	-	-	-	2,472,062
Total revenues	30,570,208	4,618,248	3,342,595	2,506,402	41,037,453
Expenditures:					
Instruction	16,135,405	-	-	-	16,135,405
Support services	12,540,327	-	-	-	12,540,327
Athletic activities	-	-	-	676,675	676,675
Food service activities	-	-	-	1,359,885	1,359,885
Community services	93,119		-	883,560	976,679
Other	320,374		-	-	320,374
Debt service:					
Principal payments	-	1,730,000	2,355,000	-	4,085,000
Interest and fiscal charges	-	3,038,035	1,098,055	-	4,136,090
Capital outlay	-	-	-	168,223	168,223
Total expenditures	29,089,225	4,768,035	3,453,055	3,088,343	40,398,658
Revenues Over (Under) Expenditures	1,480,983	(149,787)	(110,460)	(581,941)	638,795
Other Financing Sources (Uses):					
Operating transfers in	225,566	-	-	708,170	933,736
School bond loan proceeds	-	590,903	386,587	-	977,490
Operating transfers out	(708,170)	-	-	(225,566)	(933,736)
Total other financing sources (uses)	(482,604)	590,903	386,587	482,604	977,490
Net Changes in Fund Balances	998,379	441,116	276,127	(99,337)	1,616,285
Fund Balances - Beginning of Year	3,071,783	921,718	159,316	348,796	4,501,613
Fund Balances - End of Year	$ 4,070,162	$ 1,362,834	$ 435,443	$ 249,459	$ 6,117,898

See Notes to Financial Statements.

Dexter Community Schools

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Governmental Funds
Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds		$ 1,616,285
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Depreciation expense	$ (2,678,694)	
Capital outlay	311,728	
		(2,366,966)
Accrued interest is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.		(42,172)
Accrued self-funded health insurance is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.		(10,948)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.		
Debt issued:		
School bond loan fund principal	(977,490)	
School bond loan fund accrued interest	(451,772)	
Repayments:		
To bond holders	4,085,000	
		2,655,738
Decrease in taxes and other receivables is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.		(36,219)
Increase in compensated absences are reported as expenditures when financial resources are used in the governmental funds.		(44,477)
Change in Net Assets of Governmental Activities		$ 1,771,241

See Notes to Financial Statements.

Dexter Community Schools
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2005

	Agency Fund - Student Activities
Assets	
Cash and investments	$ 351,669
Total assets	$ 351,669
Liabilities	
Due to student groups	$ 351,669
Total liabilities	$ 351,669

See Notes to Financial Statements.

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Dexter Community Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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 District does not contain any component units.

District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary 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 revenues, 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 revenues 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 district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-Wide 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital 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-Based Statements – 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 government 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, severance pay, 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 government.

The fiduciary fund statement is 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 District, except those required to be accounted for in another fund.

1998 Debt Fund – The 1998 Debt Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures on the 1998 bond issue.

2003 Debt Fund – The 2003 Debt Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures on the 2003 refunding bond issue.

Additionally, the government 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 expenditures for specified purposes. Special Revenue Funds maintained by the District are the Athletics Fund, Food Services Fund and Community Service Fund.

Debt Service Funds – In addition to the major debt service funds listed above, the District maintains the Durant Debt Fund.

Capital Project Funds – Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The District maintains the 1998 Construction Fund.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the district-wide statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents include cash on hand and demand deposits.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2005, the District levied the following amounts per $1,000 of assessed valuation:

General Fund – Non-Homestead	18.000
Debt Funds – Homestead and Non-Homestead	8.500

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."

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The District has determined the uncollectible amounts are immaterial and no provision has been recorded.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Inventories and Prepaid Items – 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. United States Department of Agriculture Commodities inventory received by the Food Service Fund is recorded as inventory and deferred revenue until used. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. The government defines capital assets as assets with an initial individual cost of $5,000 or greater and an estimated useful life in excess of one year. 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 lives 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 lives:

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

Compensated Absences - The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated annual and sick leave balances. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2 – Stewardship, Compliance, and Accountability

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at fiscal year-end.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the *Uniform Budgeting and Accounting Act* (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any, for the General Fund are noted in the required supplementary information section.

4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.

6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2005. The District does not consider these amendments to be significant.

Note 3 – Deposits and Investments

At year-end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and investments	$8,884,488	$ 351,669	$ 9,236,157

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking and savings accounts)	$ 55,993
Certificates of deposit	6,431,517
Investments in First American Treasury Obligation Fund Class Y	187,574
Investments in pooled investments	2,560,823
Petty cash and cash on hand	250
Total	$ 9,236,157

As of year end, the District had the following investments.

Investment	Maturity	Fair Value	Rating
First American Funds Treasury Obligation Funds Class Y	Less than one year	$ 187,574	Moody's Aaa S&P AAAm
SDIT Government Portfolio sweep class	Less than one year	$ 2,560,823	Not rated

Investment and Deposit Risk

Interest Rate Risk – State law limits the allowable investments and the maturities of some of the allowable investments. The School's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year end.

Credit Risk – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The ratings for each investment held at year end are identified above.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The District's has not adopted and state law does not require a policy for deposit custodial credit risk. As of year end $6,331,517 of the School's bank balance of $6,517,098 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the types of to various types of securities as allowed by state law. Of the above investments custodial credit risk cannot be determined because the investments are not in specifically identifiable securities.

Concentration of Credit Risk – State law limits allowable investments but does no limit concentration of credit risk as identified in the list of authorized investments. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments subject to concentration of credit risk held at year end are reported above and are held in one investment managed pursuant to a trust agreement.

Note 4 – Capital Assets

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

	Beginning Balance	Additions	Disposals and Adjustments	Year-End Balance
Assets not being depreciated – land	$ 2,591,902	$ -	$ -	$ 2,591,902
Capital assets being depreciated:				
Buildings and improvements	113,380,025	156,934	-	113,536,959
Buses and other vehicles	1,775,209	121,455	115,159	1,781,505
Furniture and equipment	1,414,076	33,339	-	1,447,415
Subtotal	116,569,310	311,728	115,159	116,765,879
Accumulated depreciation:				
Buildings and improvements	20,546,336	2,385,703	-	22,932,039
Buses and other vehicles	1,016,278	148,753	115,159	1,049,872
Furniture and equipment	380,480	144,238	-	524,718
Subtotal	21,943,094	2,678,694	115,159	24,506,629
Net capital assets being depreciated	94,626,216	(2,366,966)	-	92,259,250
Net capital assets	$ 97,218,118	$ (2,366,966)	$ -	$ 94,851,152

Depreciation expense was charged to activities of the School District as follows:

Governmental Activities:

Instruction	$ 1,366,075
Support services	279,260
Unallocated	1,033,359
	$ 2,678,694

Note 5 – Receivables

Receivables at June 30, 2005, consist of the following:

Other governmental units (primarily Michigan Department of Education)	$4,728,625
Taxes	658,901
Other	50,277
	$5,437,803

Note 6 – Note Payable

During the year, the District issued a note payable dated August, 2004 maturing August, 2005 in the amount of $3,455,000 with an interest rate of 1.03%.

Balance June 30, 2004	Additions	Payments	Balance June 30, 2005
$5,600,000	$3,455,000	$5,600,000	$3,455,000

Note 7 – Long-Term Debt

The School District issues bonds, notes, 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.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds	$ 87,732,562	$ -	$ 4,085,000	$ 83,647,562	$ 4,213,303
Deferred amount on refunding	(1,524,655)	102,000	-	(1,422,655)	(102,000)
Unamortized premium	1,244,873	-	83,000	1,161,873	83,000
School bond loan fund	14,541,595	1,429,262	-	15,970,857	-
Compensated absences	1,109,496	44,477	-	1,153,973	115,397
Total governmental activities	$103,103,871	$ 1,575,739	$ 4,168,000	$100,511,610	$ 4,309,700

Annual debt service requirements to maturity on the above governmental bond obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2006	$ 4,213,303	$ 3,995,252	$ 8,208,555
2007	4,464,406	3,826,680	8,291,086
2008	3,890,575	3,636,093	7,526,668
2009	4,246,792	3,441,350	7,688,142
2010	4,495,012	3,304,006	7,799,018
2011 - 2015	21,127,474	13,357,167	34,484,641
2016 - 2020	20,210,000	8,144,340	28,354,340
2021 - 2025	13,125,000	4,000,500	17,125,500
2026 - 2028	7,875,000	803,250	8,678,250
Total	$83,647,562	$ 44,508,638	$128,156,200

General obligation bonds consist of:

$69,600,000 general obligation school bonds due in annual installments of $1,730,000 to $2,625,000 through May 1, 2028; interest at 4.70% to 6.25%.	$ 57,490,000
$30,210,000 general obligation refunding bonds due in annual installments of $780,000 to $2,710,000 through May 1, 2019; interest at 2.50% to 5.00%	25,850,000
$481,417 Durant Non-Plaintiff serial bonds due in annual installments including interest of $33,801 to $159,533 through May 15, 2013; interest at 4.76%	307,562
Total bonded debt	83,647,562
School Bond Loan Fund; interest at 4.125% to 5.125%	15,970,857
Total bonds payable	$99,618,419

Note 7 – Long-Term Debt (Continued)

School Bond Loan Fund - There are no annual installments due for the School Bond Loan of $15,970,857. The loans are repaid as money becomes available to repay from the Debt Funds.

Durant Non-Plaintiff Bond - Included in Governmental Activities General Obligation Bonds is the Durant Non-Plaintiff Bond. Annual total payments (principal and interest) of $33,805 to $159,533 associated with this bond are funded by the State of Michigan via specifically appropriated State Aid and will not require any District debt levy or utilization of any other District financial resources.

Note 8 – Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are 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 various components of deferred revenue are as follows:

	Unavailable	Unearned
Delinquent property taxes	$ 60,904	$ -
Due from other governmental units	189,000	-
Fees	-	137,271
Total	$ 249,904	$ 137,271

Note 9 – Interfund Receivables and Payables and Transfers

The District reports interfund balances between some of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily 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. The composition of interfund balances is as follows:

	Due To			
	General Fund	Community Service	Athletics	Total
Due From:				
General Fund	$ -	$ 30,426	$ 642	$ 31,068
Food Service Fund	80,000	-	-	80,000
Total	$ 80,000	$ 30,426	$ 642	$111,068

	Transfers Out			
	General Fund	Food Service	Community Service	Total
Transfers in:				
General Fund	$ -	$ 149,261	$ 76,305	$ 225,566
Community Service Fund	188,249	-	-	188,249
Athletics Fund	519,921	-	-	519,921
Total	$ 708,170	$ 149,261	$ 76,305	$ 933,736

Transfers are made to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits (Continued)

Plan Description – The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit pension plan administered by the nine member board of the MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, MI 48909 or by calling (517) 322-6000.

Funding Policy – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rates: 3% of the first $5,000; 3.6% if $5,001 through $15,000; 4.3% of all wages over $15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, in any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 12.99 percent for the period from July 1, 2004 through September 30, 2004 and 14.87% from October 1, 2004 through June 30, 2005. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The School District's contributions to the MPSERS plan for the years ended June 30, 2005, 2004, and 2003 were approximately $2,755,000, $2,466,000, and $2,400,000, respectively.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Post-Employment Benefits – Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. Retirees having 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. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS plan discussed above.

Note 11 – Federal and State Grants

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

Note 12 – Risk Management

The School District is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The School District has purchased commercial insurance for other risks of loss, including property and casualty, errors and omissions, fleet and employee health and accident insurance.

Note 13 – Other Liabilities

The District has recorded approximately $2,006,000 in other liabilities to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and LDFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority.

Note 14 – Designated Fund Balances

Portions of fund equity are designated for future specific uses as follows:

General Fund

Designated for health reserve	$ 215,398
Designated for supply	122,136
Designated for instructional equipment	975,000
Designated for facilities maintenance	600,000
Designated for retirement severance	600,000
Designated for equipment maintenance	50,000
Designated for school bus purchases	227,753
Total reserved for special purposes	$2,790,287

Required Supplemental Information

Dexter Community Schools
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2005

	Budgeted Amounts		
	Original	Final	Actual
Revenues:			
Local sources	$ 3,522,091	$ 3,522,091	$ 3,425,493
State sources	23,839,158	23,839,158	24,021,749
Federal sources	652,033	652,033	650,904
Other	2,602,406	2,607,482	2,472,062
Total revenues	30,615,688	30,620,764	30,570,208
Expenditures:			
Cornerstone elementary	3,133,668	3,373,956	3,293,600
Bates elementary	2,307,249	2,291,727	2,247,183
Wylie elementary	3,389,813	3,412,108	3,366,047
Creekside middle school	3,596,193	3,579,883	3,489,619
Mill Creek middle school	3,486,523	3,504,527	3,372,308
High school	5,941,101	5,989,311	5,849,790
Instructional support	244,195	302,878	283,446
General administration	87,622	180,344	118,244
Executive administration	309,460	348,901	326,144
Fiscal services	393,202	391,769	368,516
Other business operations	370,544	297,275	195,138
Distrit utilities/security	1,284,054	1,316,412	1,165,545
Operations and maintenance	1,933,679	1,948,232	1,939,114
Transportation	2,029,409	2,265,768	1,888,800
Other support - personnel	31,552	56,181	53,664
Other support - technology	824,793	811,759	811,694
Total expenditures	29,363,057	30,071,031	28,768,852
Revenue Over (Under) Expenditures	1,252,631	549,733	1,801,356
Other Financing Sources (Uses):			
Operating transfers in	238,472	238,472	225,567
Operating transfers out	(1,067,092)	(1,040,213)	(1,028,544)
Total other financing sources (uses)	(828,620)	(801,741)	(802,977)
Net Changes in Fund Balances	424,011	(252,008)	998,379
Fund Balances - Beginning of Year	3,071,783	3,071,783	3,071,783
Fund Balances - End of Year	$ 3,495,794	$ 2,819,775	$ 4,070,162

Other Supplemental Information

Dexter Community Schools
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2005

	Special Revenue Funds	Durant Debt Fund	1998 Construction Fund	Total
Assets				
Cash and investments	$ 215,394	$ -	$ 187,574	$ 402,968
Accounts receivable	20,371	-	-	20,371
Due from other governmental units	32,664	-	-	32,664
Due from other funds	31,068	-	-	31,068
Inventory	20,502	-	-	20,502
Prepaid expenditures	316	-	-	316
Total assets	$ 320,315	$ -	$ 187,574	$ 507,889
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 13,607	$ -	$ 24,659	$ 38,266
Salaries payable	3,954	-	-	3,954
Due to other funds	80,000	-	-	80,000
Accrued expenditures	889	-	-	889
Deferred revenue	135,321	-	-	135,321
Total liabilities	233,771	-	24,659	258,430
Fund Balances:				
Reserve for inventory	20,502	-	-	20,502
Reserve for construction	-	-	162,915	162,915
Unreserved:undesignated	66,042	-	-	66,042
Total fund balances	86,544	-	162,915	249,459
Total liabilities and fund balances	$ 320,315	$ -	$ 187,574	$ 507,889

Dexter Community Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2005

	Special Revenue Funds	Durant Debt Fund	1998 Construction Fund	Total
Revenues:				
Local sources	$ 2,245,659	$ -	$ 11,668	$ 2,257,327
State sources	93,353	-	-	93,353
Federal sources	155,722	-	-	155,722
Total revenues	2,494,734	-	11,668	2,506,402
Expenditures:				
Athletic activities	676,675	-	-	676,675
Food service activities	1,359,885	-	-	1,359,885
Community services	883,560	-	-	883,560
Capital outlay	-	-	168,223	168,223
Total expenditures	2,920,120	-	168,223	3,088,343
Revenues Over (Under) Expenditures	(425,386)	-	(156,555)	(581,941)
Other Financing Sources (Uses):				
Operating transfers in	708,170	-	-	708,170
Operating transfers out	(225,566)	-	-	(225,566)
Total other financing sources (uses)	482,604	-	-	482,604
Net Changes in Fund Balances	57,218	-	(156,555)	(99,337)
Fund Balances - Beginning of Year	29,326	-	319,470	348,796
Fund Balances - End of Year	$ 86,544	$ -	$ 162,915	$ 249,459

Dexter Community Schools
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2005
(With Comparative Totals for the Prior Year)

	Athletics Fund	Food Services Fund	Community Service Fund	Total Current Year	Total Prior Year
Assets					
Cash and investments	$ 993	$ 8,182	$ 206,219	$ 215,394	$ 188,710
Accounts receivable	-	4,506	15,865	20,371	41,357
Due from other governmental units	-	26,364	6,300	32,664	19,539
Due from other funds	642	-	30,426	31,068	28,021
Inventory	-	20,502	-	20,502	18,498
Prepaid expenditures	-	-	316	316	-
Total assets	$ 1,635	$ 59,554	$ 259,126	$ 320,315	$ 296,125
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	$ -	$ 1,978	$ 11,629	$ 13,607	$ 14,467
Salaries payable	1,335	837	1,782	3,954	190
Due to other funds	-	80,000	-	80,000	109,512
Accrued expenditures	300	188	401	889	-
Deferred revenue	-	20,664	114,657	135,321	120,938
Other liabilities	-	-	-	-	21,692
Total liabilities	1,635	103,667	128,469	233,771	266,799
Fund Balances:					
Reserve for inventory	-	20,502	-	20,502	18,498
Unreserved:undesignated	-	(64,615)	130,657	66,042	10,828
Total fund balances	-	(44,113)	130,657	86,544	29,326
Total liabilities and fund balances	$ 1,635	$ 59,554	$ 259,126	$ 320,315	$ 296,125

Dexter Community Schools
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended June 30, 2005
(With Comparative Totals for the Prior Year)

	Athletics Fund	Food Services Fund	Community Service Fund	Total Current Year	Total Prior Year
Revenues:					
Local Sources:					
Food sales	$ -	$ 1,333,943	$ -	$ 1,333,943	$ 1,252,289
Athletics	156,754	-	-	156,754	165,604
Other local revenue	-	-	754,962	754,962	768,093
Total local sources	156,754	1,333,943	754,962	2,245,659	2,185,986
State Sources:					
Restricted	-	54,625	38,728	93,353	84,057
Total State sources	-	54,625	38,728	93,353	84,057
Federal Sources:					
Restricted - received through State	-	155,722	-	155,722	139,993
Total federal sources	-	155,722	-	155,722	139,993
Interdistrict and other	-	-	-	-	1,333
Total revenues	156,754	1,544,290	793,690	2,494,734	2,411,369
Expenditures:					
Salaries	361,031	475,598	444,852	1,281,481	1,402,534
Employee benefits	101,941	204,688	134,460	441,089	470,307
Purchased services	140,967	22,991	165,097	329,055	311,000
Supplies and materials	61,982	655,306	128,154	845,442	838,408
Capital outlay	-	830	7,903	8,733	5,333
Other	10,754	472	3,094	14,320	12,594
Total expenditures	676,675	1,359,885	883,560	2,920,120	3,040,176
Revenues Over (Under) Expenditures	(519,921)	184,405	(89,870)	(425,386)	(628,807)
Other Financing Sources (Uses):					
Operating transfers in	519,921	-	188,249	708,170	799,220
Operating transfers out	-	(149,261)	(76,305)	(225,566)	(303,541)
Total other financing sources (uses)	519,921	(149,261)	111,944	482,604	495,679
Net Changes in Fund Balances	-	35,144	22,074	57,218	(133,128)
Fund Balances - Beginning of Year	-	(79,257)	108,583	29,326	162,454
Fund Balances - End of Year	$ -	$ (44,113)	$ 130,657	$ 86,544	$ 29,326

Dexter Community Schools
Comparative Balance Sheets
General Fund
June 30, 2005 and 2004

	2005	2004
Assets		
Cash	$ 7,002,478	$ 8,272,737
Accounts receivable	27,806	18,015
Taxes receivable	322,231	106,867
Due from other funds	80,000	90,461
Due from other governmental units	4,695,961	4,035,804
Prepaid expenditures	150,000	136,842
Total assets	$ 12,278,476	$ 12,660,726
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 280,733	$ 260,455
State aid anticipation note	3,455,000	5,657,680
Due to other funds	31,068	8,970
Salaries payable	1,792,969	1,587,217
Accrued expenditures	409,455	309,168
Deferred revenue	232,319	108,967
Other liabilities	2,006,770	1,656,486
Total liabilities	8,208,314	9,588,943
Fund Balances:		
Reserve for prepaid expenditures	150,000	136,842
Designated for special purposes	2,790,287	2,254,586
Unreserved:undesignated	1,129,875	680,355
Total fund balances	4,070,162	3,071,783
Total liabilities and fund balances	$ 12,278,476	$ 12,660,726

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended 2004)

	2005			
	Budget	Actual	Variance - Favorable (Unfavorable)	2004
Revenues:				
Local Sources:				
Taxes	$ 3,223,920	$ 2,963,775	$ (260,145)	$ 2,537,675
Earnings on investment & deposits	40,000	104,971	64,971	36,888
Fees	162,100	162,995	895	186,270
Other	96,071	193,752	97,681	254,469
Total local sources	3,522,091	3,425,493	(96,598)	3,015,302
State Sources:				
Unrestricted	22,287,738	22,365,890	78,152	22,422,667
Restricted	1,551,420	1,655,859	104,439	1,517,693
Other	-	-	-	22,700
Total State sources	23,839,158	24,021,749	182,591	23,963,060
Federal Sources:				
Received through State	74,013	69,201	(4,812)	70,085
Received through I.S.D.	578,020	581,703	3,683	479,508
Total federal sources	652,033	650,904	(1,129)	549,593
Interdistrict Sources:				
County special education taxes	2,549,461	2,324,333	(225,128)	1,923,458
Other	58,021	147,729	89,708	171,840
Total interdistrict sources	2,607,482	2,472,062	(135,420)	2,095,298
Total revenue	30,620,764	30,570,208	(50,556)	29,623,253

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended June 30 2004)

	2005			
	Budget	Actual	Variance - Favorable (Unfavorable)	2004
Expenditures:				
Instruction:				
Basic Programs:				
Elementary				
Salaries	$ 3,588,081	$ 3,602,580	$ (14,499)	$ 3,448,564
Employee benefits	1,358,382	1,295,404	62,978	1,161,291
Purchased services	10,289	9,444	845	5,650
Supplies and materials	201,600	163,927	37,673	162,435
Capital outlay	25,126	24,199	927	425
Other	2,312	2,308	4	1,924
Total elementary	5,185,790	5,097,862	87,928	4,780,289
Middle/Junior High				
Salaries	3,296,192	3,280,103	16,089	3,271,837
Employee benefits	1,284,663	1,217,615	67,048	1,088,616
Purchased services	19,200	12,443	6,757	8,838
Supplies and materials	143,944	94,454	49,490	101,382
Capital outlay	1,000	-	1,000	759
Other	4,100	3,265	835	3,555
Total middle/junior high	4,749,099	4,607,880	141,219	4,474,987
High School				
Salaries	2,834,431	2,754,821	79,610	2,865,937
Employee benefits	1,060,995	1,006,790	54,205	943,600
Purchased services	24,912	18,109	6,803	30,450
Supplies and materials	203,566	173,302	30,264	102,152
Other	810	1,283	(473)	3,120
Total high school	4,124,714	3,954,305	170,409	3,945,259
Summer School				
Salaries	-	622	(622)	3,357
Employee benefits	-	128	(128)	518
Total summer school	-	750	(750)	3,875
Total basic programs	14,059,603	13,660,797	398,806	13,204,410
Added Needs:				
Special Education				
Salaries	1,694,262	1,640,494	53,768	1,439,587
Employee benefits	520,442	515,396	5,046	418,711
Purchased services	-	781	(781)	-
Supplies and materials	17,500	23,573	(6,073)	11,841
Total special education	2,232,204	2,180,244	51,960	1,870,139

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended June 30, 2004)

	2005			
	Budget	Actual	Variance - Favorable (Unfavorable)	2004
Instruction (Continued):				
Compensatory Education				
Salaries	$ 64,432	$ 116,899	$ (52,467)	$ 63,320
Employee benefits	23,807	32,815	(9,008)	15,967
Purchased services	603	288	315	2,447
Supplies and materials	4,209	2,501	1,708	280
Total compensatory education	93,051	152,503	(59,452)	82,014
Vocational Education				
Salaries	103,409	103,083	326	100,138
Employee benefits	36,666	36,592	74	34,067
Purchased services	730	-	730	319
Supplies and materials	2,652	2,186	466	1,036
Total vocational education	143,457	141,861	1,596	135,560
Total added needs	2,468,712	2,474,608	(5,896)	2,087,713
Total instruction	16,528,315	16,135,405	392,910	15,292,123
Support Services:				
Pupil:				
Guidance Services				
Salaries	385,520	377,972	7,548	362,526
Employee benefits	145,720	136,622	9,098	126,338
Supplies and materials	5,238	4,898	340	3,043
Total guidance services	536,478	519,492	16,986	491,907
Health Services				
Salaries	60,376	60,222	154	58,745
Employee benefits	23,285	22,771	514	21,578
Purchased services	263,313	221,381	41,932	159,757
Supplies and materials	5,499	5,632	(133)	5,035
Capital outlay	2,485	1,985	500	-
Total health services	354,958	311,991	42,967	245,115

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended 2004)

	2005			
	Budget	Actual	Variance - Favorable (Unfavorable)	2004
Support Services (Continued):				
Psychological Services				
Salaries	$ 137,631	$ 137,323	$ 308	$ 156,110
Employee benefits	50,056	50,707	(651)	51,013
Purchased services	6,756	6,385	371	8,602
Supplies and materials	4,992	1,789	3,203	995
Total psychological services	199,435	196,204	3,231	216,720
Speech Pathology and Audiology				
Salaries	417,911	439,140	(21,229)	423,133
Employee benefits	157,322	160,796	(3,474)	156,174
Purchased services	940	-	940	36
Supplies and materials	4,937	6,936	(1,999)	5,022
Total speech pathology and audiology	581,110	606,872	(25,762)	584,365
Social Worker				
Salaries	251,636	251,786	(150)	235,557
Employee benefits	97,118	89,020	8,098	79,708
Purchased services	188	-	188	26
Supplies and materials	2,100	2,079	21	925
Total social worker	351,042	342,885	8,157	316,216
Special Ed. - Teacher Consultant				
Salaries	658,034	638,664	19,370	654,115
Employee benefits	239,102	224,947	14,155	207,691
Purchased services	8,625	-	8,625	-
Supplies and materials	-	7,934	(7,934)	4,737
Total special ed. - teacher consultant	905,761	871,545	34,216	866,543
Other Pupil Services				
Salaries	146,242	135,965	10,277	135,025
Employee benefits	37,866	38,237	(371)	36,817
Supplies and materials	18,000	18,000	-	24,000
Total other pupil services	202,108	192,202	9,906	195,842
Total pupil	3,130,892	3,041,191	89,701	2,916,708

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended 2004)

	2005			
	Budget	Actual	Variance - Favorable (Unfavorable)	2004
Support Services (Continued):				
Instructional Staff:				
Improvement of Instruction				
Salaries	$ 168,119	$ 173,686	$ (5,567)	$ 260,820
Employee benefits	51,798	50,232	1,566	74,080
Purchased services	27,747	14,675	13,072	33,012
Supplies and materials	12,607	27,031	(14,424)	7,754
Total improvement of instruction	260,271	265,624	(5,353)	375,666
Library				
Salaries	441,510	439,971	1,539	417,331
Employee benefits	157,358	150,148	7,210	135,223
Total library	598,868	590,119	8,749	552,554
Technology				
Salaries	339,329	342,972	(3,643)	360,858
Employee benefits	175,930	168,446	7,484	161,890
Purchased services	153,500	132,689	20,811	164,124
Supplies and materials	33,000	29,900	3,100	16,592
Capital outlay	110,000	137,686	(27,686)	4,881
Total technology	811,759	811,693	66	708,345
Special Education Director				
Salaries	81,078	39,857	41,221	93,722
Employee benefits	31,704	13,469	18,235	35,238
Purchased services	3,250	54,841	(51,591)	700
Supplies and materials	8,000	2,341	5,659	11,635
Total special education director	124,032	110,508	13,524	141,295
Consortium				
Salaries	34,381	35,500	(1,119)	-
Employee benefits	17,339	15,191	2,148	-
Total consortium	51,720	50,691	1,029	-
Total instructional staff	1,846,650	1,828,635	18,015	1,777,860
General Administration:				
Board of Education				
Salaries	5,880	5,880	-	-
Employee benefits	87,942	25,882	62,060	1,812
Purchased services	73,158	68,286	4,872	67,313
Supplies and materials	6,364	1,840	4,524	938
Other	7,000	16,356	(9,356)	6,492
Total board of education	180,344	118,244	62,100	76,555

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended 2004)

	2005			
	Budget	Actual	Favorable (Unfavorable)	2004
Supporting Services (Continued)				
General Administration (Continued):				
Executive Administration				
Salaries	$ 211,857	$ 208,252	$ 3,605	$ 263,123
Employee benefits	85,963	82,700	3,263	106,150
Purchased services	31,701	17,903	13,798	19,201
Supplies and materials	9,020	8,352	668	3,656
Capital outlay	10,360	8,937	1,423	-
Other	-	-	-	7,438
Total executive administration	348,901	326,144	22,757	399,568
Total general administration	529,245	444,388	84,857	476,123
School Administration:				
Office of the Principal				
Salaries	1,101,674	1,067,674	34,000	1,062,523
Employee benefits	492,318	456,223	36,095	443,992
Purchased services	39,157	62,434	(23,277)	19,951
Supplies and materials	16,104	15,420	684	9,141
Other expenses	9,300	6,956	2,344	7,634
Total office of the principal	1,658,553	1,608,707	49,846	1,543,241
Graduation				
Other expenses	6,000	6,630	(630)	4,029
Total school administration	1,664,553	1,615,337	49,216	1,547,270
Business:				
Fiscal Services				
Salaries	247,047	245,848	1,199	235,689
Employee benefits	107,528	104,695	2,833	95,531
Purchased services	25,657	10,755	14,902	12,150
Supplies and materials	8,987	7,218	1,769	5,292
Capital outlay	2,550	-	2,550	-
Total fiscal services	391,769	368,516	23,253	348,662
Internal Services				
Salaries	86,742	84,932	1,810	2,825
Employee benefits	31,003	22,719	8,284	72,500
Purchased services	23,691	17,109	6,582	1,797
Other	155,839	70,378	85,461	83,488
Total internal services	297,275	195,138	102,137	160,610
Total business	689,044	563,654	125,390	509,272

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended 2004)

	2005			
	Budget	Actual	Favorable (Unfavorable)	2004
Supporting Services (Continued):				
Operation & Maintenance of Plant:				
Salaries	$ 870,636	$ 872,898	$ (2,262)	$ 831,074
Employee benefits	465,906	437,544	28,362	394,244
Purchased services	675,433	680,272	(4,839)	504,517
Supplies and materials	1,196,220	1,081,821	114,399	1,021,277
Capital outlay	7,000	1,000	6,000	-
Total operation & maintenance of plant	3,215,195	3,073,535	141,660	2,751,112
Security:				
Salaries	57,549	-	57,549	-
Employee benefits	2,000	-	2,000	-
Purchased services	-	41,687	(41,687)	98,644
Supplies and materials	-	500	(500)	1,025
Total security	59,549	42,187	17,362	99,669
Pupil Transportation Services:				
Salaries	1,006,489	934,363	72,126	896,877
Employee benefits	553,461	500,913	52,548	429,805
Purchased services	116,283	94,226	22,057	117,549
Supplies and materials	244,220	222,485	21,735	149,096
Capital outlay	332,000	122,985	209,015	176,000
Other	3,215	2,765	450	2,435
Total pupil transportation services	2,255,668	1,877,737	377,931	1,771,762
Central Services:				
Support Personnel				
Salaries	34,084	34,084	-	102,058
Employee benefits	17,997	15,500	2,497	35,847
Purchased services	3,620	3,598	22	6,704
Supplies and materials	480	481	(1)	1,871
Total support personnel	56,181	53,663	2,518	146,480
Total central services	56,181	53,663	2,518	146,480
Total support services	13,446,977	12,540,327	906,650	11,996,256

Dexter Community Schools
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2005
(With Comparative Amounts For the Year Ended 2004)

	2005			
	Budget	Actual	Favorable (Unfavorable)	2004
Community Services:				
Community Services				
Salaries	$ 66,830	$ 65,397	$ 1,433	$ 60,864
Employee benefits	24,908	24,066	842	20,216
Supplies and materials	4,000	3,656	344	6,866
Total community services	95,738	93,119	2,619	87,946
Other Transactions:				
Consortium costs	145,158	152,710	(7,552)	46,046
Special education tuition	162,974	167,664	(4,690)	270,947
Other	-	-	-	4,944
Total other transactions	308,132	320,374	(12,242)	321,937
Total expenditures	30,379,162	29,089,225	1,289,937	27,698,262
Revenue Over (Under) Expenditures	241,602	1,480,983	1,239,381	1,924,991
Other Financing Sources (Uses):				
Operating transfers in	238,472	225,566	(12,906)	303,541
Operating transfers out	(732,081)	(708,170)	(23,911)	(799,220)
Total other financing sources (uses)	(493,609)	(482,604)	11,005	(495,679)
Net Changes in Fund Balances	(252,007)	998,379	1,250,386	1,429,312
Fund Balances - Beginning of Year	3,071,783	3,071,783	-	1,642,471
Fund Balances - End of Year	$ 2,819,776	$ 4,070,162	$ 1,250,386	$ 3,071,783

Dexter Community Schools

Schedule of Bonded Indebtedness

June 30, 2005

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Amount of Annual Maturity	Bonds Outstanding June 30,2005
2003 Refunding Bonds	March 26, 2003	$ 30,210,000	2.500%	05/01/06	$ 1,044,760	$ 2,460,000	$ 2,460,000
			3.000%	05/01/07	983,260	2,710,000	2,710,000
			4.000%	05/01/08	901,960	2,135,000	2,135,000
			3.250%	05/01/09	816,560	1,620,000	1,620,000
			3.500%	05/01/10	763,910	1,780,000	1,780,000
			4.000%	05/01/11	701,610	1,810,000	1,810,000
			4.000%	05/01/12	629,210	1,790,000	1,790,000
			5.000%	05/01/13	557,610	1,885,000	1,885,000
			4.000%	05/01/14	463,360	780,000	780,000
			5.000%	05/01/15	432,160	1,770,000	1,770,000
			5.000%	05/01/16	343,660	1,840,000	1,840,000
			5.000%	05/01/17	251,660	1,660,000	1,660,000
			4.000%	05/01/18	175,260	1,955,000	1,955,000
			5.000%	05/01/19	77,510	1,655,000	1,655,000
							$ 25,850,000

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Amount of Annual Maturity	Bonds Outstanding June 30,2005
Durant Bonds							
	September 14, 1998	$ 481,417	4.760%	05/15/06	$ 10,504	$ 23,302	$ 23,302
			4.760%	05/15/07	9,395	24,406	24,406
			4.760%	05/15/08	8,233	25,574	25,574
			4.760%	05/15/09	7,015	26,792	26,792
			4.760%	05/15/10	44,521	115,012	115,013
			4.760%	05/15/11	4,403	29,404	29,404
			4.760%	05/15/12	3,003	30,802	30,802
			4.760%	05/15/13	1,536	32,269	32,269
							$ 307,562

Dexter Community Schools

Schedule of Bonded Indebtedness
June 30, 2005
(Continued)

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Amount of Annual Maturity	Bonds Outstanding June 30,2005
1998 School Building and Site Bonds	April 20, 1998	$69,600,000	6.125%	05/01/06	$ 2,939,988	$ 1,730,000	$ 1,730,000
			6.250%	05/01/07	2,834,025	1,730,000	1,730,000
			6.250%	05/01/08	2,725,900	1,730,000	1,730,000
			4.700%	05/01/09	2,617,775	2,600,000	2,600,000
			4.800%	05/01/10	2,495,575	2,600,000	2,600,000
			4.900%	05/01/11	2,370,775	2,600,000	2,600,000
			5.000%	05/01/12	2,243,375	2,600,000	2,600,000
			5.000%	05/01/13	2,113,375	2,600,000	2,600,000
			5.000%	05/01/14	1,983,375	2,600,000	2,600,000
			5.000%	05/01/15	1,853,375	2,600,000	2,600,000
			5.000%	05/01/16	1,723,375	2,600,000	2,600,000
			5.100%	05/01/17	1,593,375	2,625,000	2,625,000
			5.100%	05/01/18	1,459,500	2,625,000	2,625,000
			5.000%	05/01/19	1,325,625	2,625,000	2,625,000
			5.000%	05/01/20	1,194,375	2,625,000	2,625,000
			5.000%	05/01/21	1,063,125	2,625,000	2,625,000
			5.000%	05/01/22	931,875	2,625,000	2,625,000
			5.000%	05/01/23	800,625	2,625,000	2,625,000
			5.100%	05/01/24	669,375	2,625,000	2,625,000
			5.100%	05/01/25	535,500	2,625,000	2,625,000
			5.100%	05/01/26	401,625	2,625,000	2,625,000
			5.100%	05/01/27	267,750	2,625,000	2,625,000
			5.100%	05/01/28	133,875	2,625,000	2,625,000
							$ 57,490,000