

**Mattawan Consolidated School
Mattawan, Michigan**

**Annual Financial Statements
and
Auditors' Report**

June 30, 2007

Table of Contents

<u>Section</u>	<u>Page</u>	
1	Members of the Board of Education and Administration	1 - 1
2	Independent Auditors' Report	2 - 1
3	Management's Discussion and Analysis	3 - 1
4	Basic Financial Statements	
	District-wide Financial Statements	
	Statement of Net Assets	4 - 1
	Statement of Activities	4 - 2
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 3
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4 - 4
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 5
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 7
	Fiduciary Funds	
	Statement of Fiduciary Assets and Liabilities	4 - 8
	Notes to Financial Statements	4 - 9
5	Required Supplemental Information	
	Budgetary Comparison Schedule – General Fund	5 - 1
6	Other Supplemental Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 - 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balance	6 - 2
	Schedule of Outstanding Bonded Indebtedness	6 - 3
7	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	7 - 1

Mattawan Consolidated School
Members of the Board of Education and Administration
June 30, 2007

Members of the Board of Education

Zbigniew Srodulski	President
Alan Koenig	Vice President
Camille Stuedemann	Treasurer
Grace Borgfjord	Secretary
Kristine Kounelis	Trustee
Bruce Miller	Trustee
Heidi Pfannes	Trustee

Administration

James Weeldreyer	Superintendent
William Disch, CPA	Director of Finance, Operations, and Human Resources
Brenda Graham, CPA	Business Manager



710 E. Milham
Kalamazoo, MI 49002
Phone (269) 329-7007 / (800) 375-3968
Fax (269) 329-0626

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, 2007, 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, 2007, 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 September 21, 2007, on our consideration of the Mattawan Consolidated School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing 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
September 21, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Mattawan Consolidated School
Management's Discussion and Analysis
June 30, 2007**

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, 2007. 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, 2007**

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, 2007**

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, 2007 and 2006.

TABLE 1

Governmental Activities

(in millions)

2007 2006

Assets

Current and other assets	\$	7.8	\$	8.9
Capital assets		<u>25.6</u>		<u>26.3</u>
Total assets		<u>33.4</u>		<u>35.2</u>

Liabilities

Current liabilities		4.0		3.9
Long-term liabilities		<u>25.0</u>		<u>27.4</u>
Total liabilities		<u>29.0</u>		<u>31.3</u>

Net Assets

Invested in property and equipment – net of related debt		(0.8)		(2.2)
Restricted		1.2		0.9
Unrestricted		<u>4.0</u>		<u>5.2</u>
Total net assets	\$	<u>4.4</u>	\$	<u>3.9</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 \$4.4 million at June 30, 2007. Capital assets, net of related debt totaling (\$0.8) million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net 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 \$4.0 million was unrestricted.

**Mattawan Consolidated School
Management's Discussion and Analysis
June 30, 2007**

The \$4.0 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 2007 and 2006.

TABLE 2	Governmental Activities (in millions)	
	<u>2007</u>	<u>2006</u>
Revenue		
Program revenue		
Charges for services	\$ 0.8	\$ 0.8
Federal grants and entitlements	0.4	0.3
State categoricals	0.6	0.6
General revenue		
Property taxes	4.7	4.1
State foundation allowance	24.2	23.2
Other	<u>0.3</u>	<u>0.2</u>
Total revenue	<u>31.0</u>	<u>29.2</u>
Functions/Program Expenses		
Instruction	17.2	17.2
Support services	9.9	8.6
Food services	1.1	1.0
Athletics	0.1	0.1
Interest on long-term debt	1.2	1.4
Miscellaneous	-	-
Depreciation (unallocated)	<u>1.0</u>	<u>0.9</u>
Total Expenses	<u>30.5</u>	<u>29.2</u>
Increase in net assets	<u>\$ 0.5</u>	<u>\$ -</u>

**Mattawan Consolidated School
Management's Discussion and Analysis
June 30, 2007**

As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$30.5 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 (\$1 million). We paid for the remaining "public benefit" portion of our governmental activities with \$4.7 million in taxes, \$24.2 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 \$5.8 million, which is a decrease of \$700,000 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 \$961,000.

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 break even year.

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 2006-2007 General Fund original budget. Budgeted revenues were increased \$149,293 due to the receipt of monies for property tax adjustments from prior years.

**Mattawan Consolidated School
Management's Discussion and Analysis
June 30, 2007**

Budgeted expenditures were also increased \$1,010,087 due to hiring of additional staff and the purchase of eight modular units to ease class size concerns.

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

	Original Budget	Final Budget	Variance
Revenues	\$ 26,695,265	\$ 26,844,558	\$ 149,293
Expenditures	27,200,408	28,210,495	1,010,087

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2007, the School District had \$25.7 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 decrease (including additions, disposals, and depreciation) of approximately \$0.6 million from last year.

	<u>2007</u>	<u>2006</u>
Land	\$ 740,429	\$ 740,429
Building and building improvements	33,151,295	32,817,222
Buses and other vehicles	2,687,723	3,000,354
Furniture and Equipment	<u>2,744,921</u>	<u>2,695,679</u>
 Total Capital assets	 <u>\$ 39,324,368</u>	 <u>\$ 39,253,684</u>

This year's additions of \$383,315 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, 2007**

Debt

At the end of this year, the School District had \$26.2 million in bonds outstanding versus \$27.1 million in the previous year – a change of 3.7 percent. Those bonds consisted of the following:

	<u>2007</u>	<u>2006</u>
General Obligation Bonds	\$ <u>26,165,000</u>	\$ <u>27,139,863</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 2007/08 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 2007/08 fiscal year is 25 percent and 75 percent of the February 2007 and September 2007 student counts, respectively. The 2007/08 budget was adopted in June 2007 based on an estimate of students that would be enrolled in September 2007. 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 2007 school year, we anticipate that the fall student count will be above the estimates used in creating the 2007/08 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, 2007**

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

Mattawan Consolidated School
Statement of Net Assets
June 30, 2007

	Governmental Activities
Assets	
Cash	\$ 3,268,731
Taxes receivable	131,038
Accounts receivable	14,573
Due from other governmental units	4,217,029
Prepaid items	155,360
Capital assets not being depreciated	740,429
Capital assets - net of accumulated depreciation	24,921,686
Total assets	33,448,846
Liabilities	
Accounts payable	18,061
Payroll deductions and withholdings	1,778
Accrued expenditures	884,991
Accrued salaries payable	1,265,420
Deferred revenue	20,106
Noncurrent liabilities	
Due within one year	1,848,316
Due in more than one year	25,031,158
Total liabilities	29,069,830
Net Assets	
Invested in capital assets, net of related debt	(767,359)
Restricted for:	
Debt service	1,210,366
Unrestricted	3,936,009
Total net assets	\$ 4,379,016

See Accompanying Notes to Financial Statements

Mattawan Consolidated School
Statement of Activities
For the Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Governmental activities				
Instruction	\$ 17,227,217	\$ 1,391	\$ 613,332	\$ (16,612,494)
Supporting services	9,892,291	-	58,345	(9,833,946)
Food services	1,048,332	720,513	322,562	(5,257)
Athletic activities	90,888	92,024	-	1,136
Community services	2,249	-	-	(2,249)
Interest on long-term debt	1,208,839	-	-	(1,208,839)
Depreciation - unallocated	1,040,195	-	-	(1,040,195)
Total governmental activities	<u>\$ 30,510,011</u>	<u>\$ 813,928</u>	<u>\$ 994,239</u>	<u>(28,701,844)</u>
General revenues				
Property taxes, levied for general purposes				1,850,781
Property taxes, levied for debt service				2,865,166
State aid - unrestricted				24,196,753
Interest and investment earnings				171,802
Gain on sale of capital assets				17,380
Other				76,057
Total general revenues				<u>29,177,939</u>
Change in net assets				476,095
Net assets - beginning - as restated				<u>3,902,921</u>
Net assets - ending				<u>\$ 4,379,016</u>

See Accompanying Notes to Financial Statements

Mattawan Consolidated School
Governmental Funds
Balance Sheet
June 30, 2007

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 2,027,889	\$ 1,240,842	\$ 3,268,731
Taxes receivable	66,852	64,186	131,038
Accounts receivable	6,165	8,408	14,573
Due from other governmental units	4,217,029	-	4,217,029
Prepaid items	155,360	-	155,360
	<u>6,473,295</u>	<u>1,313,436</u>	<u>7,786,731</u>
Total assets	<u>\$ 6,473,295</u>	<u>\$ 1,313,436</u>	<u>\$ 7,786,731</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ -	\$ 18,061	\$ 18,061
Payroll deductions and withholdings	1,778	-	1,778
Accrued expenditures	689,533	381	689,914
Accrued salaries payable	1,265,420	-	1,265,420
Deferred revenue	-	20,106	20,106
	<u>1,956,731</u>	<u>38,548</u>	<u>1,995,279</u>
Total liabilities	<u>1,956,731</u>	<u>38,548</u>	<u>1,995,279</u>
Fund Balance			
Reserved for prepaid items	155,360	-	155,360
Reserved for debt service	-	1,210,366	1,210,366
Other undesignated	4,361,204	64,522	4,425,726
	<u>4,516,564</u>	<u>1,274,888</u>	<u>5,791,452</u>
Total fund balance	<u>4,516,564</u>	<u>1,274,888</u>	<u>5,791,452</u>
Total liabilities and fund balance	<u>\$ 6,473,295</u>	<u>\$ 1,313,436</u>	<u>\$ 7,786,731</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, 2007

Total fund balances for governmental funds	\$ 5,791,452
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	24,921,686
Other long-term assets are not deferred in the governmental funds.	491,926
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(195,077)
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	(26,267,749)
Other loans payable and liabilities	<u>(1,103,651)</u>
Net assets of governmental activities	<u>\$ 4,379,016</u>

Mattawan Consolidated School
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2007

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 2,069,912	\$ 3,727,857	\$ 5,797,769
State sources	24,478,338	41,232	24,519,570
Federal sources	226,083	281,330	507,413
Interdistrict sources	143,974	-	143,974
	<u>26,918,307</u>	<u>4,050,419</u>	<u>30,968,726</u>
Expenditures			
Current			
Education			
Instruction	17,446,818	-	17,446,818
Supporting services	9,907,077	-	9,907,077
Food services	-	1,048,332	1,048,332
Athletic activities	-	90,888	90,888
Community services	2,249	-	2,249
Intergovernmental payments	5,399	-	5,399
Capital outlay	337,267	-	337,267
Debt service			
Principal	162,927	1,405,000	1,567,927
Interest and other expenditures	32,404	1,219,241	1,251,645
	<u>27,894,141</u>	<u>3,763,461</u>	<u>31,657,602</u>
Excess (deficiency) of revenues over expenditures	\$ (975,834)	\$ 286,958	\$ (688,876)

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, 2007

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources			
Proceeds from sale of capital assets	\$ 17,380	\$ -	\$ 17,380
Transfers in	-	3,000	3,000
Transfers out	(3,000)	-	(3,000)
	<u>14,380</u>	<u>3,000</u>	<u>17,380</u>
Total other financing sources			
Net change in fund balance	(961,454)	289,958	(671,496)
Fund balance - beginning	<u>5,478,018</u>	<u>984,930</u>	<u>6,462,948</u>
Fund balance - ending	<u>\$ 4,516,564</u>	<u>\$ 1,274,888</u>	<u>\$ 5,791,452</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, 2007

Net change in fund balances - Total governmental funds \$ (671,496)

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	(1,040,195)
Capital outlay	383,315
Sale of capital assets (net book value)	(31,262)

Expenses are recorded when incurred in the statement of activities.

Interest	12,270
Special termination benefits	225,000

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.

Repayments of long-term debt	1,567,927
Defer bond issuance costs	66,285
Amortization of premiums	(35,749)

Change in net assets of governmental activities \$ 476,095

Mattawan Consolidated School
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2007

	<u>Student Activities Agency Funds</u>
Assets	
Cash	\$ <u>271,984</u>
Liabilities	
Due to agency fund activities	\$ <u>271,984</u>

Mattawan Consolidated School
Notes to Financial Statements
June 30, 2007

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, 2007

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 receivables 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, 2007, 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, 2007

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.

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, 2007

The Government Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses how to account for pollution remediation activities of the effects of existing pollution; it does not include prevention or control activities or remediation required upon the retirement of an asset. In general, the new rules will cause district-wide financial statements to recognize a liability on the current value of expected costs as estimated using the expected cash flows method. This statement is effective for the year ending June 30, 2009.

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			
General administration	\$ 2,006,095	\$ 2,038,543	\$ 32,448
School administration	433,840	436,539	2,699
Community services	1,266	2,249	983
Intergovernmental payments	500	5,399	4,899
Transfers out	32,015	32,404	389
Food service Fund	958,050	1,048,332	90,282

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	<u>\$ 3,268,731</u>	<u>\$ 271,984</u>	<u>\$ 3,540,715</u>

Mattawan Consolidated School
Notes to Financial Statements
June 30, 2007

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 3,522,954
Investments in securities, mutual funds, and similar vehicles	16,567
Petty cash and cash on hand	1,194
Total	\$ 3,540,715

As of yearend, the District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund - MAX	\$ 16,567	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, \$ 3,947,231 of the District’s bank balance of \$ 4,056,939 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 \$16,567 the government has custodial credit risk exposure of \$16,567 because the related investment is uncollateralized and uninsured.

Mattawan Consolidated School
Notes to Financial Statements
June 30, 2007

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 740,429	\$ -	\$ -	\$ 740,429
Capital assets being depreciated				
Buildings and additions	32,817,222	334,073	-	33,151,295
Equipment and furniture	2,695,679	49,242	-	2,744,921
Buses and other vehicles	3,000,354	-	312,631	2,687,723
Total capital assets being depreciated	38,513,255	383,315	312,631	38,583,939
Less accumulated depreciation for				
Buildings and additions	10,241,999	555,317	-	10,797,316
Equipment and furniture	1,107,360	268,812	-	1,376,172
Buses and other vehicles	1,554,068	216,066	281,369	1,488,765
Total accumulated depreciation	12,903,427	1,040,195	281,369	13,662,253
Net capital assets being depreciated	25,609,828	(656,880)	31,262	24,921,686
Net capital assets	\$ 26,350,257	\$ (656,880)	\$ 31,262	\$ 25,662,115

Depreciation for the fiscal year ended June 30, 2007 amounted \$1,040,195. 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

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Other Governmental Funds	Total
Transfers Out			
General Fund	\$ 3,000	\$ -	\$ 3,000

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

Mattawan Consolidated School
Notes to Financial Statements
June 30, 2007

Note 6 - Leases

Capital Leases

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

Year ending June 30,	
2008	\$ 191,341
2009	184,335
2010	177,328
2011	<u>170,710</u>
Total minimum lease payments	723,714
Less amount representing interest	<u>70,062</u>
Present value of minimum lease payments	<u>\$ 653,652</u>

The assets acquired through capital leases are as follows:

Machinery and equipment	\$ 816,579
Less accumulated depreciation	<u>244,974</u>
Total	<u>\$ 571,605</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 Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 27,570,000	\$ -	\$ 1,405,000	\$ 26,165,000	\$ 1,460,000
Other bonds	92,326	-	-	92,326	-
Note payable - equipment	816,579	-	162,927	653,652	163,316
Retirement incentives	675,000	-	225,000	450,000	225,000
Premium on bonds	640,750	-	35,748	605,002	-
Deferred amount on refunding	<u>(1,163,213)</u>	<u>10,422</u>	<u>(66,285)</u>	<u>(1,086,506)</u>	<u>-</u>
Total	<u>\$ 28,631,442</u>	<u>\$ 10,422</u>	<u>\$ 1,762,390</u>	<u>\$ 26,879,474</u>	<u>\$ 1,848,316</u>

General obligation bonds payable at yearend, 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%.	\$ 1,095,000
\$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%.	7,895,000
\$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%.	2,665,000
\$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>14,510,000</u>
Total general obligation bonded debt	<u>\$ 26,165,000</u>

Mattawan Consolidated School
Notes to Financial Statements
June 30, 2007

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

Year Ending June 30,	Principal	Interest	Total
2008	\$ 1,460,000	\$ 1,170,470	\$ 2,630,470
2009	1,520,000	1,116,151	2,636,151
2010	1,585,000	1,055,316	2,640,316
2011	1,645,000	988,035	2,633,035
2012	1,715,000	925,757	2,640,757
2013-2017	9,195,000	3,467,476	12,662,476
2018-2022	5,895,000	1,586,360	7,481,360
2023-2027	3,150,000	288,750	3,438,750
Total	<u>\$ 26,165,000</u>	<u>\$ 10,598,315</u>	<u>\$ 36,763,315</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 1,210,366 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>
---	------------------

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
2009	\$ 8,702	\$ 2,278	\$ 10,980
2010	9,116	1,864	10,980
2011	9,550	1,430	10,980
2012	10,004	975	10,979
2013	<u>54,954</u>	<u>18,820</u>	<u>73,774</u>
Total	<u>\$ 92,326</u>	<u>\$ 25,367</u>	<u>\$ 117,693</u>

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 yearend, was \$ 450,000 .

Future payments are as follows:

Year Ending June 30,	
2008	\$ 225,000
2009	<u>225,000</u>
Total	<u>\$ 450,000</u>

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 \$48,260 and \$1,218,234, respectively.

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. The new debt was issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the

Mattawan Consolidated School
Notes to Financial Statements
June 30, 2007

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:

2002 Issue refunded	\$ 10,390,000
2004 Issue refunded	3,060,000
2005 Issue refunded	<u>14,560,000</u>
 Total	 <u>\$ 28,010,000</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 \$10,948 of unemployment compensation expense for the year ended June 30, 2007. 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 portion of the total MPERS contribution is allocated to cover health,

Mattawan Consolidated School
Notes to Financial Statements
June 30, 2007

dental and vision benefits. The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2004 through June 30, 2007.

	2007	2006	2005
Funding percentage range	16.34-17.74%	14.87-16.34%	12.99-14.87%
School contributions	2,911,000	2,549,000	2,243,000
Portion of school contribution covering health, dental and vision benefits	37%	40%	44%

Trend Information

Ten-year historical trend information is presented in the September 30, 2006, 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, 2005, the latest date for which information is available, approximates \$ 48.2 billion and \$ 38.2 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPERS was less than 1% for the year ended September 30, 2006.

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 (MPERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2006, statewide expenditures of \$ 694 million were recognized for post-retirement health care, dental and vision. This represented

approximately 20% 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.

Note 11 - Prior Period Adjustment

The School district has recorded an adjustment to Statement of Activities prior year net assets of \$40,959. The adjustment was made to correct for deferral on amount refunding. Since the financial statements are not comparative, there will be no restatement reflected for the prior year balance change.

Note 12 - Subsequent Event

On August 20, 2007, the School District borrowed \$1,750,000 in short-term state aid anticipation notes through the Michigan Municipal Bond Authority.

On July 31, 2007, the School District issued a 2007 School Building and Equipment bond to be used on acquiring and installing educational technology improvements, acquiring school buses, and re-equipping and refurbishing school district buildings.

REQUIRED SUPPLEMENTAL INFORMATION

Mattawan Consolidated School
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 1,858,941	\$ 2,048,284	\$ 2,069,912	\$ 21,628
State sources	24,500,124	24,445,540	24,478,338	32,798
Federal sources	221,200	219,964	226,083	6,119
Interdistrict sources	115,000	130,770	143,974	13,204
Total revenues	<u>26,695,265</u>	<u>26,844,558</u>	<u>26,918,307</u>	<u>73,749</u>
Expenditures				
Instruction				
Basic programs	15,114,019	15,752,136	15,610,454	(141,682)
Added needs	1,662,297	1,903,446	1,836,364	(67,082)
Supporting services				
Pupil	1,046,291	1,054,188	1,033,887	(20,301)
Instructional staff	1,376,214	1,391,206	1,372,188	(19,018)
General administration	455,433	440,699	426,315	(14,384)
School administration	2,024,934	2,006,095	2,038,543	32,448
Business	427,605	433,840	436,539	2,699
Operations and maintenance	2,284,224	2,285,598	2,274,373	(11,225)
Pupil transportation services	1,500,116	1,498,670	1,461,197	(37,473)
Central	862,178	910,145	864,035	(46,110)
Community services	1,266	1,266	2,249	983
Intergovernmental payments	500	500	5,399	4,899
Capital outlay	250,000	337,375	337,267	(108)
Debt service				
Principal	163,316	163,316	162,927	(389)
Interest and fiscal charges	32,015	32,015	32,404	389
Total expenditures	<u>27,200,408</u>	<u>28,210,495</u>	<u>27,894,141</u>	<u>(316,354)</u>
Deficiency of revenues over expenditures	<u>(505,143)</u>	<u>(1,365,937)</u>	<u>(975,834)</u>	<u>390,103</u>

Mattawan Consolidated School
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	\$ -	\$ 21,900	\$ 17,380	\$ (4,520)
Transfers out	<u>(2,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Total other financing sources	<u>(2,000)</u>	<u>18,900</u>	<u>14,380</u>	<u>(4,520)</u>
Net change in fund balance	(507,143)	(1,347,037)	(961,454)	385,583
Fund balance - beginning	<u>5,478,018</u>	<u>5,478,018</u>	<u>5,478,018</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,970,875</u>	<u>\$ 4,130,981</u>	<u>\$ 4,516,564</u>	<u>\$ 385,583</u>

OTHER SUPPLEMENTAL INFORMATION

Mattawan Consolidated School
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2007

	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	
Assets							
Cash	\$ 55,491	\$ 39,171	\$ 635,203	\$ 147,069	\$ 123,243	\$ 240,665	\$ 1,240,842
Taxes receivable	-	-	37,613	8,164	4,946	13,463	64,186
Accounts receivable	8,408	-	-	-	-	-	8,408
Total assets	\$ 63,899	\$ 39,171	\$ 672,816	\$ 155,233	\$ 128,189	\$ 254,128	\$ 1,313,436
Liabilities and Fund Balance							
Liabilities							
Accounts payable	\$ 18,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,061
Accrued expenditures	-	381	-	-	-	-	381
Deferred revenue	20,106	-	-	-	-	-	20,106
Total liabilities	38,167	381	-	-	-	-	38,548
Fund Balance							
Reserved for debt service	-	-	672,816	155,233	128,189	254,128	1,210,366
Other undesignated	25,732	38,790	-	-	-	-	64,522
Total fund balance	25,732	38,790	672,816	155,233	128,189	254,128	1,274,888
Total liabilities and fund balance	\$ 63,899	\$ 39,171	\$ 672,816	\$ 155,233	\$ 128,189	\$ 254,128	\$ 1,313,436

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, 2007

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<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>	
Revenues							
Local sources	\$ 720,513	\$ 92,024	\$ 1,704,930	\$ 372,134	\$ 226,687	\$ 611,569	\$ 3,727,857
State sources	41,232	-	-	-	-	-	41,232
Federal sources	281,330	-	-	-	-	-	281,330
Total revenues	<u>1,043,075</u>	<u>92,024</u>	<u>1,704,930</u>	<u>372,134</u>	<u>226,687</u>	<u>611,569</u>	<u>4,050,419</u>
Expenditures							
Current							
Food services	1,048,332	-	-	-	-	-	1,048,332
Athletic activities	-	90,888	-	-	-	-	90,888
Debt service							
Principal	-	-	945,000	275,000	135,000	50,000	1,405,000
Interest and other expenditures	-	-	362,120	70,084	101,277	685,760	1,219,241
Total expenditures	<u>1,048,332</u>	<u>90,888</u>	<u>1,307,120</u>	<u>345,084</u>	<u>236,277</u>	<u>735,760</u>	<u>3,763,461</u>
Excess (deficiency) of revenues over expenditures	<u>(5,257)</u>	<u>1,136</u>	<u>397,810</u>	<u>27,050</u>	<u>(9,590)</u>	<u>(124,191)</u>	<u>286,958</u>
Other Financing Sources (Uses)							
Transfers in	-	3,000	-	-	-	-	3,000
Net change in fund balance	(5,257)	4,136	397,810	27,050	(9,590)	(124,191)	289,958
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 25,732</u>	<u>\$ 38,790</u>	<u>\$ 672,816</u>	<u>\$ 155,233</u>	<u>\$ 128,189</u>	<u>\$ 254,128</u>	<u>\$ 1,274,888</u>

Mattawan Consolidated School
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2007

Year Ending June 30,	Durant Principal	2000 Debt Principal	2002 Debt Principal	2004 Debt Principal	2005 Debt Principal	Total
2008	\$ -	\$ 290,000	\$ 925,000	\$ 195,000	\$ 50,000	\$ 1,460,000
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	54,954		825,000	180,000	780,000	1,839,954
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>\$ 1,095,000</u>	<u>\$ 7,895,000</u>	<u>\$ 2,665,000</u>	<u>\$ 14,510,000</u>	<u>\$ 26,257,326</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>	