

**WHITE CLOUD PUBLIC SCHOOLS**  
**REPORT ON FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

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WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2007

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# *Baird, Cotter and Bishop, P.C.*

## CERTIFIED PUBLIC ACCOUNTANTS

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July 27, 2007

### INDEPENDENT AUDITORS' REPORT

To the Board of Education  
White Cloud Public Schools  
White Cloud, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of White Cloud Public Schools, White Cloud, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White Cloud Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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 White Cloud Public Schools, White Cloud, Michigan, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2007, on our consideration of White Cloud Area Schools' 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 25, are not a required part of the basic financial statements but are supplementary information required by 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 White Cloud Public Schools, White Cloud, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are 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.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C*

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

This section of White Cloud Public Schools' 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 White Cloud Public Schools 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 funds - the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

**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 on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the school, 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, supporting 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.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

**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. The governmental funds of the School District use the following accounting approach:

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

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

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

**The School District as a Whole**

Recall that the statement of net assets 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.

WHITE CLOUD PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

**TABLE 1**

	<u>Governmental Activities</u>	
	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
<b>Assets</b>		
Current assets	\$ 4,446,749	\$ 4,310,894
Capital assets - Net of accumulated depreciation	<u>21,304,564</u>	<u>21,980,663</u>
Total assets	<u><u>\$25,751,313</u></u>	<u><u>\$26,291,557</u></u>
<b>Liabilities</b>		
Current liabilities	\$ 3,733,805	\$ 3,569,751
Long-term liabilities	<u>23,180,121</u>	<u>23,665,395</u>
Total liabilities	<u><u>\$26,913,926</u></u>	<u><u>\$27,235,146</u></u>
<b>Net Assets</b>		
Invested in property and equipment - Net of related debt	\$ 1,258,539	\$ 1,097,742
Unrestricted - (Deficit)	<u>(2,421,152)</u>	<u>(2,041,331)</u>
Total net assets - (Deficit)	<u><u>\$ (1,162,613)</u></u>	<u><u>\$ (943,589)</u></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 School District's net assets were \$(1,162,613) at June 30, 2007. Capital assets, net of related debt totaling \$1,258,539 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. 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 bond proceeds that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, totaling a deficit of \$(2,421,152) was unrestricted.

The \$(2,421,152) in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year, as well as amounts borrowed from the School Bond Loan Fund.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2007 and 2006.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

**TABLE 2**

	<u>Governmental Activities</u>	
	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
<b>Revenue</b>		
Program revenue:		
Charges for Services	\$ 282,005	\$ 259,036
Grants and Categoricals	2,357,906	2,174,409
General Revenue:		
Property taxes - Levied for General Purposes	1,330,392	1,218,620
Property taxes - Levied for Debt Service	1,306,517	1,215,591
Investment Earnings	77,509	60,040
State Sources	7,256,885	7,717,126
Other	249,697	297,656
Total revenue	<u>12,860,911</u>	<u>12,942,478</u>
<b>Function/Program Expense</b>		
Instruction	7,089,902	7,641,905
Support services	3,384,154	3,413,512
Food services	558,919	562,738
Athletic activities	198,896	177,820
Community services	0	833
Interest on long-term debt	942,860	941,675
Other transactions	81,322	171,405
Depreciation (unallocated)	823,882	870,552
Total expenses	<u>13,079,935</u>	<u>13,780,440</u>
<b>Decrease in Net Assets</b>	<u>\$ (219,024)</u>	<u>\$ (837,962)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$13,079,935. Certain activities were partially funded from those who benefited from the programs. \$282,005 was paid for with charges for services. Other governments and organizations subsidized certain programs with grants and categorical in the amount of \$2,357,906. We paid for the remaining "public benefit" portion of our governmental activities with \$2,636,909 in taxes, \$7,584,091 in State sources and with our other revenues, such as interest and general entitlements.

The School District experienced a decrease in net assets of \$219,024. Key reasons for the change in net assets were depreciation on capital assets and the borrowing from the School Bond Loan Fund in order to make our required payment of bond principal and interest because our bond principal and interest payments were more than the maximum we were allowed to levy from our debt millage. The decrease in net assets differs from the change in fund balance and a reconciliation appears on page 6.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

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

**The School District's Funds**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$1,867,061, which is an increase of \$92,768 from last year. In the General Fund, our principal operating fund, the fund balance increased \$875 to \$817,785.

- Our Special Revenue Funds remained fairly stable from the prior year, showing a net increase of approximately \$514.
- Combined, the Debt Service Funds showed a fund balance increase of approximately \$91,379. Millage rates are at the State imposed maximum of 8.25 mills. Millage rates will continue to be levied at the maximum allowed by law for many more years. In addition to this property tax levy, the District will continue to borrow from the State of Michigan through the School Bond Loan Fund in order to accumulate sufficient resources to pay annual bond issue-related debt service. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.
- The Capital Projects Fund is in the process of being closed out.

**General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Budgeted revenues were increased \$337,104 to account for an increase in anticipated contributions.
- Budgeted expenditures were increased \$238,574 to account for an increase in anticipated expenditures.
- There are not significant variances between the final budget and actual amounts.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

**Capital Asset and Debt Administration**

*Capital Assets*

At June 30, 2007, the School District had \$28,884,807 invested in a broad range of capital assets. This amount represents a net decrease (including additions and disposals) of approximately \$248,209.

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Assets not being depreciated				
Land	\$ 177,656	\$ 0	\$ 0	\$ 177,656
Construction in progress	102,636	0	102,636	0
	<u>280,292</u>	<u>0</u>	<u>102,636</u>	<u>177,656</u>
Other capital assets:				
Land improvements	632,159	122,764	0	754,923
Buildings and additions	20,445,343	0	0	20,445,343
Furniture and equipment	5,616,503	23,600	219,996	5,420,107
Textbooks and library books	510,560	30,318	158,096	382,782
Other vehicles	137,266	0	17,900	119,366
Buses	1,510,893	73,737	0	1,584,630
	<u>28,852,724</u>	<u>250,419</u>	<u>395,992</u>	<u>28,707,151</u>
Accumulated depreciation	<u>(7,152,353)</u>	<u>(823,882)</u>	<u>(395,992)</u>	<u>(7,580,243)</u>
Net other capital assets	<u>21,700,371</u>	<u>(573,463)</u>	<u>0</u>	<u>21,126,908</u>
Net capital assets	<u>\$ 21,980,663</u>	<u>\$ (573,463)</u>	<u>\$ 102,636</u>	<u>\$ 21,304,564</u>

The year's additions were \$250,419.

*Long-term Debt*

At the end of this year, the School District had \$24,569,568 in long-term debt outstanding versus \$24,869,369 in the previous year. The majority of this debt consists of bonds payable of \$20,523,106.

The School District's Bond rating continues to be equivalent to the State's credit rating. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt is significantly below the statutorily imposed limit.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

Other obligations include amounts borrowed from the School Bond Loan Fund of \$2,821,113, employee compensated absences and retirement contracts estimated at \$998,589 and other smaller amounts of obligations such as contracts payable and accrued interest on various debt.

**Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2007-2008 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 2007-2008 fiscal year is 25 percent and 75 percent of the February 2007 and September 2007 student counts, respectively. The 2007-2008 fiscal year budget was adopted in June 2007, based on an estimate of students that will be enrolled in September 2007. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2007-2008 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2007-2008 fiscal year 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 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.

- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. Also, the number of state-wide school district employees projected to retire over the next few years is resulting in higher annual retirement rate increases.
- Employee wages and related fringe benefits represent approximately 80-90% of the District's total General Fund expenditures, staffing levels will have a significant impact on the near-term future of the District.

At June 30, 2007, contracts are settled with all employee groups. Contracts are set to expire June 30, 2008, with negotiations to begin in early Spring 2008.

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

This financial report is designed to provide the School District's citizens, taxpayers, customers, and 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 Business Department, 555 Wilcox Street, White Cloud, Michigan 49349.

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>CURRENT ASSETS</u>	
Cash	\$ 1,021,154
Taxes Receivable	47,012
Accounts Receivable	10,017
Interest Receivable	4,200
Due from Other Governmental Units	1,457,637
Prepaid Expenses	104,437
Inventory	18,420
Investments	1,783,872
Total Current Assets	<u>4,446,749</u>
<u>NON CURRENT ASSETS</u>	
Capital Assets	28,884,807
Less Accumulated Depreciation	<u>(7,580,243)</u>
Total Non Current Assets	<u>21,304,564</u>
TOTAL ASSETS	<u>\$ 25,751,313</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 202,018
Accrued Expenses	394,943
Accrued Interest Payable	149,624
Due to Other Governmental Units	352,276
Deferred Revenue	66,980
Salaries Payable	613,888
State Aid Anticipation Note	940,000
Current Portion of Non Current Liabilities	1,014,076
Total Current Liabilities	<u>3,733,805</u>
<u>NON CURRENT LIABILITIES</u>	
Bonds Payable (Net of Deferred Charges)	19,819,265
School Bond Loan Fund Loan	2,821,113
Contracts Payable	226,760
Compensated Absences and Retirement Contracts	998,589
Accrued Interest on School Bond Loan Fund	328,470
Less Current Portion of Non Current Liabilities	<u>(1,014,076)</u>
Total Non Current Liabilities	<u>23,180,121</u>
Total Liabilities	<u>26,913,926</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	1,258,539
Unrestricted - (Deficit)	<u>(2,421,152)</u>
Total Net Assets - (Deficit)	<u>(1,162,613)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,751,313</u>

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 4,748,996	\$ 1,450	\$ 130,852	\$ (4,616,694)
Added Needs	2,340,906	0	1,768,580	(572,326)
Supporting Services				
Pupil	415,448	0	0	(415,448)
Instructional Staff	251,776	0	45,040	(206,736)
General Administration	282,350	0	0	(282,350)
School Administration	601,701	0	0	(601,701)
Business	199,195	0	0	(199,195)
Operation and Maintenance of Plant	846,845	0	0	(846,845)
Pupil Transportation Services	751,534	39,822	0	(711,712)
Support Service Technology	35,305	0	0	(35,305)
Food Service	558,919	205,596	413,434	60,111
Athletic Activities	198,896	35,137	0	(163,759)
Interest on Long Term Debt	942,860	0	0	(942,860)
Other Transactions	81,322	0	0	(81,322)
Unallocated Depreciation	823,882	0	0	(823,882)
Total Governmental Activities	<u>\$ 13,079,935</u>	<u>\$ 282,005</u>	<u>\$ 2,357,906</u>	<u>(10,440,024)</u>
<u>GENERAL REVENUES</u>				
Property Taxes - Levied for General Purposes				1,330,392
Property Taxes - Levied for Debt Service				1,306,517
Investment Earnings				77,509
State Sources				7,256,885
Other				249,697
Total General Revenues				<u>10,221,000</u>
Change in Net Assets				(219,024)
<u>NET ASSETS</u> - Beginning of Year - (Deficit)				<u>(943,589)</u>
<u>NET ASSETS</u> - End of Year - (Deficit)				<u>\$ (1,162,613)</u>

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2007

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 271,423	\$ 749,731	\$ 1,021,154
Taxes Receivable	31,766	15,246	47,012
Accounts Receivable	7,047	2,970	10,017
Interest Receivable	4,200	0	4,200
Due from Other Funds	348	275,810	276,158
Due from Other Governmental Units	1,457,118	519	1,457,637
Prepaid Expenditures	104,437	0	104,437
Inventory	0	18,420	18,420
Investments	1,783,872	0	1,783,872
TOTAL ASSETS	<u>\$ 3,660,211</u>	<u>\$ 1,062,696</u>	<u>\$ 4,722,907</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 200,580	\$ 1,438	\$ 202,018
Due to Other Funds	266,108	10,050	276,158
Due to Other Governmental Units	350,344	1,932	352,276
State Aid Anticipation Note	940,000	0	940,000
Salaries Payable	613,888	0	613,888
Accrued Expenses	394,943	0	394,943
Deferred Revenue	76,563	0	76,563
Total Liabilities	<u>2,842,426</u>	<u>13,420</u>	<u>2,855,846</u>
 <u>FUND BALANCES</u>			
Reserved for Inventory, Special Revenue Fund	0	18,420	18,420
Reserved for Debt Service, Debt Service Fund	0	817,896	817,896
Reserved for Prepaid Expenditures, General Fund	104,437	0	104,437
Designated for Special Purposes, General, Special Revenue Funds	142,408	212,960	355,368
Unreserved, Undesignated	570,940	0	570,940
Total Fund Balances	<u>817,785</u>	<u>1,049,276</u>	<u>1,867,061</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,660,211</u>	<u>\$ 1,062,696</u>	<u>\$ 4,722,907</u>

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances	\$	1,867,061
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	28,884,807	
Accumulated depreciation is	<u>(7,580,243)</u>	21,304,564
Long term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(20,523,106)
School Bond Loan Fund Loan		(2,821,113)
Compensated Absences and Retirement Contracts		(998,589)
Contracts Payable		(226,760)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid.		(478,094)
Bond discounts and issuance costs for bonds issued after June 30, 2002 are expenditures at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district wide full accrual level.		703,841
Balance of taxes receivable at June 30, 2007, expected to be collected after September 1, 2007.		<u>9,583</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES - (DEFICIT)	\$	<u><u>(1,162,613)</u></u>

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2007

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources	\$ 1,572,933	\$ 1,581,448	\$ 3,154,381
State Sources	8,188,626	39,804	8,228,430
Federal Sources	943,287	373,630	1,316,917
Other Transactions	108,120	0	108,120
Total Revenues	<u>10,812,966</u>	<u>1,994,882</u>	<u>12,807,848</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	4,922,971	0	4,922,971
Added Needs	2,229,867	0	2,229,867
Supporting Services			
Pupil	410,033	0	410,033
Instructional Staff	254,342	0	254,342
General Administration	282,781	0	282,781
School Administration	602,516	0	602,516
Business	197,358	0	197,358
Operation and Maintenance of Plant	866,973	0	866,973
Pupil Transportation Services	822,515	0	822,515
Support Service Technology	35,305	0	35,305
Food Service	0	582,580	582,580
Athletic Activities	0	198,896	198,896
Debt Service			
Principal	0	725,000	725,000
Bond Issuance Costs	0	51,428	51,428
Interest and Fiscal Charges	0	813,801	813,801
Other Transactions	208,888	1,317	210,205
Total Expenditures	<u>10,833,549</u>	<u>2,373,022</u>	<u>13,206,571</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,583)</u>	<u>(378,140)</u>	<u>(398,723)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	(105,342)	105,342	0
Issuance of Debt	0	2,675,000	2,675,000
Bond Discount	0	(32,629)	(32,629)
Payment to Refunding Bond Escrow Agent	0	(2,647,437)	(2,647,437)
Sale of Fixed Assets	53,063	0	53,063
Loan Proceeds	73,737	369,757	443,494
Total Other Financing Sources (Uses)	<u>21,458</u>	<u>470,033</u>	<u>491,491</u>
Net Change in Fund Balance	875	91,893	92,768
<u>FUND BALANCE</u> - Beginning of Year	<u>816,910</u>	<u>957,383</u>	<u>1,774,293</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 817,785</u>	<u>\$ 1,049,276</u>	<u>\$ 1,867,061</u>

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Net change in Fund Balances Total Governmental Funds \$ 92,768

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(823,882)
Capital Outlay	147,783

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	348,779
Accrued Interest Payable - End of Year	(478,094)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

School Bond Loan Fund Proceeds	(369,757)
Loan Proceeds	(73,737)
Issuance of debt	(2,675,000)
Defeasance of debt	2,500,000
Bond discount	32,629
Bond issuance cost on refunding	51,428
Bond deferred loss on refunding	147,437
Repayment of bond principal	800,000
Principal Paid on Long-Term Debt	91,812
Bond Discount and Issuance Costs Amortization	(37,673)

Accumulated Sick Pay and Retirement Buyout is reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accumulated Sick Pay - Beginning of Year	844,573
Accumulated Sick Pay - End of Year	(856,181)
Retirement Buyout - Beginning of Year	180,499
Retirement Buyout - End of Year	<u>(142,408)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (219,024)

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

JUNE 30, 2007

	<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Cash		<u>\$ 64,480</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>		
Due to Groups and Organizations		\$ 64,480
<u>NET ASSETS</u>		<u>0</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 64,480</u>

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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

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

**A. Reporting Entity**

The School District is located in Newaygo County with its administrative offices located in White Cloud, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,252 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

The District first utilizes restricted resources to finance qualifying activities. The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating 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, intermediate district sources, interest income and other revenues).

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

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

**Governmental Funds** - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental fund:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

**Other Non-major Funds**

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, and athletic activities in the special revenue funds.

The *DEBT SERVICE FUNDS* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *CAPITAL PROJECT FUND* accounts for the financial resources to be used for the acquisition of fixed assets or construction of major capital projects.

**Fiduciary funds**

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

The AGENCY FUND is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

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

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on pupil membership counts taken in February and September of 2006. For fiscal year ended June 30, 2007, the per pupil foundation allowance was \$7,085 for White Cloud Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

**D. Other Accounting Policies**

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

State statutes authorize the School District to invest in funds as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.
- (e) United States government or federal agency obligation repurchase agreements.
- (f) Bankers' acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation (FDIC).
- (g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (h) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are assessed as of January 1 and are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Property taxes are recognized as revenue to the extent that they represent current receivables at year end.

For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of taxable valuation:

Fund	Mills
General Fund - Non-homestead	18.000
2003 Refunding Debt Retirement Fund - Homestead and non-homestead	0.858
2000 Refunding Debt Retirement Fund - Homestead and non-homestead	2.771
2001 Series A Debt Retirement Fund - Homestead and non-homestead	2.965
2001 Series B Debt Retirement Fund - Homestead and non-homestead	0.403
2005 Refunding Debt Retirement Fund - Homestead and non-homestead	1.253

Additionally, a portion of property taxes collected from the 2001 Series A levy was deposited into the new 2006 Refunding Debt Retirement Fund which refunded a portion of the 2001 A bonds.

4. Inventories and Prepaid Expenditures

Inventory is valued at cost. In the General Fund, the School District considers all supplies to be consumed when acquired and any inventories on hand are considered to be immaterial. The food service inventory consists of U.S.D.A. commodities and other food products held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the estimated useful life of the improvements. Land is not depreciated and construction in progress is not depreciated until the underlying assets are placed in service upon completion of the project. At that time, the asset costs are reclassified out of construction in progress and into the appropriate depreciable category.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings, additions and improvements	20-50 years
Furniture, vehicles and equipment	5-15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000 and aggregate purchases of similar items purchased at the same time, such as textbooks for a classroom.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has opted to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2002.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Use of Estimates

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, and debt funds.

Encumbrance accounting is employed in governmental funds. Encumbrance accounting (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

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

1. The business manager submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
  1. The business manager is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their budgetary responsibilities.
  2. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

3. Budgeted amounts are as originally adopted on June 26, 2006, or as amended by the School Board of Education on January 20, 2007, and June 25, 2007.

**B. Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations occurred in the following funds:

School Service Funds - Food Service Fund expenditures of \$582,580 exceeded appropriations of \$575,178 by \$7,402. The Pupil Transportation Services function within the General Fund had expenditures of \$822,515 which exceeded appropriations of \$762,375 by \$60,140. Also, the Other Transactions function within the General Fund had expenditures of \$208,888 which exceeded appropriations of \$195,270 by \$13,618. The excess was funded by available fund balance for Food Service Fund and by expenditures in other functions within the General Fund being less than appropriations.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The District's deposits and investments are all on deposit with Independent Bank - West Michigan, Valley Ridge Bank, and Michigan School District Liquid Asset Fund Plus.

*Investment rate risk.* The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

*Foreign currency risk.* The District is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

*Concentration of credit risk.* The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

*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. As of June 30, 2007, \$508,796 of the district’s bank balance of \$1,141,597 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 district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District’s agent in the District’s name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty’s trust department or its agent in the District’s name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District’s name. At year end, all of the District’s investments were uncategorized as to risk.

Balance sheet classifications:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Cash	\$1,021,154	\$ 64,480	\$1,085,634
Investment Trust Funds	1,783,872	0	1,783,872
	<u>\$2,805,026</u>	<u>\$ 64,480</u>	<u>\$2,869,506</u>

The District invests certain excess funds in the Michigan Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2007, the fair value of the District’s investments is the same as the value of the pool shares.

**B. Receivables**

Receivables as of year end for the government’s individual major funds and nonmajor, and fiduciary funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

	General	Nonmajor and Other Funds	Total
Receivables			
Taxes	\$ 31,766	\$ 15,246	\$ 47,012
Accounts	7,047	2,970	10,017
Interest	4,200	0	4,200
Due from Other Governments	1,457,118	519	1,457,637
Total Receivables	<u>\$1,500,131</u>	<u>\$ 18,735</u>	<u>\$1,518,866</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes	\$ 9,583	\$ 0
Grant Receipts Received, But Not Yet Utilized	\$ 0	\$ 66,980

**C. Capital Assets**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Assets not being depreciated				
Land	\$ 177,656	\$ 0	\$ 0	\$ 177,656
Construction in progress	102,636	0	102,636	0
	<u>280,292</u>	<u>0</u>	<u>102,636</u>	<u>177,656</u>
Other capital assets:				
Land Improvements	632,159	122,764	0	754,923
Buildings and Additions	20,445,343	0	0	20,445,343
Furniture and Equipment	5,616,503	23,600	219,996	5,420,107
Textbooks and Library Books	510,560	30,318	158,096	382,782
Other Vehicles	137,266	0	17,900	119,366
Buses	1,510,893	73,737	0	1,584,630
Subtotal	<u>28,852,724</u>	<u>250,419</u>	<u>395,992</u>	<u>28,707,151</u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Less Accumulated Depreciation for:				
Land Improvements	246,723	21,452	0	268,175
Buildings and Additions	2,750,819	349,525	0	3,100,344
Furniture and Equipment	2,647,630	274,851	219,996	2,702,485
Textbooks and Library Books	381,729	50,346	158,096	273,979
Other Vehicles	114,430	7,863	17,900	104,393
Buses	1,011,022	119,845	0	1,130,867
Accumulated depreciation	7,152,353	823,882	395,992	7,580,243
Net other capital assets	21,700,371	(573,463)	0	21,126,908
Net capital assets	\$ 21,980,663	\$ (573,463)	\$ 102,636	\$ 21,304,564

Depreciation for the fiscal year ended June 30, 2007 amounted to \$823,882. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**D. Short-Term Debt**

On August 18, 2006, the District issued a State Aid Note in the amount of \$940,000. The note matures on August 20, 2007, with interest at 3.68%. The District has pledged its future State Aid revenue for payment of this liability at maturity. On August 18, 2006, the District repaid the prior year state aid borrowing of \$775,000 plus interest.

**E. Long-Term Debt**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the long-term debt transactions for the School District for the year ended June 30, 2007:

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

	SCHOOL BOND LOAN FUND LOAN	BUS LOANS	BONDS	ACCUMULATED UNPAID COMPENSATED ABSENCES AND RETIREMENT CONTRACTS	TOTAL
Debt Payable at					
Beginning of Year	\$ 2,451,356	\$ 244,835	\$21,148,106	\$ 1,025,072	\$ 24,869,369
Increase in Debt	369,757	73,737	2,675,000	45,717	3,164,211
Debt Retired	0	(91,812)	(3,300,000)	(72,200)	(3,464,012)
<b>DEBT PAYABLE</b>					
<b>END OF YEAR</b>	2,821,113	226,760	20,523,106	998,589	24,569,568
Less Current Portion	0	91,283	855,000	67,793	1,014,076
Net Long-Term DEBT	<u>\$ 2,821,113</u>	<u>\$ 135,477</u>	<u>\$19,668,106</u>	<u>\$ 930,796</u>	<u>\$ 23,555,492</u>

At June 30, 2007, the School's general long-term debt consisted of the following issues:

School Bond Loan Fund loan beginning April 26, 2002. This is a loan from the State of Michigan pursuant to P.A. 108 of 1961. The District's debt retirement millage is limited to 8.25 mills. As long as the tax revenue from this millage is insufficient to make current debt service payments on the District's bonds, additional loans can be obtained in amounts sufficient to make bond and interest payments. No payments are due on the School Bond Loan Fund loan or accrued interest until such time as tax revenues exceed bond debt service requirements. Interest rates on these loans are variable, the rate at June 30, 2007 was between 4.75% and 4.82%, and the accrued interest was \$328,470, which is not included in the total.	\$ 2,821,113
Bus Loan due in 4 annual payments from \$13,100 to \$42,767, including interest at 5.48% on February 26 each year through 2010 for the purchase of one school bus.	60,637
Bus Loan due in 6 annual payments of \$87,400, including interest at 3.50% each December 17 through 2008 for the purpose of purchasing 8 school buses.	166,123
\$3,950,000 2003 Refunding Bonds Due in Annual Installments of \$50,000 to \$710,000 through May 1, 2020; Interest at 2.60% to 5.200%	3,750,000
\$163,312 1998 School Improvement Bonds (Durant Bonds) Due in Annual Installments of \$11,467 to \$34,403 through May 15, 2013; Interest at 3.426%	68,106
\$5,820,000 2000 Refunding Bonds Due in Annual Installments of \$365,000 to \$730,000 through May 1, 2015; Interest at 4.75% to 5.200%	4,350,000

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

\$12,235,000 2001 School Building and Site Bonds Series A Due in Annual Installments of \$325,000 through May 1, 2011; Interest at 4.100% to 4.45%	1,300,000
\$1,000,000 2001 School Building and Site Bonds Series B Qualified Zone Academy Bonds Due in one payment of \$1,000,000 on May 1, 2015. The interest rate on the bonds is 0%; however, the principal amount outstanding under these bonds will bear a tax credit of 6.78% to the eligible holder in accordance with Section 1397E of the Internal Revenue Code of 1986, as amended. As a condition of the bond covenant, the issuer must deposit annually through May 1, 2015, \$58,526 into a set aside restricted savings account bearing a 3% guaranteed annual rate of return. The funds deposited into this set aside account bearing interest at 3% will accumulate to \$1,000,000 by May 1, 2015 and can only be used to redeem the outstanding bonds. The district has complied with this covenant and at June 30, 2007 is treating \$378,570 of cash as restricted on the 2001 Debt Retirement Fund Series B Balance Sheet.	1,000,000
\$400,000 2005 Energy Conservation Improvement Bonds Due in Annual Installments of \$80,000 to \$85,000 through May 1, 2010; Interest at 3.15% to 3.50%	250,000
\$7,190,000 2005 Refunding Bonds Due in Annual Installments of \$30,000 to \$500,000 through May 1, 2026; Interest at 3.500% to 5.000%	7,130,000
\$2,675,000 2006 Refunding Bonds Due in Annual Installments of \$5,000 to \$510,000 through May 1, 2031; Interest at 4.000% to 4.250%	2,675,000
Accumulated Unpaid Compensated Absences and Retirement Contracts	<u>998,589</u>
	<u>\$ 24,569,568</u>

The annual requirements to amortize all general long-term debt outstanding except compensated absences and retirement and the School Bond Loan Fund loan as of June 30, 2007, are as follows:

YEAR ENDING JUNE 30,	CONTRACTS PAYABLE		BONDS PAYABLE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2008	\$ 91,283	\$ 9,217	\$ 855,000	\$ 841,342	\$ 1,796,842
2009	94,930	5,798	914,469	812,608	1,827,805
2010	40,547	2,222	964,288	768,772	1,775,829
2011	0	0	957,541	726,451	1,683,992
2012	0	0	1,015,721	682,709	1,698,430
2013-2017	0	0	6,881,087	2,605,383	9,486,470
2018-2022	0	0	4,470,000	1,383,635	5,853,635
2023-2027	0	0	2,475,000	726,270	3,201,270
2028-2032	0	0	1,990,000	208,001	2,198,001
	<u>\$ 226,760</u>	<u>\$ 17,237</u>	<u>\$20,523,106</u>	<u>\$ 8,755,171</u>	<u>\$29,522,274</u>

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

The annual requirements to amortize the accumulated unpaid compensated absences and retirement and the School Bond Loan Fund loan are not included above because it is unknown when they will actually be paid.

**F. Interfund Receivables, Payables, and Transfers**

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2007, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLE
General Fund	\$ 348	\$ 266,108
Food Service Fund	97,469	0
Athletic Activities Fund	5,351	0
2000 Debt Retirement Fund	48,842	1,839
2001 Debt Retirement Fund Series A	100,526	0
2001 Debt Retirement Fund Series B	0	7,928
2001 Capital Projects Fund Series A	0	164
2003 Debt Retirement Fund	23,622	0
2005 Debt Retirement Fund	0	119
	<u>\$ 276,158</u>	<u>\$ 276,158</u>

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

Interfund transfers are as shown in the individual fund financial statements at June 30, 2007, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 52,658	\$ 158,000
School Service Fund - Food Service Fund	0	30,636
School Service Fund - Athletic Activities Fund	158,000	0
2001 Capital Projects Fund Series A	0	22,022
	<u>\$ 210,658</u>	<u>\$ 210,658</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**G. Leases**

*Operating Leases* – The District is committed under various noncancelable leases for office equipment. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value. For the year ended June 30, 2007, rental expenditures were \$21,435. Future minimum lease payments are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2008	21,435
2009	21,435
2010	21,435
2011	17,862
2012	0

**NOTE 4 - OTHER INFORMATION**

**A. Employee Retirement System**

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine member board of MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-5103.

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

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

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2007, were 16.34% of payroll through September 30, 2006, and 17.74% effective October 1, 2006. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2007, 2006, and 2005 were \$1,062,937, \$1,027,071, and \$960,586 respectively, and were equal to the required contribution for those years.

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

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

**B. Single Audit Report**

The School District is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984, as amended. This audit has been performed and the reports based thereon have been issued under separate cover.

**C. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2007 or any of the prior three years.

**D. 2005 Refunding Bonds**

On July 6, 2005, the District issued \$7,190,000 in General Obligation Bonds with interest rates of 3.50% to 5.00% to advance refund \$6,690,000 of outstanding 2001A Series Bonds with interest rates of 4.100% to 5.500%. As a result \$6,690,000 of the 2001A Series Bonds are considered to be

WHITE CLOUD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

deceased and the liability for those bonds will be removed from the non current liabilities of the District.

The District advance refunded a portion of the 2001A bond issue to reduce its total future debt service payments by \$351,966 and resulted in an economic gain of \$281,462. Additionally, it is estimated these refunding bonds will save \$233,172 of interest that will not have to be paid to the School Bond Loan Fund.

**E. Restrictions on Cash**

The District has bond provisions that require it to set aside amounts each year in the 2001 B Debt Retirement Fund to accumulate funds for bond retirement. At June 30, 2006 and 2007, the amount of cash in the fund which was restricted was \$310,783 and \$378,570 respectively.

**F. 2006 Refunding Bonds**

On October 10, 2006, the District issued \$2,675,000 in General Obligation Bonds with interest rates of 4.00% to 4.25% to advance refund \$2,500,000 of outstanding 2001A Series Bonds with interest rates of 5.125%. As a result \$2,500,000 of the 2001A Series Bonds are considered to be deceased and the liability for those bonds will be removed from the non current liabilities of the District.

The District advance refunded a portion of the 2001A bond issue to reduce its total future debt service payments by \$278,246 and resulted in an economic gain of \$170,129. Additionally, it is estimated these refunding bonds will save \$104,337 of interest that will not have to be paid to the School Bond Loan Fund.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

YEAR ENDED JUNE 30, 2007

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 1,536,129	\$ 1,560,601	\$ 1,572,933
State Sources	8,062,084	8,221,889	8,188,626
Federal Sources	815,970	952,715	943,287
Other Transactions	75,835	91,917	108,120
Total Revenues	<u>10,490,018</u>	<u>10,827,122</u>	<u>10,812,966</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	4,859,236	4,936,212	4,922,971
Added Needs	2,189,233	2,250,586	2,229,867
Supporting Services			
Pupil	385,195	416,319	410,033
Instructional Staff	189,363	260,567	254,342
General Administration	306,474	287,935	282,781
School Administration	598,220	610,290	602,516
Business	175,372	204,824	197,358
Operation and Maintenance of Plant	881,586	896,057	866,973
Pupil Transportation Services	762,558	762,375	822,515
Support Service Technology	34,020	36,020	35,305
Other Transactions	236,624	195,270	208,888
Total Expenditures	<u>10,617,881</u>	<u>10,856,455</u>	<u>10,833,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(127,863)</u>	<u>(29,333)</u>	<u>(20,583)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	(160,000)	(105,505)	(105,342)
Loan Proceeds	0	0	73,737
Sale of Fixed Assets	0	53,063	53,063
Total Other Financing Sources (Uses)	<u>(160,000)</u>	<u>(52,442)</u>	<u>21,458</u>
Net Change in Fund Balance	(287,863)	(81,775)	875
<u>FUND BALANCE</u> - Beginning of Year	<u>728,473</u>	<u>816,910</u>	<u>816,910</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 440,610</u>	<u>\$ 735,135</u>	<u>\$ 817,785</u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2007

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 108,608	\$ 640,959	\$ 164	\$ 749,731
Accounts Receivable	2,970	0	0	2,970
Taxes Receivable	0	15,246	0	15,246
Due from Other Funds	102,820	172,990	0	275,810
Due from Other Governments	0	519	0	519
Inventory	18,420	0	0	18,420
TOTAL ASSETS	\$ 232,818	\$ 829,714	\$ 164	\$ 1,062,696
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,438	\$ 0	\$ 0	\$ 1,438
Due to Other Funds	0	9,886	164	10,050
Due to Other Governments	0	1,932	0	1,932
Total Liabilities	1,438	11,818	164	13,420
<u>FUND BALANCES</u>				
Reserved for Inventory	18,420	0	0	18,420
Reserved for Debt Service	0	817,896	0	817,896
Unreserved				
Designated for:				
Food Service	203,590	0	0	203,590
Athletic Activities	9,370	0	0	9,370
Total Fund Balances	231,380	817,896	0	1,049,276
TOTAL LIABILITIES AND FUND BALANCES	\$ 232,818	\$ 829,714	\$ 164	\$ 1,062,696

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 241,192	\$ 1,318,234	\$ 22,022	\$ 1,581,448
State Sources	39,804	0	0	39,804
Federal Sources	373,630	0	0	373,630
Total Revenues	654,626	1,318,234	22,022	1,994,882
<u>EXPENDITURES</u>				
Food Service	582,580	0	0	582,580
Athletic Activities	198,896	0	0	198,896
Debt Service				
Principal	0	725,000	0	725,000
Bond Issuance Costs	0	51,428	0	51,428
Interest and Fiscal Charges	0	813,801	0	813,801
Other Expenses	0	1,317	0	1,317
Total Expenditures	781,476	1,591,546	0	2,373,022
Excess (Deficiency) of Revenues Over Expenditures	(126,850)	(273,312)	22,022	(378,140)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	127,364	0	(22,022)	105,342
Issuance of Debt	0	2,675,000	0	2,675,000
Bond Discount	0	(32,629)	0	(32,629)
Payment to Refunding Bond Escrow Agent	0	(2,647,437)	0	(2,647,437)
Loan Proceeds	0	369,757	0	369,757
Total Other Financing Sources (Uses)	127,364	364,691	(22,022)	470,033
Net Change in Fund Balance	514	91,379	0	91,893
<u>FUND BALANCE</u> - Beginning of Year	230,866	726,517	0	957,383
<u>FUND BALANCE</u> - End of Year	\$ 231,380	\$ 817,896	\$ 0	\$ 1,049,276

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 271,423	\$ 1,806,576
Taxes Receivable	31,766	32,429
Accounts Receivable	7,047	10,235
Interest Receivable	4,200	0
Due from Other Funds	348	0
Due from Other Governmental Units	1,457,118	1,680,316
Prepaid Expenditures	104,437	4,438
Investments	1,783,872	2,300
	<hr/>	<hr/>
TOTAL ASSETS	\$ 3,660,211	\$ 3,536,294
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 200,580	\$ 296,713
Salaries Payable	613,888	644,319
State Aid Anticipation Note Payable	940,000	775,000
Due to Other Funds	266,108	237,819
Due to Other Governments	350,344	263,939
Accrued Expenses	394,943	403,396
Deferred Revenue	76,563	98,198
	<hr/>	<hr/>
Total Liabilities	2,842,426	2,719,384
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	104,437	4,438
Unreserved		
Designated for Retirement Payouts	142,408	180,499
Undesignated	570,940	631,973
	<hr/>	<hr/>
Total Fund Balance	817,785	816,910
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,660,211	\$ 3,536,294
	<hr/> <hr/>	<hr/> <hr/>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 1,560,601	\$ 1,572,933	\$ 1,532,605
State Sources	8,221,889	8,188,626	8,529,579
Federal Sources	952,715	943,287	866,494
Other Transactions	91,917	108,120	75,835
Total Revenues	10,827,122	10,812,966	11,004,513
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	2,165,019	2,158,704	2,298,455
Middle School	1,109,265	1,115,012	1,185,355
High School	1,660,862	1,648,189	1,670,001
Drivers Education	0	0	5,594
Summer School	1,066	1,066	0
Added Needs			
Special Education	1,487,010	1,499,020	1,531,073
Compensatory Education	763,576	730,847	683,533
Supporting Services			
Pupil			
Truancy / Absenteeism Services	13,378	13,378	15,441
Guidance Services	176,391	173,095	160,419
Health Services	30,647	29,658	53,926
Social Work Services	195,903	193,902	191,893
Instructional Staff			
Improvement of Instruction	2,552	2,552	16,376
Library	77,768	75,649	50,343
Technology Assisted Instruction	180,247	176,141	123,157
General Administration			
Board of Education	61,904	59,669	65,463
Executive Administration	226,031	223,112	223,956

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
School Administration			
Office of the Principal	610,290	602,516	622,157
Business			
Fiscal Services	151,899	150,698	146,399
Other Business Services	52,925	46,660	49,034
Operation and Maintenance of Plant	896,057	866,973	1,024,585
Pupil Transportation Services	762,375	822,515	742,859
Support Service Technology	36,020	35,305	33,810
Community Services			
Civic Activities	0	0	833
Other Transactions	195,270	208,888	251,109
Total Expenditures	<u>10,856,455</u>	<u>10,833,549</u>	<u>11,145,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(29,333)</u>	<u>(20,583)</u>	<u>(141,258)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	52,495	52,658	400,161
Transfers Out	(158,000)	(158,000)	(256,102)
Loan Proceeds	0	73,737	0
Sale of Fixed Assets	53,063	53,063	2,652
Total Other Financing Sources (Uses)	<u>(52,442)</u>	<u>21,458</u>	<u>146,711</u>
Net Change in Fund Balance	(81,775)	875	5,453
<u>FUND BALANCE</u> - Beginning of Year	<u>816,910</u>	<u>816,910</u>	<u>811,457</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 735,135</u>	<u>\$ 817,785</u>	<u>\$ 816,910</u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED JUNE 30,

	2007	2006
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 1,330,392	\$ 1,218,620
Tuition	1,100	4,100
Transportation Fees	39,822	41,507
Earnings on Investments and Deposits	65,333	48,051
Rentals	350	0
Contributions, Donations, and Local Grants	92,781	211,115
Miscellaneous	43,155	9,212
Total Local Sources	1,572,933	1,532,605
<u>STATE SOURCES</u>		
Grants-In-Aid Unrestricted		
State School Aid		
Foundation Allowance	7,256,885	7,663,007
Foundation Allowance- Special Education	447,779	407,287
Grants-In-Aid Restricted		
State School Aid		
At Risk	453,352	442,954
Durant Settlement	16,331	16,331
Middle School Math	14,279	0
Total State Sources	8,188,626	8,529,579
<u>FEDERAL SOURCES</u>		
Grants-In-Aid Restricted		
Received Through Department of Defense		
NJROTC	45,040	42,469
Received Through State		
Title I	499,979	414,642
Title II A Improving Teacher Quality	93,270	134,844
Title II D Technology Literacy Challenge	6,972	6,932
Title V LEA Allocation	11,928	5,309
Title VI B Rural and Low Income	23,680	0
Homeland Security	0	3,608
Hurricane Katrina Relief	973	0
Received Through County		
National Forests	32,703	31,877

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
Received Through Intermediate School District		
Special Education - Flow Through - IDEA	228,742	226,813
Total Federal Sources	<u>943,287</u>	<u>866,494</u>
 <u>OTHER TRANSACTIONS</u>		
Transfers from Other Governmental Units		
Received Through Intermediate School District		
Special Education	103,120	75,835
Other	5,000	0
Total Other Transactions	<u>108,120</u>	<u>75,835</u>
 TOTAL REVENUES	 <u>10,812,966</u>	 <u>11,004,513</u>
 <u>OTHER FINANCING SOURCES</u>		
Transfers In	52,658	400,161
Loan Proceeds	73,737	0
Sale of Fixed Assets	53,063	2,652
 TOTAL OTHER FINANCING SOURCES	 <u>179,458</u>	 <u>402,813</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u><u>\$ 10,992,424</u></u>	 <u><u>\$ 11,407,326</u></u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30,

	2007	2006
<u>INSTRUCTION</u>		
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	1,319,316	1,477,520
Employee Benefits	744,848	753,142
Purchased Services	55,325	9,707
Supplies and Materials	36,923	35,275
Capital Outlay	2,259	22,741
Other Expense	33	70
Total Elementary	2,158,704	2,298,455
<u>Middle School</u>		
Salaries	693,540	781,533
Employee Benefits	333,008	379,167
Purchased Services	46,058	6,876
Supplies and Materials	42,199	17,753
Other Expense	207	26
Total Middle School	1,115,012	1,185,355
<u>High School</u>		
Salaries	1,057,123	1,099,696
Employee Benefits	533,710	522,307
Purchased Services	30,646	16,608
Supplies and Materials	25,308	30,702
Other Expense	1,402	688
Total High School	1,648,189	1,670,001
<u>Other Basic Programs - Drivers Education</u>		
Salaries	0	4,518
Employee Benefits	0	1,076
Total Other Basic Programs - Drivers Education	0	5,594

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>Other Basic Programs - Summer School</u>		
Salaries	850	0
Employee Benefits	216	0
Total Other Basic Programs - Summer School	1,066	0
 <u>Added Needs</u>		
<u>Special Education</u>		
Salaries	969,561	1,022,212
Employee Benefits	478,962	488,260
Purchased Services	30,628	1,605
Supplies and Materials	7,258	5,196
Other Expense	12,611	13,800
Total Special Education	1,499,020	1,531,073
 <u>Compensatory Education</u>		
Salaries	468,952	440,047
Employee Benefits	241,806	235,027
Purchased Services	14,650	4,084
Supplies and Materials	5,439	4,375
Total Compensatory Education	730,847	683,533
 <u>SUPPORTING SERVICES</u>		
<u>Pupil</u>		
<u>Truancy / Absenteeism Services</u>		
Purchased Services	13,378	15,441
 <u>Guidance Services</u>		
Salaries	104,345	99,170
Employee Benefits	67,193	59,308
Purchased Services	438	383
Supplies and Materials	971	742
Other Expense	148	816
Total Guidance Services	173,095	160,419

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>Health Services</u>		
Salaries	12,948	30,373
Employee Benefits	15,347	21,806
Purchased Services	688	939
Supplies and Materials	675	668
Other Expense	0	140
Total Health Services	<u>29,658</u>	<u>53,926</u>
 <u>Social Work Services</u>		
Salaries	131,246	131,061
Employee Benefits	62,323	60,062
Purchased Services	0	125
Supplies and Materials	333	645
Total Social Work Services	<u>193,902</u>	<u>191,893</u>
 <u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	0	1,500
Employee Benefits	0	662
Purchased Services	2,552	14,214
Total Improvement of Instructions	<u>2,552</u>	<u>16,376</u>
 <u>Library</u>		
Salaries	40,181	22,071
Employee Benefits	28,208	22,288
Purchased Services	1,687	128
Supplies and Materials	5,424	5,846
Other Expense	149	10
Total Library	<u>75,649</u>	<u>50,343</u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30,

	2007	2006
<u>Technology Assisted Instruction</u>		
Salaries	64,815	57,622
Employee Benefits	29,832	27,204
Purchased Services	21,372	15,704
Supplies and Materials	57,645	19,309
Capital Outlay	2,477	3,275
Other Expenses	0	43
Total Technology Assisted Instruction	176,141	123,157
 <u>General Administration</u>		
<u>Board of Education</u>		
Purchased Services	37,617	48,953
Supplies and Materials	958	75
Other Expense	21,094	16,435
Total Board of Education	59,669	65,463
 <u>Executive Administration</u>		
Salaries	138,315	147,829
Employee Benefits	64,511	58,216
Purchased Services	17,558	14,553
Supplies and Materials	896	882
Other Expense	1,832	2,476
Total Executive Administration	223,112	223,956
 <u>School Administration</u>		
<u>Office of the Principal</u>		
Salaries	379,355	399,737
Employee Benefits	193,696	206,530
Purchased Services	18,749	6,890
Supplies and Materials	7,142	5,749
Other Expenses	3,574	3,251
Total Office of the Principal	602,516	622,157

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30,

	2007	2006
<u>Business</u>		
<u>Fiscal Services</u>		
Salaries	87,300	80,049
Employee Benefits	50,297	55,826
Purchased Services	6,086	7,191
Supplies and Materials	2,973	1,891
Other Expenses	4,042	1,442
Total Fiscal Services	150,698	146,399
 <u>Other Business Services</u>		
Purchased Services	10,361	25,009
Other Expenses	36,299	24,025
Total Other Business Services	46,660	49,034
 <u>Operation and Maintenance of Plant</u>		
Salaries	33,000	31,750
Employee Benefits	23,632	93,557
Purchased Services	498,066	488,349
Supplies and Materials	292,147	305,691
Capital Outlay	20,128	105,156
Other Expenses	0	82
Total Operation and Maintenance	866,973	1,024,585
 <u>Pupil Transportation Services</u>		
Salaries	397,047	410,788
Employee Benefits	163,946	161,191
Purchased Services	36,039	28,811
Supplies and Materials	151,188	141,389
Capital Outlay	73,737	0
Other Expenses	558	680
Total Pupil Transportation Services	822,515	742,859
 <u>Support Service Technology</u>		
Purchased Services	35,305	33,810
 <u>COMMUNITY SERVICES</u>		
<u>Civic Activities</u>		
Employee Benefits	0	833
Total Community Services	0	833

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>OTHER TRANSACTIONS</u>		
Prior Period Adjustment	0	34,388
Principal Payments on Loans	166,793	163,035
Interest Payments on Loans	19,183	27,293
Transfer to Other School Districts	22,912	26,393
Total Other Transactions	<u>208,888</u>	<u>251,109</u>
Total Expenditures	<u>10,833,549</u>	<u>11,145,771</u>
<u>OTHER FINANCING USES</u>		
Operating Transfers Out		
School Service Fund - Athletics	158,000	141,967
Capital Projects Fund - 2001A	0	114,135
Total Other Financing Uses	<u>158,000</u>	<u>256,102</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 10,991,549</u></u>	<u><u>\$ 11,401,873</u></u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2007

	<u>FOOD SERVICE FUND</u>	<u>ATHLETIC ACTIVITIES FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 104,589	\$ 4,019	\$ 108,608
Accounts Receivable	2,970	0	2,970
Due from Other Funds	97,469	5,351	102,820
Inventory	18,420	0	18,420
TOTAL ASSETS	\$ 223,448	\$ 9,370	\$ 232,818
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,438	\$ 0	\$ 1,438
<u>FUND BALANCE</u>			
Reserved for Inventory	18,420	0	18,420
Unreserved			
Designated for:			
Food Service	203,590	0	203,590
Athletic Activities	0	9,370	9,370
Total Fund Balance	222,010	9,370	231,380
TOTAL LIABILITIES AND FUND BALANCE	\$ 223,448	\$ 9,370	\$ 232,818

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTAL
<u>REVENUES</u>			
Local Sources	\$ 206,027	\$ 35,165	\$ 241,192
State Sources	39,804	0	39,804
Federal Sources	373,630	0	373,630
	<hr/>		
Total Revenues	619,461	35,165	654,626
<hr/>			
<u>EXPENDITURES</u>			
Food Services	582,580	0	582,580
Athletic Activities	0	198,896	198,896
	<hr/>		
Total Expenditures	582,580	198,896	781,476
<hr/>			
Excess (Deficiency) of Revenues Over Expenditures	36,881	(163,731)	(126,850)
<hr/>			
<u>OTHER FINANCING SOURCES</u>			
Transfers In (Out)	(30,636)	158,000	127,364
	<hr/>		
Net Change in Fund Balance	6,245	(5,731)	514
<hr/>			
<u>FUND BALANCE</u> - Beginning of Year	215,765	15,101	230,866
<hr/>			
<u>FUND BALANCE</u> - End of Year	\$ 222,010	\$ 9,370	\$ 231,380
<hr/> <hr/>			

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	104,589	193,530
Accounts Receivable	2,970	0
Due from Other Funds	97,469	15,602
Inventory	18,420	8,492
	<hr/>	<hr/>
TOTAL ASSETS	\$ 223,448	\$ 217,624
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,438	\$ 1,859
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	18,420	8,492
Unreserved		
Designated for Food Service	203,590	207,273
	<hr/>	<hr/>
Total Fund Balance	222,010	215,765
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 223,448	\$ 217,624
	<hr/> <hr/>	<hr/> <hr/>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 340	\$ 431	\$ 370
Food Sales to Pupils	101,441	102,593	103,928
Food Sales to Adults	14,277	14,277	13,831
Food Sales to Head Start Program	48,500	48,562	55,586
Food Sales to Project Focus	25,000	27,588	0
Miscellaneous	10,079	12,576	9,913
State Sources			
State Aid			
Food Service	25,351	39,804	35,520
Federal Sources			
Federal Aid - Regular	370,793	353,305	334,996
U.S.D.A. Non-Bonus Commodities	25,000	19,992	24,919
U.S.D.A. Bonus Commodities	0	333	1,950
	\$ 620,781	\$ 619,461	\$ 581,013
<u>EXPENDITURES</u>			
Salaries			
Cooks and Assistants	174,469	\$ 174,622	\$ 168,012
Employee Benefits			
Health and Accident Insurance	68,326	65,739	67,503
Retirement	31,000	30,321	26,721
Social Security	13,500	13,281	12,853
Worker's Compensation	4,044	4,044	8,707
Other	6,133	6,133	0
Purchased Services			
Repairs	10,410	10,899	4,872
Travel and Expense	1,642	1,642	1,951
Workshop and Conferences	1,856	1,856	510

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Advertising	400	400	400
Laundry	199	221	283
Trash Removal	0	0	681
Custodial Services	0	0	20,775
Audit	0	0	1,691
Other Purchased Services	3,868	3,868	60
Supplies and Materials			
Food Purchases	197,045	186,966	177,375
U.S.D.A. Donated Commodities	0	20,325	26,869
U.S.D.A. Delivery Charges	20,223	20,223	22,319
Office Supplies	312	312	258
Other Supplies	14,649	15,034	18,671
Capital Outlay			
Equipment	24,133	24,133	5,940
Other Expenses			
Sales Tax - Adult Lunch	825	773	507
Dues and Fees	1,788	1,788	1,773
Miscellaneous	356	0	247
Total Expenditures	<u>\$ 575,178</u>	<u>\$ 582,580</u>	<u>\$ 568,978</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,603	\$ 36,881	\$ 12,035
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out) - General Fund	<u>(30,636)</u>	<u>(30,636)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	14,967	6,245	12,035
<u>FUND BALANCE</u> - Beginning of Year	<u>215,765</u>	<u>215,765</u>	<u>203,730</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 230,732</u>	<u>\$ 222,010</u>	<u>\$ 215,765</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 4,019	\$ 15,101
Due from Other Funds	5,351	0
	<hr/>	
TOTAL ASSETS	9,370	15,101
	<hr/> <hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
	<hr/>	
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	9,370	15,101
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,370	\$ 15,101
	<hr/> <hr/>	

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

ATHLETIC ACTIVITIES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 27,396	\$ 27,396	\$ 24,448
Interest	0	28	0
Miscellaneous	7,769	7,741	5,723
Total Revenues	<u>35,165</u>	<u>35,165</u>	<u>30,171</u>
<u>EXPENDITURES</u>			
Salaries	80,101	79,101	103,951
Employee Benefits	33,162	34,005	25,266
Purchased Services	52,575	52,575	15,865
Supplies and Materials	15,620	15,620	6,699
Other Expense	17,595	17,595	26,039
Total Expenditures	<u>199,053</u>	<u>198,896</u>	<u>177,820</u>
Excess (Deficiency) of Revenues Over Expenditures	(163,888)	(163,731)	(147,649)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	<u>158,000</u>	<u>158,000</u>	<u>141,967</u>
Net Change in Fund Balance	(5,888)	(5,731)	(5,682)
<u>FUND BALANCE</u> - Beginning of Year	<u>15,101</u>	<u>15,101</u>	<u>20,783</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 9,213</u>	<u>\$ 9,370</u>	<u>\$ 15,101</u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

DEBT RETIREMENT FUNDS  
COMBINED BALANCE SHEET

JUNE 30, 2007

	2000 REFUNDING DEBT RETIREMENT FUND	2001 DEBT RETIREMENT FUND SERIES A	2001 DEBT RETIREMENT FUND SERIES B	2003 REFUNDING DEBT RETIREMENT FUND	2005 REFUNDING DEBT RETIREMENT FUND	2006 REFUNDING DEBT RETIREMENT FUND	TOTALS
<u>ASSETS</u>							
Cash	\$ 66,384	\$ 51,562	\$ 395,319	\$ 21,074	\$ 30,362	\$ 76,258	\$ 640,959
Due from Other Funds	48,842	100,526	0	23,622	0	0	172,990
Due from Other Governments	381	0	0	138	0	0	519
Taxes Receivable	5,501	5,660	972	2,922	191	0	15,246
<b>TOTAL ASSETS</b>	<b>\$ 121,108</b>	<b>\$ 157,748</b>	<b>\$ 396,291</b>	<b>\$ 47,756</b>	<b>\$ 30,553</b>	<b>\$ 76,258</b>	<b>\$ 829,714</b>
<u>LIABILITIES AND FUND BALANCE</u>							
<u>LIABILITIES</u>							
Due to Other Funds	\$ 1,839	\$ 0	\$ 7,928	\$ 0	\$ 119	\$ 0	\$ 9,886
Due to Other Governments	0	562	189	0	1,181	0	1,932
<b>Total Liabilities</b>	<b>1,839</b>	<b>562</b>	<b>8,117</b>	<b>0</b>	<b>1,300</b>	<b>0</b>	<b>11,818</b>
<u>FUND BALANCE</u>							
Reserved for Debt Retirement	119,269	157,186	388,174	47,756	29,253	76,258	817,896
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 121,108</b>	<b>\$ 157,748</b>	<b>\$ 396,291</b>	<b>\$ 47,756</b>	<b>\$ 30,553</b>	<b>\$ 76,258</b>	<b>\$ 829,714</b>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

	2000 REFUNDING DEBT RETIREMENT FUND	2001 DEBT RETIREMENT FUND SERIES A	2001 DEBT RETIREMENT FUND SERIES B	2003 REFUNDING DEBT RETIREMENT FUND	2005 REFUNDING DEBT RETIREMENT FUND	2006 REFUNDING DEBT RETIREMENT FUND	TOTALS
<u>REVENUES</u>							
Local Sources	\$ 439,571	\$ 335,704	\$ 73,241	\$ 136,107	\$ 198,775	\$ 134,836	\$ 1,318,234
<u>EXPENDITURES</u>							
Debt Service							
Redemption of Principal	320,000	325,000	0	50,000	30,000	0	725,000
Interest and Fiscal Charges	231,990	68,821	0	147,894	303,029	62,067	813,801
Bond Issuance Costs	0	0	0	0	0	51,428	51,428
Dues and Fees	283	508	8	258	243	17	1,317
Total Expenditures	552,273	394,329	8	198,152	333,272	113,512	1,591,546
Excess (Deficiency) of Revenues Over Expenditures	(112,702)	(58,625)	73,233	(62,045)	(134,497)	21,324	(273,312)
<u>OTHER FINANCING SOURCES (USES)</u>							
Loan Proceeds	98,101	90,627	0	57,529	123,500	0	369,757
Issuance of Debt	0	0	0	0	0	2,675,000	2,675,000
Bond Discount	0	0	0	0	0	(32,629)	(32,629)
Payment to Refunding Bond Escrow Agent	0	(60,000)	0	0	0	(2,587,437)	(2,647,437)
Total Other Financing Sources (Uses)	98,101	30,627	0	57,529	123,500	54,934	364,691
Net Change in Fund Balance	(14,601)	(27,998)	73,233	(4,516)	(10,997)	76,258	91,379
<u>FUND BALANCE -</u>							
Beginning of Year	133,870	185,184	314,941	52,272	40,250	0	726,517
<u>FUND BALANCE - End of Year</u>	\$ 119,269	\$ 157,186	\$ 388,174	\$ 47,756	\$ 29,253	\$ 76,258	\$ 817,896

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2001 A CAPITAL PROJECTS FUND  
BALANCE SHEET

JUNE 30, 2007

ASSETS

Cash	\$ 164
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 164
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FUND BALANCE

Unreserved	
Undesignated	0

TOTAL LIABILITIES AND FUND BALANCE	\$ 164
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WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2001 A CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

REVENUES

Local Sources  
Refunds

\$ 22,022

EXPENDITURES

0

Excess (Deficiency) of Revenues  
Over Expenditures

22,022

OTHER FINANCING SOURCES

Transfers In (Out)

(22,022)

Net Change in Fund Balance

0

FUND BALANCE - Beginning of Year

0

FUND BALANCE - End of Year

\$ 0

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	6/30/06	(INCLUDING TRANSFERS)		6/30/07
High School:				
Administration	\$ 268	\$ 190	\$ 0	\$ 458
Art	214	0	120	94
Band	2,278	12,758	12,529	2,507
Baseball-Boys HS	398	1,136	0	1,534
Basketball-Boys HS	620	3,615	3,579	656
Basketball-Girls HS	1,421	3,916	2,105	3,232
Cheerleaders	1,087	1,003	1,338	752
Class 2006	0	487	487	0
Class 2007	1,763	5,780	7,543	0
Class 2008	2,330	6,013	7,601	742
Class of 2009	1,462	1,613	1,470	1,605
Class of 2010	0	888	418	470
Close Up	1,678	222	1,900	0
Cross Country	1,373	371	350	1,394
Drama	1,094	185	0	1,279
Football	2,194	4,118	1,478	4,834
Foreign Language	306	7,166	5,108	2,364
Girls Track	471	885	421	935
Golf	253	0	253	0
Golf-Girls	112	0	112	0
Guidance Department	153	4,708	1,761	3,100
Library Fines	635	1,510	1,504	641
National Honor Society	161	0	24	137
Portfolios	580	0	580	0
Quiz Bowl	4,869	6,223	10,120	972
ROTC	1,788	13,661	14,309	1,140
Softball	1,121	271	420	972
Student Council	4,115	6,190	5,611	4,694
Teacher Club	257	211	64	404
Track	500	71	259	312
Vocal-Choir	1,166	3,263	2,868	1,561
Voice of Reason	360	875	440	795
Volleyball	2,104	3,790	4,917	977
Wrestling	344	0	344	0
Yearbook 05-06	4,299	1,914	6,213	0
Yearbook 06-07	0	5,099	0	5,099
Yearbook 07-08	0	60	0	60
Yosemite Fitness for Life	0	1,276	100	1,176
Total High School	41,774	99,468	96,346	44,896

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	<u>BALANCE</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u>
	<u>6/30/06</u>	<u>(INCLUDING TRANSFERS)</u>		<u>6/30/07</u>
Middle School:				
Derks Memorial	0	446	424	22
Class of 2013	0	7,340	7,010	330
Class of 2012	24	474	474	24
Class of 2011	348	394	385	357
Class of 2010	117	0	117	0
Administrative	11	177	84	104
Art Class	102	38	97	43
Categorical Rooms	11	388	32	367
Cheerleaders	69	0	0	69
Club Pride	885	0	0	885
Multicultural Festival	654	600	641	613
Pilot Testing Program	213	2,115	2,155	173
Physical Education	55	0	0	55
R. Smith Classroom	0	250	0	250
Safety Classes	140	291	333	98
School Store	633	0	0	633
Student Council	3,635	2,766	2,375	4,026
Teacher's Fund	162	711	651	222
	<hr/>			
Total Middle School	7,059	15,990	14,778	8,271
	<hr/>			
Elementary:				
1st Grade	211	2,851	3,017	45
Book Fair	844	1,140	959	1,025
Dave's Way	1,747	425	2,071	101
Hawks	1,533	0	0	1,533
KDG Class Account	209	0	0	209
Music	301	0	0	301
Picture Account	2,924	1,034	3,561	397
Teacher's Pop Fund	0	130	58	72
Warm & Toasty	13	0	0	13
	<hr/>			
Total Elementary	7,782	5,580	9,666	3,696
	<hr/>			
Upper Elementary:				
2nd Grade	444	2,759	3,013	190
3rd Grade	3	941	930	14
4th Grade	72	4,244	4,100	216
5th Grade	0	658	654	4
Categorical	155	589	514	230
Computers	609	798	873	534
Library	1,005	1,599	2,072	532

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE 6/30/06	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/07
Pencil Machine	877	946	800	1,023
Teachers Fund	1,029	783	302	1,510
Girls Basketball	108	395	287	216
Boys Basketball	917	0	917	0
Warm Furrries/Sunshine Committee	16	165	84	97
Administration Miscellaneous	1,204	1,073	1,990	287
Total Upper Elementary	6,439	14,950	16,536	4,853
Ethel Kelly Library				
Expendable	372	36	0	408
Non-Expendable	2,300	56	0	2,356
Total Ethel Kelly Library	2,672	92	0	2,764
Grand Total	\$ 65,726	\$ 136,080	\$ 137,326	\$ 64,480
Represented by				
Assets				
Cash	<u>\$ 65,726</u>			<u>\$ 64,480</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 65,726</u>			<u>\$ 64,480</u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

1998 DURANT BONDS  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	1998 School Improvement Bond (Durant Bonds)		
<u>PURPOSE</u>	This Bond was issued for purposes permitted in Section 1351(a) of Act 451, Public Acts of Michigan		
<u>DATE OF ISSUE</u>	November 24, 1999		
<u>INTEREST PAYABLE</u>	May 15th, of each year		
<u>AMOUNT OF ISSUE</u>			\$ 163,312
<u>AMOUNT REDEEMED</u>			
Current Year		\$ 0	
Prior Years		95,206	95,206
<u>BALANCE OUTSTANDING - June 30, 2007</u>			<u>\$ 68,106</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 15, 2008	3.426%	\$ 0	\$ 0	\$ 0
May 15, 2009	3.426%	4,469	7,000	11,469
May 15, 2010	3.426%	9,288	2,180	11,468
May 15, 2011	3.426%	32,541	1,862	34,403
May 15, 2012	3.426%	10,721	747	11,468
May 15, 2013	3.426%	11,087	380	11,467
		<u>\$ 68,106</u>	<u>\$ 12,169</u>	<u>\$ 80,275</u>

REDEMPTION PRIOR TO MATURITY

This bond is not subject to redemption prior to maturity by the School District and the School District may not issue any other bonds or obligations for the purpose of refunding this bond.

TAX LEVY/STATE AID

The revenues to retire the Durant Settlement Bonds are to come from yearly transfers of state aid from the State of Michigan, thus, no property taxes are levied for these payments.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2000 REFUNDING BONDS  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2000 Refunding Bonds		
<u>PURPOSE</u>	To advance refund a prior bond issue of the School District and the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	December 20, 2000		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	5,820,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$	320,000
Prior Years			1,150,000
			<u>1,470,000</u>
<u>BALANCE OUTSTANDING - June 30, 2007</u>		\$	<u>4,350,000</u>

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1	2007			\$ 108,475	\$ 108,475
May 1	2008	4.750%	\$ 365,000	108,475	473,475
November 1	2008			99,806	99,806
May 1	2009	4.750%	410,000	99,806	509,806
November 1	2009			90,069	90,069
May 1	2010	4.800%	455,000	90,069	545,069
November 1	2010			79,149	79,149
May 1	2011	4.900%	510,000	79,149	589,149
November 1	2011			66,654	66,654
May 1	2012	5.000%	565,000	66,654	631,654
November 1	2012			52,529	52,529
May 1	2013	5.050%	625,000	52,529	677,529

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2000 REFUNDING BONDS  
JUNE 30, 2007

<u>DUE DATES</u>		INTEREST	REQUIREMENTS		
		RATES	PRINCIPAL	INTEREST	TOTAL
November 1	2013			36,747	36,747
May 1	2014	5.150%	690,000	36,748	726,748
November 1	2014			18,980	18,980
May 1	2015	5.200%	730,000	18,980	748,980
			\$ 4,350,000	\$ 1,104,819	\$ 5,454,819

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

Bonds, or portions of bonds maturing on or after May 1, 2011, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2010, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2001 SCHOOL BUILDING AND SITE BONDS SERIES A  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2001 School Building and Site Bonds Series A		
<u>PURPOSE</u>	For erecting, furnishing and equipping a new elementary school and playground; erecting furnishing and equipping additions to and partially remodeling, refurbishing and re-equipping the existing elementary and middle/high school buildings; acquiring and installing educational technology; and developing and improving sites.		
<u>DATE OF ISSUE</u>	August 8, 2001		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>			\$ 12,235,000
<u>AMOUNT OF REFUNDING OF PORTION OF 2001 SCHOOL BUILDING AND SITE BONDS SERIES A</u>			(9,190,000)
<u>AMOUNT REDEEMED</u>			
Current Year		\$ 325,000	
Prior Years		1,420,000	1,745,000
<u>BALANCE OUTSTANDING - June 30, 2007</u>			<u><u>\$ 1,300,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1 2007			\$ 27,869	\$ 27,869
May 1 2008	4.100%	\$ 325,000	27,869	352,869
November 1 2008			21,206	21,206
May 1 2009	4.250%	325,000	21,206	346,206
November 1 2009			14,300	14,300
May 1 2010	4.350%	325,000	14,300	339,300
November 1 2010			7,231	7,231
May 1 2011	4.450%	325,000	7,231	332,231
			<u><u>\$ 1,300,000</u></u>	<u><u>\$ 1,441,212</u></u>

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2001 SCHOOL BUILDING AND SITE BONDS SERIES A  
JUNE 30, 2007

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

Bonds, or portions of bonds maturing on or after May 1, 2012, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2011, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2001 SCHOOL BUILDING AND SITE BONDS SERIES B  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2001 School Building and Site Bonds Series B Qualified Zone Academy Bonds			
<u>PURPOSE</u>	For partially remodeling, refurbishing and re-equipping the existing elementary and middle/high school buildings; acquiring and installing educational technology; and developing and improving sites.			
<u>DATE OF ISSUE</u>	September 13, 2001			
<u>INTEREST PAYABLE</u>	None			
<u>AMOUNT OF ISSUE</u>				\$ 1,000,000
<u>AMOUNT REDEEMED</u>				
Current Year	\$	0		
Prior Years		0	0	
			<u>0</u>	
<u>BALANCE OUTSTANDING - June 30, 2007</u>				<u>\$ 1,000,000</u>
<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2015	0.000%	<u>\$ 1,000,000</u>	<u>\$ 0</u>	<u>\$ 1,000,000</u>
<u>DENOMINATION</u>	\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.			
<u>REDEMPTION PRIOR TO MATURITY</u>	Bonds of this issue are not subject to redemption prior to maturity.			

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2003 REFUNDING BONDS  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2003 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	March 20, 2003		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>			\$ 3,950,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$ 50,000	
Prior Years		150,000	200,000
<u>BALANCE OUTSTANDING - June 30, 2007</u>			<u>\$ 3,750,000</u>

<u>DUE DATES</u>	<u>INTEREST</u>	<u>REQUIREMENTS</u>		
	<u>RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1 2007			\$ 73,545	\$ 73,545
May 1 2008	2.600%	\$ 50,000	73,545	123,545
November 1 2008			72,895	72,895
May 1 2009	3.000%	50,000	72,895	122,895
November 1 2009			72,145	72,145
May 1 2010	3.250%	50,000	72,145	122,145
November 1 2010			71,333	71,333
May 1 2011	3.500%	50,000	71,332	121,332
November 1 2011			70,458	70,458
May 1 2012	3.600%	50,000	70,457	120,457
November 1 2012			69,558	69,558
May 1 2013	5.050%	50,000	69,557	119,557
November 1 2013			68,658	68,658
May 1 2014	5.050%	50,000	68,657	118,657
November 1 2014			67,708	67,708
May 1 2015	5.050%	50,000	67,707	117,707
November 1 2015			66,758	66,758
May 1 2016	5.050%	710,000	66,757	776,757
November 1 2016			53,090	53,090

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2003 REFUNDING BONDS

JUNE 30, 2007

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1	2017	5.050%	690,000	53,090	743,090
November 1	2017			39,635	39,635
May 1	2018	5.150%	670,000	39,635	709,635
November 1	2018			26,235	26,235
May 1	2019	5.150%	650,000	26,235	676,235
November 1	2019			13,073	13,073
May 1	2020	5.200%	630,000	13,072	643,072
			<u>\$3,750,000</u>	<u>\$1,530,175</u>	<u>\$ 5,280,175</u>

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

Bonds, or portions of bonds maturing on or after May 1, 2014, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2013, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2005 ENERGY CONSERVATION BONDS  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2005 Energy Conservation Improvement Bonds		
<u>PURPOSE</u>	For paying the cost of certain energy conservation projects for the facilities and the costs related to the issuance of the bonds.		
<u>DATE OF ISSUE</u>	March 1, 2005		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	400,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$	75,000
Prior Years			75,000
			150,000
<u>BALANCE OUTSTANDING - June 30, 2007</u>		\$	250,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 12007			\$ 4,150	\$ 4,150
May 1 2008	3.150%	\$ 80,000	4,150	84,150
November 12008			2,890	2,890
May 1 2009	3.300%	85,000	2,890	87,890
November 12009			1,488	1,488
May 1 2010	3.500%	85,000	1,487	86,487
		\$ 250,000	\$ 17,055	\$ 267,055

DENOMINATION \$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY Bonds of this issue are not subject to redemption prior to maturity.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2005 REFUNDING BONDS  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	July 6, 2005		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	7,190,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$	30,000
Prior Years			30,000
			60,000
<u>BALANCE OUTSTANDING - June 30, 2007</u>		\$	7,130,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1 2007			\$ 151,049	\$ 151,049
May 1 2008	3.500%	\$ 30,000	151,049	181,049
November 1 2008			150,524	150,524
May 1 2009	3.500%	35,000	150,524	185,524
November 1 2009			149,911	149,911
May 1 2010	3.500%	35,000	149,912	184,912
November 1 2010			149,299	149,299
May 1 2011	3.500%	35,000	149,299	184,299
November 1 2011			148,686	148,686
May 1 2012	5.000%	385,000	148,687	533,687
November 1 2012			139,062	139,062
May 1 2013	5.000%	390,000	139,062	529,062
November 1 2013			129,312	129,312
May 1 2014	5.000%	390,000	129,312	519,312
November 1 2014			119,562	119,562
May 1 2015	5.000%	440,000	119,562	559,562
November 1 2015			108,562	108,562

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2005 REFUNDING BONDS  
JUNE 30, 2007

<u>DUE DATES</u>		<u>INTEREST</u> RATES	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1	2016	4.000%	500,000	108,562	608,562
November 1	2016			98,562	98,562
May 1	2017	4.000%	505,000	98,562	603,562
November 1	2017			88,462	88,462
May 1	2018	3.900%	500,000	88,462	588,462
November 1	2018			78,712	78,712
May 1	2019	3.900%	500,000	78,712	578,712
November 1	2019			68,962	68,962
May 1	2020	4.000%	495,000	68,962	563,962
November 1	2020			59,062	59,062
May 1	2021	4.000%	490,000	59,062	549,062
November 1	2021			49,262	49,262
May 1	2022	4.000%	485,000	49,262	534,262
November 1	2022			39,562	39,562
May 1	2023	4.000%	480,000	39,562	519,562
November 1	2023			29,962	29,962
May 1	2024	4.125%	475,000	29,962	504,962
November 1	2024			20,165	20,165
May 1	2025	4.150%	470,000	20,165	490,165
November 1	2025			10,413	10,413
May 1	2026	4.250%	490,000	10,413	500,413
			\$7,130,000	\$3,578,184	\$ 10,708,184

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

Bonds, or portions of bonds maturing on or after May 1, 2014, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2013, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2006 REFUNDING BONDS  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2006 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	October 10, 2006		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>			\$ 2,675,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$	0
Prior Years			0
			0
<u>BALANCE OUTSTANDING - June 30, 2007</u>			\$ 2,675,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1 2007			\$ 55,583	\$ 55,583
May 1 2008	4.000%	\$ 5,000	55,583	60,583
November 1 2008			55,483	55,483
May 1 2009	4.000%	5,000	55,483	60,483
November 1 2009			55,383	55,383
May 1 2010	4.000%	5,000	55,383	60,383
November 1 2010			55,283	55,283
May 1 2011	4.000%	5,000	55,283	60,283
November 1 2011			55,183	55,183
May 1 2012	4.000%	5,000	55,183	60,183
November 1 2012			55,083	55,083
May 1 2013	4.000%	10,000	55,083	65,083
November 1 2013			54,883	54,883
May 1 2014	4.000%	10,000	54,883	64,883
November 1 2014			54,683	54,683
May 1 2015	4.000%	10,000	54,683	64,683
November 1 2015			54,483	54,483
May 1 2016	4.000%	10,000	54,483	64,483
November 1 2016			54,283	54,283

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

2006 REFUNDING BONDS  
JUNE 30, 2007

<u>DUE DATES</u>		INTEREST RATES	PRINCIPAL	INTEREST	TOTAL
May 1	2017	4.000%	10,000	54,283	64,283
November 1	2017			54,083	54,083
May 1	2018	4.000%	10,000	54,083	64,083
November 1	2018			53,883	53,883
May 1	2019	4.000%	10,000	53,883	63,883
November 1	2019			53,683	53,683
May 1	2020	4.000%	10,000	53,683	63,683
November 1	2020			53,483	53,483
May 1	2021	4.000%	10,000	53,483	63,483
November 1	2021			53,283	53,283
May 1	2022	4.100%	10,000	53,283	63,283
November 1	2022			53,078	53,078
May 1	2023	4.100%	10,000	53,078	63,078
November 1	2023			52,873	52,873
May 1	2024	4.100%	10,000	52,873	62,873
November 1	2024			52,668	52,668
May 1	2025	4.100%	15,000	52,668	67,668
November 1	2025			52,361	52,361
May 1	2026	4.100%	15,000	52,361	67,361
November 1	2026			52,053	52,053
May 1	2027	4.100%	510,000	52,053	562,053
November 1	2027			41,598	41,598
May 1	2028	4.125%	505,000	41,598	546,598
November 1	2028			31,182	31,182
May 1	2029	4.150%	500,000	31,183	531,183
November 1	2029			20,807	20,807
May 1	2030	4.200%	495,000	20,808	515,808
November 1	2030			10,412	10,412
May 1	2031	4.250%	490,000	10,413	500,413
			<u>\$ 2,675,000</u>	<u>\$ 2,371,557</u>	<u>\$ 5,046,557</u>

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

See bond document.

**WHITE CLOUD PUBLIC SCHOOLS**

**WHITE CLOUD, MICHIGAN**

**SINGLE AUDIT**

**JUNE 30, 2007**

*Baird, Cotter and Bishop, P. C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

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WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

SINGLE AUDIT  
YEAR ENDED JUNE 30, 2007

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July 27, 2007

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education  
White Cloud Public Schools  
White Cloud, Michigan

COMPLIANCE

We have audited the compliance of White Cloud Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. White Cloud Public Schools major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of White Cloud Public Schools' management. Our responsibility is to express an opinion on White Cloud Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about White Cloud Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on White Cloud Public Schools' compliance with those requirements.

In our opinion, White Cloud Public Schools complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

## INTERNAL CONTROL OVER COMPLIANCE

The management of White Cloud Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered White Cloud Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type or compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the district's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the district's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Cloud Public Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated July 27, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the White Cloud Public Schools basic financial information statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

This report is intended solely for the information and use of management, the Board of Education, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
<b>U.S. Department of Education</b>								
Passed Through Michigan Department of Education (M.D.E.)								
ESEA Title I - Part A								
Project No. 071530-0607	84.010	\$ 426,065	\$ 0	\$ 0	\$ 416,353	\$ 345,504	\$ 70,849	\$ 0
Project No. 061530-0607	84.010	82,340	0	0	82,340	82,340	0	0
Project No. 061530-0506	84.010	438,379	91,645	379,880	1,286	92,931	0	0
Total	84.010	\$ 946,784	\$ 91,645	\$ 379,880	\$ 499,979	\$ 520,775	\$ 70,849	\$ 0
Title V LEA Allocation								
Project No. 070250-0607	84.298	\$ 5,873	\$ 0	\$ 0	\$ 4,529	\$ 4,529	\$ 0	\$ 0
Project No. 060250-0607	84.298	7,399	0	0	7,399	7,399	0	0
Total	84.298	\$ 13,272	\$ 0	\$ 0	\$ 11,928	\$ 11,928	\$ 0	\$ 0
Title II D Technology Literacy Challenge								
Project No. 074290-0607	84.318	\$ 4,743	\$ 0	\$ 0	\$ 1,567	\$ 1,200	\$ 367	\$ 0
Project No. 064290-0607	84.318	5,405	0	0	5,405	5,405	0	0
Total	84.318	\$ 10,148	\$ 0	\$ 0	\$ 6,972	\$ 6,605	\$ 367	\$ 0
Title VI B Rural and Low Income								
Project No. 070660-0607	84.358B	\$ 27,318	\$ 0	\$ 0	\$ 23,680	\$ 17,644	\$ 6,036	\$ 0
Title II A Improving Teacher Quality								
Project No. 070520-0607	84.367	\$ 94,986	\$ 0	\$ 0	\$ 91,150	\$ 76,772	\$ 14,378	\$ 0
Project No. 060520-0607	84.367	2,120	0	0	2,120	2,120	0	0
Project No. 050520-0506	84.367	14,898	(386)	14,400	0	(386)	0	0
Project No. 060520-0506	84.367	122,564	32,534	120,444	0	32,534	0	0
Total	84.367	\$ 234,568	\$ 32,148	\$ 134,844	\$ 93,270	\$ 111,040	\$ 14,378	\$ 0
Hurricane Katrina Relief								
Project No. 064120-1	84.938	\$ 973	\$ 0	\$ 0	\$ 973	\$ 973	\$ 0	\$ 0
Total Passed Through M.D.E.		\$ 1,233,063	\$ 123,793	\$ 514,724	\$ 636,802	\$ 668,965	\$ 91,630	\$ 0
Passed Through Newaygo County Intermediate School District (I.S.D.)								
Special Education - Flowthrough - IDEA								
Project No. 050450-0405	84.027	\$ 228,742	\$ 0	\$ 0	\$ 228,742	\$ 228,742	\$ 0	\$ 0
<b>Total U.S. Department of Education</b>		\$ 1,461,805	\$ 123,793	\$ 514,724	\$ 865,544	\$ 897,707	\$ 91,630	\$ 0

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
<b>U.S Department of Agriculture</b>								
Passed Through Michigan Department of Education								
Child Nutrition Cluster								
National School Lunch								
Section 4 - Total Servings - 061950 and 071950	10.555	\$ 36,660	\$ 0	\$ 0	\$ 36,660	\$ 36,660	\$ 0	\$ 0
Section 11 - Total Servings - 061960 and 071960	10.555	233,549	0	0	233,549	233,549	0	0
Total	10.555	<u>\$ 270,209</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 270,209</u>	<u>\$ 270,209</u>	<u>\$ 0</u>	<u>\$ 0</u>
National School Lunch - Breakfast								
Breakfast - 061970 and 071970	10.553	\$ 83,096	\$ 0	\$ 0	\$ 83,096	\$ 83,096	\$ 0	\$ 0
Total Child Nutrition Cluster		<u>\$ 353,305</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 353,305</u>	<u>\$ 353,305</u>	<u>\$ 0</u>	<u>\$ 0</u>
Food Distribution								
Entitlement Commodities	10.550	\$ 19,992	\$ 0	\$ 0	\$ 19,992	\$ 19,992	\$ 0	\$ 0
Bonus Commodities	10.550	333	0	0	333	333	0	0
Total	10.550	<u>\$ 20,325</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,325</u>	<u>\$ 20,325</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Passed Through M.D.E.		<u>\$ 373,630</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 373,630</u>	<u>\$ 373,630</u>	<u>\$ 0</u>	<u>\$ 0</u>
Passed Through Newaygo County								
Schools and Roads								
National Forest Land	10.665	\$ 32,703	\$ 0	\$ 0	\$ 32,703	\$ 32,703	\$ 0	\$ 0
<b>Total U.S. Department of Agriculture</b>		<u>\$ 406,333</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 406,333</u>	<u>\$ 406,333</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>U.S. Department of Defense</b>								
Civilian Youth Opportunities (NJROTC)	12.404	\$ 45,040	\$ 0	\$ 0	\$ 45,040	\$ 45,040	\$ 0	\$ 0
<b>Total Federal Financial Assistance</b>		<u>\$ 1,913,178</u>	<u>\$ 123,793</u>	<u>\$ 514,724</u>	<u>\$ 1,316,917</u>	<u>\$ 1,349,080</u>	<u>\$ 91,630</u>	<u>\$ 0</u>
					(B)	(C)		

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2007, basic financial statements.

(B) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Federal Sources - Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds	\$	<u>1,316,917</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	\$	<u>1,316,917</u>

(C) Reconciliation of Grant Auditor Report with Schedule of Expenditures of Federal Awards

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

Current Cash Payments per Cash Management System (CMS)		\$ 1,047,765
Add Items Not on CMS Report:		
Amounts Received Through Intermediate School District		
Special Education IDEA	\$ 228,742	
Amounts Received Through U.S. Department of Defense		
Civilian Youth Opportunities (NJROTC)	45,040	
Amounts Received as Payments in Kind		
Food Distribution Program		
Entitlement Commodities	19,992	
Bonus Commodities	333	
Amounts Received Through Newaygo County Schools		
and Roads - National Forest Land	<u>32,703</u>	326,810

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Amounts reported on 6/30/07 R7120 Grant Section Auditors			
Report not recorded on CMS Grant Auditor Report			
Hurricane Katrina Relief	\$	973	
Title II A 050520-0506		(386)	
Child Nutrition Cluster			
National School Lunch Program		270,209	
National School Breakfast Program		<u>83,096</u>	353,892
Reconciliation of errors on new CMS Report			
Title II D 062490-0506		(3,242)	
(paid during 06/30/2006 fiscal year)			
Title I 061530-0506		(288,235)	
(paid during 06/30/2006 fiscal year)			
Title II A 060520-0506		<u>(87,910)</u>	<u>(379,387)</u>
(paid during 06/03/2006 fiscal year)			
	\$		<u><u>1,349,080</u></u>

# *Baird, Cotter and Bishop, P.C.*

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July 27, 2007

## 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*

To the Board of Education  
White Cloud Public Schools  
White Cloud, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of White Cloud Public Schools, White Cloud, Michigan, as of and for the year ended June 30, 2007, and have issued our report thereon dated July 27, 2007. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered White Cloud Public Schools, White Cloud, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of White Cloud Public Schools, White Cloud, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of White Cloud Public Schools, White Cloud, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether White Cloud Public Schools, White Cloud, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FINDINGS

None

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**A. Summary of Auditor's Results**

***Financial Statements***

Type of auditors' report issued:		Unqualified		
Significant deficiencies identified:	_____	Yes	___X___	No
Significant deficiencies identified as material weakness(es)?	_____	Yes	___X___	No
Noncompliance material to financial statements noted?	_____	Yes	___X___	No

***Federal Awards***

Internal control over major programs:				
Significant deficiencies identified:	_____	Yes	___X___	No
Significant deficiencies identified as material weakness(es)?	_____	Yes	___X___	No
Type of auditors' report issued on compliance for major programs:				Unqualified
Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?	_____	Yes	___X___	No

Identification of major programs:	
_____ CFDA Number(s) _____	_____ Name of Federal Program or Cluster _____
84.010	Title I – Improving Basic Programs
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	___X___ Yes _____ No

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

*Baird, Cotter and Bishop, P.C.*

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July 27, 2007

To the Board of Education  
White Cloud Public Schools  
P.O. Box 1003  
White Cloud, MI 49349

As a result of our audit of the financial statements of White Cloud Public Schools for the year ended June 30, 2007, we would like to comment on the following items relative to the management and accounting records and procedures of the School District.

Athletic Activities Fund Records

We commend the District for fully integrating the Athletic Fund records into the District's computerized general ledger system this year.

Interfund Borrowings

At year end the records reflected differences between funds as to amounts owed to and from individual funds. We recommend that these balances be reconciled and paid on a monthly basis to zero these amounts out.

We wish to take this opportunity to thank the Board for awarding this firm the audit assignment of the District, and to the administration and staff for their assistance in helping us complete this audit assignment. If you have any questions relative to the preceding comments and recommendations or any other area of concern, please feel free to contact us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*