

**Mattawan Consolidated School**

**Mattawan, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**June 30, 2006**

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**Mattawan Consolidated School**  
**Members of the Board of Education and Administration**  
**June 30, 2006**

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Members of the Board of Education

Zbigniew Srodulski	President
Donna Upchurch	Vice President
Camille Stuedemann	Treasurer
Grace Borgfjord	Secretary
Alan Koenig	Trustee
Bruce Miller	Trustee
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Administration

James Weeldreyer	Superintendent
William McNulty	Associate Superintendent for School Improvements
William Disch, CPA	Director of Finance, Operations, and Human Resources
Brenda Graham, CPA	Associate of Finance, Operations, and Human Resources



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## Independent Auditors' Report

To the Board of Education  
Mattawan Consolidated School  
Mattawan, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mattawan Consolidated School as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Mattawan Consolidated 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 Mattawan Consolidated School as of June 30, 2006, and the respective changes in financial position 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 August 18, 2006, on our consideration of the Mattawan Consolidated School's internal control over financial reporting and on our tests of its provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary 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 the Mattawan Consolidated School's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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.

*Yeo & Yeo, P.C.*

Portage, Michigan  
August 18, 2006

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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This section of Mattawan Consolidated School's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2006. 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 Mattawan Consolidated School 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 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 district-wide financial statements by providing information about the School District's most significant fund – the General Fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

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

**Basic Financial Statements**  
***District-wide Financial Statements***                      ***Fund Financial Statements***

***Notes to the Basic Financial Statements***  
***(Required Supplemental Information)***  
***Budgetary Information for Major Funds***

***Other Supplemental Information***

**Reporting the School District as a Whole – District-wide Financial Statements**

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about 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.

**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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These two statements report the School District's net assets – the difference between assets and liabilities, as reported in the statement of net assets – is one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets – 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 non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net assets and 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 Food Service and Athletics Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

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

**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2006 and 2005.

TABLE 1

Governmental Activities

(in millions)

2006                      2005

**Assets**

Current and other assets	\$	8.9	\$	9.1
Capital assets		<u>26.3</u>		<u>26.0</u>
 Total assets		<u>35.2</u>		<u>35.1</u>

**Liabilities**

Current liabilities		3.9		4.1
Long-term liabilities		<u>27.4</u>		<u>27.1</u>
 Total liabilities		<u>31.3</u>		<u>31.2</u>

**Net Assets**

Invested in property and equipment – net of related debt		(2.2)		(2.5)
Restricted		0.9		0.7
Unrestricted		<u>5.2</u>		<u>5.7</u>
 Total net assets	\$	<u>3.9</u>	\$	<u>3.90</u>

The above analysis focuses on the net assets (see TABLE 1). The change in net assets (see TABLE 2) of the School District's governmental activities is discussed below. The net assets were \$3.9 million at June 30, 2006. Capital assets, net of related debt totaling (\$2.2) 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 assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets of \$5.2 million was unrestricted.

**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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The \$5.2 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past year's operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (TABLE 2), which shows the changes in net assets for fiscal year 2006 and 2005.

TABLE 2	Governmental Activities (in millions)	
	<u>2006</u>	<u>2005</u>
<b>Revenue</b>		
Program revenue		
Charges for services	\$ 0.8	\$ 0.8
Federal grants and entitlements	0.3	0.4
State categoricals	0.6	0.5
General revenue		
Property taxes	4.1	4.5
State foundation allowance	23.2	22.1
Other	<u>0.2</u>	<u>0.1</u>
Total revenue	<u>29.2</u>	<u>28.4</u>
<b>Functions/Program Expenses</b>		
Instruction	17.2	15.2
Support services	8.6	8.9
Food services	1.0	1.0
Athletics	0.1	0.1
Interest on long-term debt	1.4	1.4
Miscellaneous	-	0.1
Depreciation (unallocated)	<u>0.9</u>	<u>0.9</u>
<b>Total Expenses</b>	<u>29.2</u>	<u>27.6</u>
<b>Increase in net assets</b>	<u>\$ -</u>	<u>\$ 0.8</u>

**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$29.2 million. Certain activities were partially funded from those who benefited from the programs (\$0.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$0.9 million). We paid for the remaining "public benefit" portion of our governmental activities with \$4.1 million in taxes, \$23.2 million in State foundation allowance, and with our other revenues, i.e., interest and general entitlements.

**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 \$6.5 million, which is a decrease of \$270,000 from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, showed a decrease of approximately \$255,000.

General Fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds remained stable from the prior years, showing a net decrease of approximately \$40,000.

Combined, the Debt Service Funds remained stable from the prior year. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt obligations are funded by annual State appropriation and no fund balance exists at year end. Debt Service Funds balances are reserved since they can only be used to pay debt service obligations.

**General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before yearend. A schedule showing the School District's original and final budget amounts, compared with amounts actually paid and received, is provided in required supplementary information of these financial statements.

There were revisions made to the 2005-2006 General Fund original budget. Budgeted revenues were increased \$800,000 due to an unexpected growth of approximately 100 students and the receipt of financing proceeds for the purchase of 1,151 computers.

**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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Budgeted expenditures were also increased \$1,500,000 to account for the increase in staffing for the additional students and the purchase of the 1,151 computers.

During the year, the School District incurred significant variances between the original budget and final budget amounts, as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>
Revenues	\$ 24,856,460	\$ 25,634,151	\$ 777,691
Expenditures	25,378,583	26,925,695	1,547,112

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2006, the School District had \$26.3 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment, net of accumulated depreciation. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$0.3 million from last year.

	<u>2006</u>	<u>2005</u>
Land	\$ 740,429	\$ 740,429
Building and building improvements	32,817,222	32,773,148
Buses and other vehicles	3,000,354	2,745,376
Furniture and equipment	<u>2,695,679</u>	<u>1,775,399</u>
Total capital assets	<u>\$ 38,513,255</u>	<u>\$ 37,293,923</u>

This year's additions of \$1,332,332 included (vehicles, technology, building renovations, and buses).

We present more detailed information about our capital assets in the notes to the financial statements.

**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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**Debt**

At the end of this year, the School District had \$27.1 million in bonds outstanding versus \$28.4 million in the previous year – a change of 4.5 percent. Those bonds consisted of the following:

	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$ <u>27,139,863</u>	\$ <u>28,426,894</u>

The School District's general obligation bond rating is AAA. 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. Other obligations include early retirement incentives. 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 2006/07 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 2006/07 fiscal year is 25 percent and 75 percent of the February 2005 and September 2006 student counts, respectively. The 2006/07 budget was adopted in June 2006 based on an estimate of students that would be enrolled in September 2006. Approximately 92 percent 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, School 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 2006 school year, we anticipate that the fall student count will be above the estimates used in creating the 2006/07 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

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. The State periodically holds a revenue estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation.

**Mattawan Consolidated School  
Management's Discussion and Analysis  
June 30, 2006**

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**Contacting the School District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, Operations and Human Resources at 56720 Murray Street, Mattawan, Michigan 49071.

# BASIC FINANCIAL STATEMENTS

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**Mattawan Consolidated School**  
**Statement of Net Assets**  
**June 30, 2006**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 3,975,234
Taxes receivable	191
Accounts receivable	4,286,612
Due from agency fund activities	1,894
Prepaid items	4,831
Capital assets not being depreciated	740,429
Capital assets - net of accumulated depreciation	25,609,828
Total assets	35,172,019
<b>Liabilities</b>	
Due to other governmental units	1,326
Payroll deductions and withholdings	1,760
Accrued expenditures	820,441
Accrued salaries payable	1,189,634
Noncurrent liabilities	
Due within one year	1,833,257
Due in more than one year	27,422,680
Total liabilities	31,269,098
<b>Net Assets</b>	
Invested in capital assets, net of related debt	(2,230,680)
Restricted for:	
Debt service	919,287
Unrestricted	5,214,314
Total net assets	\$ 3,902,921

See Accompanying Notes to Financial Statements

**Mattawan Consolidated School**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**

	Program Revenues			Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions		Revenue and Changes in Net Assets
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 17,225,456	\$ 9,254	\$ 573,554	\$ (16,642,648)
Supporting services	8,618,809	-	56,808	(8,562,001)
Food services	1,021,151	693,881	275,442	(51,828)
Athletic activities	85,549	95,862	-	10,313
Community services	1,129	-	-	(1,129)
Interest on long-term debt	1,370,348	-	-	(1,370,348)
Depreciation - unallocated	971,314	-	-	(971,314)
Total governmental activities	<u>\$ 29,293,756</u>	<u>\$ 798,997</u>	<u>\$ 905,804</u>	<u>(27,588,955)</u>
General revenues				
Property taxes, levied for general purposes				1,513,208
Property taxes, levied for debt service				2,587,433
State aid - unrestricted				23,263,911
Interest and investment earnings				119,377
Other				59,630
Total general revenues				<u>27,543,559</u>
Change in net assets				(45,396)
Net assets - beginning				<u>3,948,317</u>
Net assets - ending				<u>\$ 3,902,921</u>

See Accompanying Notes to Financial Statements

**Mattawan Consolidated School  
Governmental Funds  
Balance Sheet  
June 30, 2006**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 2,957,827	\$ 1,017,407	\$ 3,975,234
Taxes receivable	-	191	191
Accounts receivable	4,278,324	8,288	4,286,612
Due from other funds	29,333	-	29,333
Due from agency fund activities	1,894	-	1,894
Prepaid items	4,831	-	4,831
Total assets	<u>\$ 7,272,209</u>	<u>\$ 1,025,886</u>	<u>\$ 8,298,095</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Due to other funds	\$ -	\$ 29,333	\$ 29,333
Due to other governmental units	1,326	-	1,326
Payroll deductions and withholdings	1,760	-	1,760
Accrued expenditures	613,094	-	613,094
Accrued salaries payable	1,178,011	11,623	1,189,634
Total liabilities	<u>1,794,191</u>	<u>40,956</u>	<u>1,835,147</u>
<b>Fund Balance</b>			
Reserved for prepaid items	4,831	-	4,831
Reserved for debt service	-	919,287	919,287
Other undesignated	5,473,187	65,643	5,538,830
Total fund balance	<u>5,478,018</u>	<u>984,930</u>	<u>6,462,948</u>
Total liabilities and fund balance	<u>\$ 7,272,209</u>	<u>\$ 1,025,886</u>	<u>\$ 8,298,095</u>

See Accompanying Notes to Financial Statements

**Mattawan Consolidated School**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**to Net Assets of Governmental Activities**  
**June 30, 2006**

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<b>Total fund balances for governmental funds</b>	<b>\$ 6,462,948</b>
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	740,429
Capital assets - net of accumulated depreciation	25,609,828
Other long-term assets are not deferred in the governmental funds.	553,000
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(207,347)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Bonds payable	(27,764,359)
Other loans payable and liabilities	<u>(1,491,578)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 3,902,921</u></b>

**Mattawan Consolidated School**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2006**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 1,713,967	\$ 3,386,783	\$ 5,100,750
State sources	23,498,490	60,597	23,559,087
Federal sources	229,931	225,825	455,756
Interdistrict sources	132,767	-	132,767
	<u>25,575,155</u>	<u>3,673,205</u>	<u>29,248,360</u>
<b>Expenditures</b>			
Current			
Education			
Instruction	16,700,342	-	16,700,342
Supporting services	9,888,555	-	9,888,555
Food services	-	1,021,151	1,021,151
Athletic activities	-	85,549	85,549
Community services	1,129	-	1,129
Intergovernmental payments	114	-	114
Capital outlay	49,511	-	49,511
Debt service			
Principal	-	1,317,569	1,317,569
Interest and other expenditures	9,424	1,263,262	1,272,686
	<u>26,649,075</u>	<u>3,687,531</u>	<u>30,336,606</u>
Deficiency of revenues over expenditures	<u>\$ (1,073,920)</u>	<u>\$ (14,326)</u>	<u>\$ (1,088,246)</u>

See Accompanying Notes to Financial Statements

**Mattawan Consolidated School**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2006**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources</b>			
Proceeds from notes and loans	\$ 816,579	\$ -	\$ 816,579
Proceeds from sale of capital assets	1,600	-	1,600
Total other financing sources	<u>818,179</u>	<u>-</u>	<u>818,179</u>
Net change in fund balance	(255,741)	(14,326)	(270,067)
Fund balance - beginning	<u>5,733,759</u>	<u>999,256</u>	<u>6,733,015</u>
Fund balance - ending	<u>\$ 5,478,018</u>	<u>\$ 984,930</u>	<u>\$ 6,462,948</u>

**Mattawan Consolidated School**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2006**

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**Net change in fund balances - Total governmental funds** \$ (270,067)

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(971,314)
Capital outlay	1,332,332
Sale of capital assets (net book value)	(14,675)

Expenses are recorded when incurred in the statement of activities.

Interest	4,371
Special termination benefits	(525,000)

Bond and note proceeds and capital leases are reported as financing sources in the 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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued	(816,579)
Repayments of long-term debt	1,317,569
Amortization of premiums	(102,033)

**Change in net assets of governmental activities** \$ (45,396)

**Mattawan Consolidated School**  
**Fiduciary Funds**  
**Statement of Assets and Liabilities**  
**June 30, 2006**

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	<u>Student Activities Agency Funds</u>
<b>Assets</b>	
Cash	\$ <u>296,591</u>
<b>Liabilities</b>	
Due to other funds	1,894
Due to agency fund activities	<u>294,697</u>
Total liabilities	<u>\$ 296,591</u>

See Accompanying Notes to Financial Statements

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Mattawan Consolidated School (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**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. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted

net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

**Fund Financial Statements**

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.

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

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

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thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Fiduciary fund statements also are 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 used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

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 expenditures for specified purposes. The School District’s Special Revenue Funds include Food Service and Athletic Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Agency Fund – The School District presently maintains the Student Activities Agency Fund to record the transactions of student groups for the school and school-related purposes. The funds are segregated and held in trust for the students.

**Assets, Liabilities and Equity**

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivable are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2006, the rates are as follows per \$1,000 of assessed value.

General Fund	
Homestead	0.00000
Nonhomestead	18.00000
Debt Service Funds	
Homestead	4.70000
Nonhomestead	4.70000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries.

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

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Property taxes are levied on December 1 and payable through March 15. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Van Buren and Kalamazoo and remitted to the School District by May 15.

Investments – Investments are stated at fair value based on a quoted market price.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. 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 assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Early Retirement Incentives – The liability for early retirement incentives reported in the district-wide statements consists of earned but unpaid termination benefits. An expenditure for these amounts is reported in governmental funds as it comes due for payment.

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.

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.

### **Comparative Data**

Comparative data is not included in the School District's financial statements.

### **Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

### **Upcoming Accounting and Reporting Change**

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, 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 and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Appropriations lapse at yearend and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Operations and maintenance	\$ 2,163,531	\$ 2,209,473	\$ 45,942
Central	773,271	775,092	1,821

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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	\$ 3,975,234	\$ 296,591	\$ 4,271,825

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 1,407,859
Investments in securities, mutual funds, and similar vehicles	2,862,766
Petty cash and cash on hand	<u>1,200</u>
Total	<u>\$ 4,271,825</u>

As of yearend, the District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund - MAX	\$ 2,772,889	6 Months Avg.	AAA	S & P

*Interest rate risk* – The District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

*Credit risk* – 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 an office 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.

*Concentration of credit risk* – The District has no policy that would limit the amount that may be invested with any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$ 1,782,543 of the District’s bank balance of \$ 2,082,543 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investment in the Michigan Liquid Asset Fund of \$2,772,889 the government has custodial credit risk exposure of \$2,772,889 because the related investment is uncollateralized and uninsured.

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 740,429	\$ -	\$ -	\$ 740,429
Capital assets being depreciated				
Buildings and additions	32,773,148	44,074	-	32,817,222
Equipment and furniture	1,775,399	920,280	-	2,695,679
Buses and other vehicles	2,745,376	367,978	113,000	3,000,354
Total capital assets being depreciated	37,293,923	1,332,332	113,000	38,513,255
Less accumulated depreciation for				
Buildings and additions	9,693,809	548,190	-	10,241,999
Equipment and furniture	918,157	189,203	-	1,107,360
Buses and other vehicles	1,418,472	233,921	98,325	1,554,068
Total accumulated depreciation	12,030,438	971,314	98,325	12,903,427
Net capital assets being depreciated	25,263,485	361,018	14,675	25,609,828
Net capital assets	\$ 26,003,914	\$ 361,018	\$ 14,675	\$ 26,350,257

Depreciation for the fiscal year ended June 30, 2006 amounted \$971,314. School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**NOTE 5 - INTERFUND RECEIVABLE, PAYABLE, TRANSFERS**

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General Fund	Food Service	\$ 29,333
General Fund	Agency	1,894
		<u>\$ 31,227</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

**NOTE 6 - LEASES**

**Capital Leases**

The School District has a capital lease for computers. The future minimum lease payments are as follows:

<b>Year ending June 30,</b>	
2007	\$ 195,330
2008	191,341
2009	184,335
2010	177,328
2011	<u>170,322</u>
Total minimum lease payments	918,656
Less amount representing interest	<u>102,077</u>
Present value of minimum lease payments	<u>\$ 816,579</u>

The assets acquired through capital leases are as follows:

Assets	
Machinery and equipment	\$ 816,579
Less accumulated depreciation	<u>81,658</u>
Total	<u>\$ 734,921</u>

**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 early retirement incentives.

Long-term obligation activity is summarized as follows:

	Beginning			Ending	Amount Due
	Balance	Additions	Reductions	Balance	Within One
					Year
Government obligation bonds	\$ 28,880,000	\$ -	\$ 1,310,000	\$ 27,570,000	\$ 1,405,000
Other bonds	99,894	-	7,568	92,326	7,927
Capital lease	-	816,579	-	816,579	195,330
Retirement incentives	150,000	675,000	150,000	675,000	225,000
Premium on bonds	676,498	-	35,748	640,750	-
Deferred amount on refunding	<u>(1,229,498)</u>	<u>-</u>	<u>(66,285)</u>	<u>(1,163,213)</u>	<u>-</u>
Total	<u>\$ 28,576,894</u>	<u>\$ 1,491,579</u>	<u>\$ 1,437,031</u>	<u>\$ 28,631,442</u>	<u>\$ 1,833,257</u>

General obligation bonds payable at year end, consists of the following:

\$16,500,000 2000 School Building and Site serial bond due in annual installments of \$160,000 to \$465,000, through 2010, interest at 4.90% to 5.75%.	\$ 1,370,000
\$12,110,000 2002 Refunding serial bond due in annual installments of \$440,000 to \$945,000, through 2017, interest at 2.80% to 4.75%.	8,840,000
\$3,060,000 2004 Refunding serial bond due in annual installments of \$135,000 to \$260,000 through 2021, interest at 2.00% to 4.20%.	2,800,000
\$14,560,000 2005 Refunding serial bond due in annual installments of \$50,000 to \$1,050,000 through 2025, interest at 3.00% to 5.00%.	<u>14,560,000</u>
Total general obligation bonded debt	<u>\$ 27,570,000</u>

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 1,405,000	\$ 1,224,277	\$ 2,629,277
2008	1,460,000	1,173,143	2,633,143
2009	1,520,000	1,118,429	2,638,429
2010	1,585,000	1,057,180	2,642,180
2011	1,645,000	989,465	2,634,465
2012-2016	9,250,000	3,892,324	13,142,324
2017-2021	6,505,000	1,901,840	8,406,840
2022-2026	4,200,000	488,250	4,688,250
<b>Total</b>	<b>\$ 27,570,000</b>	<b>\$ 11,844,908</b>	<b>\$ 39,414,908</b>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 919,287 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually	<u>\$ 92,326</u>
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These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 7,928	\$ 3,051	\$ 10,979
2008	8,306	2,674	10,980
2009	8,702	2,278	10,980
2010	9,116	1,864	10,980
2011	9,550	1,430	10,980
2012-2013	48,724	14,071	62,795
<b>Total</b>	<b>\$ 92,326</b>	<b>\$ 25,368</b>	<b>\$ 117,694</b>

#### Retirement Benefits

The School District offered a voluntary severance incentive plan to employees to be paid over a three year period through 2009. The balance as of year end, was \$ 675,000 .

Future payments are as follows:

Year Ending June 30,	
2007	\$ 225,000
2008	225,000
2009	<u>225,000</u>
<b>Total</b>	<b>\$ 675,000</b>

The retirement benefits will primarily be paid for by the General Fund.

Interest expenditures for the fiscal year in the General Fund and Debt Service Fund were \$9,424 and \$1,783,262, respectively.

#### Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

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issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

The final payment date is May 1, 2025. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2003 Issue refunded	\$ 10,390,000
2005 Issue refunded	<u>14,560,000</u>
Total	<u>\$ 24,950,000</u>

**NOTE 8 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$28,243 of unemployment compensation expense for the year ended June 30, 2006. No provision has been made for possible future claims.

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

**Funding Policy**

Employer contributions to the 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, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The School is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a

**Mattawan Consolidated School**  
**Notes to Financial Statements**  
**June 30, 2006**

portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2003 through June 30, 2006.

	2006	2005	2004
Funding percentage range	14.87-16.34%	12.99-14.87%	12.99%
School contributions	2,549,000	2,243,000	2,003,000
Portion of school contribution covering health, dental and vision benefits	44%	44%	47%

**Trend Information**

Ten-year historical trend information is presented in the September 30, 2005, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2004, the latest date for which information is available, approximates \$ 46.3 billion and \$ 38.8 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2005.

**Post Employment Benefits**

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2005, statewide expenditures of \$ 761 million were recognized for post-retirement health care, dental and vision. This represented

approximately 23% of the total expenditures of the Michigan Public School Employees Retirement System.

**NOTE 10 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Mattawan Consolidated School**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 1,671,200	\$ 1,791,961	\$ 1,713,967	\$ (77,994)
State sources	22,901,951	23,499,472	23,498,490	(982)
Federal sources	160,034	227,443	229,931	2,488
Interdistrict sources	123,275	115,275	132,767	17,492
Total revenues	<u>24,856,460</u>	<u>25,634,151</u>	<u>25,575,155</u>	<u>(58,996)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	14,380,034	15,301,132	15,271,362	(29,770)
Added needs	1,334,034	1,455,144	1,428,980	(26,164)
Supporting services				
Pupil	1,024,125	1,044,452	1,013,133	(31,319)
Instructional staff	1,299,873	1,326,813	1,268,798	(58,015)
General administration	490,408	465,497	440,460	(25,037)
School administration	1,832,012	2,026,185	1,955,169	(71,016)
Business	360,580	398,665	394,884	(3,781)
Operations and maintenance	2,067,603	2,163,531	2,209,473	45,942
Pupil transportation services	1,545,940	1,875,373	1,831,546	(43,827)
Central	830,722	773,271	775,092	1,821
Other	2,000	2,000	-	(2,000)
Community services	1,252	1,252	1,129	(123)
Intergovernmental payments	500	500	114	(386)
Capital outlay	200,000	82,380	49,511	(32,869)
Debt service				
Interest and fiscal charges	9,500	9,500	9,424	(76)
Total expenditures	<u>25,378,583</u>	<u>26,925,695</u>	<u>26,649,075</u>	<u>(276,620)</u>
Excess (deficiency) of revenues over expenditures	<u>(522,123)</u>	<u>(1,291,544)</u>	<u>(1,073,920)</u>	<u>217,624</u>

**Mattawan Consolidated School**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Proceeds from notes and loans	\$ -	\$ 816,579	\$ 816,579	\$ -
Proceeds from sale of capital assets	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>818,179</u>	<u>818,179</u>	<u>-</u>
Net change in fund balance	(522,123)	(473,365)	(255,741)	217,624
Fund balance - beginning	<u>5,733,759</u>	<u>5,733,759</u>	<u>5,733,759</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,211,636</u>	<u>\$ 5,260,394</u>	<u>\$ 5,478,018</u>	<u>\$ 217,624</u>

## OTHER SUPPLEMENTAL INFORMATION

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**Mattawan Consolidated School**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2006**

	Special Revenue Funds		Debt Service Funds				Total Nonmajor Governmental Funds
	Food Service	Athletics	2002 Bond Issue	2000 Bond Issue	2004 Bond Issue	2005 Bond Issue	
<b>Assets</b>							
Cash	\$ 63,657	\$ 34,654	\$ 274,925	\$ 128,154	\$ 137,749	\$ 378,268	\$ 1,017,407
Taxes receivable	-	-	81	29	30	51	191
Accounts receivable	8,288	-	-	-	-	-	8,288
<b>Total assets</b>	<b>\$ 71,945</b>	<b>\$ 34,654</b>	<b>\$ 275,006</b>	<b>\$ 128,183</b>	<b>\$ 137,779</b>	<b>\$ 378,319</b>	<b>\$ 1,025,886</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities</b>							
Due to other funds	\$ 29,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,333
Accrued salaries payable	11,623	-	-	-	-	-	11,623
<b>Total liabilities</b>	<b>40,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,956</b>
<b>Fund Balance</b>							
Reserved for debt service	-	-	275,006	128,183	137,779	378,319	919,287
Other undesignated	30,989	34,654	-	-	-	-	65,643
<b>Total fund balance</b>	<b>30,989</b>	<b>34,654</b>	<b>275,006</b>	<b>128,183</b>	<b>137,779</b>	<b>378,319</b>	<b>984,930</b>
<b>Total liabilities and fund balance</b>	<b>\$ 71,945</b>	<b>\$ 34,654</b>	<b>\$ 275,006</b>	<b>\$ 128,183</b>	<b>\$ 137,779</b>	<b>\$ 378,319</b>	<b>\$ 1,025,886</b>

**Mattawan Consolidated School**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2006**

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>				Total Nonmajor Governmental Funds
	<u>Food Service</u>	<u>Athletics</u>	<u>2002 Bond Issue</u>	<u>2000 Bond Issue</u>	<u>2004 Bond Issue</u>	<u>2005 Bond Issue</u>	
<b>Revenues</b>							
Local sources	\$ 693,881	\$ 95,862	\$ 1,101,795	\$ 386,323	\$ 410,074	\$ 698,848	\$ 3,386,783
State sources	49,617	-	10,980	-	-	-	60,597
Federal sources	225,825	-	-	-	-	-	225,825
Total revenues	<u>969,323</u>	<u>95,862</u>	<u>1,112,775</u>	<u>386,323</u>	<u>410,074</u>	<u>698,848</u>	<u>3,673,205</u>
<b>Expenditures</b>							
Current							
Food services	1,021,151	-	-	-	-	-	1,021,151
Athletic activities	-	85,549	-	-	-	-	85,549
Debt service							
Principal	-	-	797,569	260,000	260,000	-	1,317,569
Interest and other expenditures	-	-	391,798	83,504	108,399	679,561	1,263,262
Total expenditures	<u>1,021,151</u>	<u>85,549</u>	<u>1,189,367</u>	<u>343,504</u>	<u>368,399</u>	<u>679,561</u>	<u>3,687,531</u>
Excess (deficiency) of revenues over expenditures	<u>(51,828)</u>	<u>10,313</u>	<u>(76,592)</u>	<u>42,819</u>	<u>41,675</u>	<u>19,287</u>	<u>(14,326)</u>
Fund balance - beginning	<u>82,817</u>	<u>24,341</u>	<u>351,598</u>	<u>85,364</u>	<u>96,104</u>	<u>359,032</u>	<u>999,256</u>
Fund balance - ending	<u>\$ 30,989</u>	<u>\$ 34,654</u>	<u>\$ 275,006</u>	<u>\$ 128,183</u>	<u>\$ 137,779</u>	<u>\$ 378,319</u>	<u>\$ 984,930</u>

**Mattawan Consolidated School**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2006**

Year Ending June 30,	Durant Principal	2000 Debt Principal	2002 Debt Principal	2004 Debt Principal	2005 Debt Principal	Total
2007	\$ 7,927	\$ 275,000	\$ 945,000	\$ 135,000	\$ 50,000	\$ 1,412,927
2008	8,306	290,000	925,000	195,000	50,000	1,468,306
2009	8,702	340,000	900,000	225,000	55,000	1,528,702
2010	9,116	465,000	875,000	190,000	55,000	1,594,116
2011	9,550		855,000	180,000	610,000	1,654,550
2012	10,004		830,000	180,000	705,000	1,725,004
2013	38,721		825,000	180,000	780,000	1,823,721
2014			810,000	175,000	880,000	1,865,000
2015			730,000	200,000	1,025,000	1,955,000
2016			705,000	200,000	1,025,000	1,930,000
2017			440,000	195,000	1,025,000	1,660,000
2018				195,000	1,025,000	1,220,000
2019				185,000	1,025,000	1,210,000
2020				180,000	1,025,000	1,205,000
2021				185,000	1,025,000	1,210,000
2022					1,050,000	1,050,000
2023					1,050,000	1,050,000
2024					1,050,000	1,050,000
2025					1,050,000	1,050,000
Total	<u>\$ 92,326</u>	<u>\$ 1,370,000</u>	<u>\$ 8,840,000</u>	<u>\$ 2,800,000</u>	<u>\$ 14,560,000</u>	<u>\$ 27,662,326</u>
Principal payments due	May 15	May 1	May 1	May 1	May 1	
Interest payments due	May 15	May 1 and November 1				
Interest rate	4.76%	4.90% to 5.75%	2.80% to 4.75%	2.00% to 4.20%	3.00% to 5.00%	
Original issue	<u>\$ 156,362</u>	<u>\$ 16,500,000</u>	<u>\$ 12,110,000</u>	<u>\$ 3,060,000</u>	<u>\$ 14,560,000</u>	