

**CENTRAL LAKE PUBLIC SCHOOLS**

**CENTRAL LAKE, MICHIGAN**

**JUNE 30, 2007**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2007

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

## CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
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July 11, 2007

### INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Central Lake Public Schools  
Central Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Central Lake Public Schools, Central Lake, 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 Central Lake 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 Central Lake Public Schools, Central Lake, 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 11, 2007, on our consideration of Central Lake Public 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 24, 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 Central Lake Public Schools, Central Lake, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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.*

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

Central Lake Public Schools, a K-12 school district located in Antrim County, Michigan has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Central Lake Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

**A. Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds which include Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**B. Government-wide Financial Statements**

This report includes government-wide statements as required by GASB Statement Number 34. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

**C. Summary of Net Assets**

The following schedule summarizes the net assets at fiscal year ended June 30, 2007 and June 30, 2006:

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

	2007	2006
<b>Assets</b>		
Current Assets	\$ 1,505,410	\$ 1,670,274
Non Current Assets		
Capital Assets	\$ 7,525,244	\$ 7,511,481
Less Accumulated Depreciation	(3,029,273)	(2,798,726)
Total Non Current Assets	\$ 4,495,971	\$ 4,712,755
Total Assets	\$ 6,001,381	\$ 6,383,029
<b>Liabilities</b>		
Current Liabilities	\$ 627,110	\$ 599,864
Non Current Liabilities	1,005,972	1,205,215
Total Liabilities	\$ 1,633,082	\$ 1,805,079
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	\$ 3,370,971	\$ 3,392,755
Restricted for Debt Service	223,416	175,183
Unrestricted	773,912	1,010,012
Total Net Assets	\$ 4,368,299	\$ 4,577,950
Total Liabilities and Net Assets	\$ 6,001,381	\$ 6,383,029

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2007, the District's net assets decreased by \$209,651. A few of the more significant factors affecting net assets during the year are discussed below:

**1. Depreciation Expense**

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007, \$230,547 was recorded for depreciation expense.

CENTRAL LAKE PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

**2. Capital Outlay Acquisitions**

For the fiscal year ended June 30, 2007, \$13,763 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$216,784 for the fiscal year ended June 30, 2007.

**E. Results of Operations**

For the fiscal year ended June 30, 2007 and 2006, the results of operations, on a District-wide basis, were:

	2007	% of Total	2006	% of Total
<b>General Revenues</b>				
Property Taxes	\$ 2,520,663	51.23 %	\$ 2,259,653	48.26 %
Interest Earnings	52,841	1.07 %	58,859	1.26 %
State Sources	1,141,787	23.20 %	1,348,965	28.81 %
Gain on Sale of Capital Assets	0	0.00 %	2,000	0.04 %
Other	130,624	2.66 %	39,471	0.84 %
<b>Total General Revenues</b>	<b>\$ 3,845,915</b>	<b>78.16 %</b>	<b>\$ 3,708,948</b>	<b>79.21 %</b>
<b>Program Revenues</b>				
Charges for Services	\$ 220,533	4.48 %	\$ 165,604	3.54 %
Operating Grants	854,367	17.36 %	807,724	17.25 %
<b>Total Program Revenues</b>	<b>\$ 1,074,900</b>	<b>21.84 %</b>	<b>\$ 973,328</b>	<b>20.79 %</b>
<b>Total Revenues</b>	<b>\$ 4,920,815</b>	<b>100.00 %</b>	<b>\$ 4,682,276</b>	<b>100.00 %</b>
<b>Expenses</b>				
Instruction	\$ 2,691,412	52.46 %	\$ 2,617,761	52.97 %
Supporting Services	1,612,450	31.43 %	1,630,099	32.98 %
Community Activities	21,595	0.42 %	8,745	0.18 %
Food Service Activities	165,799	3.23 %	170,169	3.44 %
Athletic Activities	173,594	3.38 %	149,683	3.03 %
Interest on Long-Term Debt	44,400	0.87 %	48,461	0.98 %
Capital Outlay	39,349	0.77 %	5,986	0.12 %

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

	2007	% of Total	2006	% of Total
Other Transactions	151,320	2.95 %	79,406	1.61 %
Unallocated Depreciation	230,547	4.49 %	231,954	4.69 %
 Total Expenses	\$ 5,130,466	100.00 %	\$ 4,942,264	100.00 %
 Change in Net Assets	\$ <u>(209,651)</u>		\$ <u>(259,988)</u>	

**F. Analysis of Significant Revenues and Expenses**

Significant revenues and expenditures are discussed in the segments below:

**1. Property Taxes**

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2006-2007 fiscal year, the District levied \$2,134,128 in non-homestead property taxes. This represented an increase of 8.23% from the prior year. The amount of unpaid property taxes of the General Fund at June 30, 2007, was \$6,412.

The following table summarizes the non-homestead property tax levies for operations for the past three years:

Fiscal Year	Non-Homestead Tax Levy
2006-2007	2,134,128
2005-2006	1,971,841
2004-2005	1,805,236

**2. State Sources**

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment

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

consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2006-2007 fiscal year, the District received \$7,847 per student FTE.

**3. Student Enrollment**

The following schedule summarizes the blended student enrollment for the past three fiscal years:

Fiscal Year	Blended Student FTE
2006-2007	425
2005-2006	444
2004-2005	480

**4. Operating Grants**

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2007, federal, state, and other grants accounted for \$854,367.

**G. General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2006-2007 fiscal year, the District amended the general fund budget in June 2007. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 4,397,644	\$ 4,298,368	\$ 4,278,566	\$ (19,802)
<b><u>EXPENDITURES</u></b>				
Instruction	\$ 2,650,921	\$ 2,703,927	\$ 2,690,470	\$ (13,457)
Supporting Services	1,644,817	1,644,696	1,617,635	(27,061)
Transfers	0	135,854	135,854	0

CENTRAL LAKE PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

Community Activities	10,833	21,597	21,595	(2)
Other	267,086	55,608	63,783	8,175
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 4,573,657	\$ 4,561,682	\$ 4,529,337	\$ (32,345)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The total revenues variance of \$19,802 is 0.46% of total budgeted revenues and the total expenditures variance of \$32,345 is 0.71% of the total General Fund budget expenditures.

**H. Capital Asset and Debt Administration**

**1. Capital Assets**

By the end of the 2006-2007 fiscal year, the District had invested over \$7.53 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of approximately \$13,763 from the prior fiscal year. Depreciation expense for the year amounted to \$230,547 bringing the accumulation to \$3.03 million as of June 30, 2007.

**2. Long-Term Debt**

At June 30, 2007, the District had \$1,125,000 in bonded debt outstanding. This represents a reduction of \$195,000 over the amount outstanding at the close of the prior fiscal year.

**I. Factors Impacting the District's Present and Future Financial Conditions**

At the time that these financial statements were prepared and audited, the District was aware of the following factors that have had impact on finances and could have significant affect on the district's financial security in the future:

- The bleak economic picture in the state continues to have a depressing financial impact on Central Lake Public Schools, as well as all schools in the State of Michigan. The foundation allowance has continued to remain flat, while a decrease was threatened to balance the State budget during the school-year. The Michigan Public School Employee Retirement offered a cash flow reprieve by issuing a credit to the School District in the amount of \$61,145. This helped the cash flow for the District in June and will continue into July.
- The School District had another 13.8 decrease in the student enrollment during the 2006-2007 school year that resulted in the District using the majority of fund balance during the year. The school continues to feel the impact of a student count that is below the average of the last five years. This decrease in students is mainly due to population loss due to loss of available jobs in the area.

CENTRAL LAKE PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

- The support staff changed healthcare plans this past year to a Blue Cross Blue Shield Flexible Blue 2 program. This saved over \$300 each month per member for the District. The MEA switched from MESSA Super Care to MESSA Choices II. This change saved over \$100 per month per member.
- The School District has continued the partnership with Northwest Community Health Agency in providing our Preschool program at the Purdy Early Education wing. The partnership saves the District several thousand dollars on payroll and operational expenses. For the upcoming year, this partnership will continue to provide savings as the agency will begin to directly pay the preschool assistant.
- For the upcoming 2007-2008 school year the School District has made several cost saving cuts to offset the anticipated continued reduction in student population. The District accepted the retirement of two seasoned employees, reduced the Dean of Students time, reduced all paraprofessional to part-time status, eliminated a secretary and one bus run. In trying to maximize educational opportunities while reducing costs, the cuts and reductions were made to keep the School District's operations functioning with as much efficiency as possible.
- The District will see an overall decrease in revenues for the 2007-2008 school year. While the tax payers supported an 18.0 mill Homestead Operating millage, the revenues coming to the School District via grants through state and federal governments will decline, increasing the costs that will be needed to be paid utilizing the tax levy and state foundation allowance dollars.

**J. Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Central Lake Public Schools, 8190 W. State Street, P.O. Box 128, Central Lake, Michigan 49622.

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 32,588
Taxes Receivable	7,349
Accounts Receivable	16,418
Due from Other Governments	184,991
Inventories	5,468
Investments	1,238,426
Prepaid Expenses	20,170
Total Current Assets	<u>1,505,410</u>

NON CURRENT ASSETS

Capital Assets	7,525,244
Less Accumulated Depreciation	<u>(3,029,273)</u>
Total Non Current Assets	<u>4,495,971</u>

TOTAL ASSETS \$ 6,001,381

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 355
Meal Plan Deposits	836
Due to External Parties (Fiduciary Fund)	515
Accrued Expenses	75,531
Accrued Interest Payable	6,655
Salaries Payable	300,483
Deferred Revenue	47,735
Current Portion of Non Current Liabilities	<u>195,000</u>
Total Current Liabilities	<u>627,110</u>

NON CURRENT LIABILITIES

Bonds Payable	1,125,000
Compensated Absences	75,972
Less Current Portion of Non Current Liabilities	<u>(195,000)</u>
Total Non Current Liabilities	<u>1,005,972</u>

Total Liabilities 1,633,082

NET ASSETS

Invested in Capital Assets Net of Related Debt	3,370,971
Restricted for Debt Service	223,416
Unrestricted	<u>773,912</u>
Total Net Assets	<u>4,368,299</u>

TOTAL LIABILITIES AND NET ASSETS \$ 6,001,381

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

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, 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	\$ 2,104,310	\$ 82,463	\$ 137,311	\$ (1,884,536)
Added Needs	413,714	13,987	512,224	112,497
Career and Technical Education	173,388	0	0	(173,388)
Supporting Services				
Pupil	208,404	0	117,184	(91,220)
Instructional Staff	200,468	0	0	(200,468)
General Administration	183,046	0	0	(183,046)
School Administration	246,542	0	0	(246,542)
Business	119,263	0	0	(119,263)
Operation and Maintenance of Plant	390,502	0	0	(390,502)
Pupil Transportation Services	186,812	0	1,515	(185,297)
Other Supporting Services	77,413	0	0	(77,413)
Community Activities	21,595	0	0	(21,595)
Food Service Activities	165,799	84,199	86,133	4,533
Athletic Activities	173,594	39,884	0	(133,710)
Interest on Long Term Debt	44,400	0	0	(44,400)
Capital Outlay	39,349	0	0	(39,349)
Other Transactions	151,320	0	0	(151,320)
Unallocated Depreciation	230,547	0	0	(230,547)
Total Governmental Activities	<u>\$ 5,130,466</u>	<u>\$ 220,533</u>	<u>\$ 854,367</u>	<u>(4,055,566)</u>
<u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				2,233,960
Property Taxes - Debt Service				286,703
Interest Earnings				52,841
State Sources				1,141,787
Other				130,624
Total General Revenues				<u>3,845,915</u>
Change in Net Assets				(209,651)
<u>NET ASSETS</u> - Beginning of Year				<u>4,577,950</u>
<u>NET ASSETS</u> - End of Year				<u>\$ 4,368,299</u>

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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2007

	GENERAL FUND	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash	\$ 3,052	\$ 0	\$ 0	\$ 29,536	\$ 32,588
Taxes Receivable	6,412	46	891	0	7,349
Accounts Receivable	16,344	0	0	74	16,418
Due from Other Funds	0	11,672	0	0	11,672
Due from Other Governments	183,690	0	0	1,301	184,991
Inventories	0	0	0	5,468	5,468
Investments	239,034	764,899	234,493	0	1,238,426
Prepaid Expenses	20,170	0	0	0	20,170
<b>TOTAL ASSETS</b>	<b>\$ 468,702</b>	<b>\$ 776,617</b>	<b>\$ 235,384</b>	<b>\$ 36,379</b>	<b>\$ 1,517,082</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 355	\$ 0	\$ 0	\$ 0	\$ 355
Meal Plan Deposits	0	0	0	836	836
Salaries Payable	300,483	0	0	0	300,483
Accrued Expenses	75,531	0	0	0	75,531
Due to Other Funds	3,251	3,108	5,313	515	12,187
Deferred Revenue	47,735	0	0	0	47,735
<b>Total Liabilities</b>	<b>427,355</b>	<b>3,108</b>	<b>5,313</b>	<b>1,351</b>	<b>437,127</b>
<u>FUND BALANCES</u>					
Reserved for Inventories	0	0	0	5,468	5,468
Reserved for Prepaid Expenses	20,170	0	0	0	20,170
Reserved for Debt Service	0	0	230,071	0	230,071
Designated for Food Service	0	0	0	20,376	20,376
Designated for Athletic Activities	0	0	0	9,184	9,184
Unreserved, Undesignated	21,177	773,509	0	0	794,686
<b>Total Fund Balances</b>	<b>41,347</b>	<b>773,509</b>	<b>230,071</b>	<b>35,028</b>	<b>1,079,955</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 468,702</b>	<b>\$ 776,617</b>	<b>\$ 235,384</b>	<b>\$ 36,379</b>	<b>\$ 1,517,082</b>

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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances		\$ 1,079,955
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	7,525,244	
Accumulated depreciation is	<u>(3,029,273)</u>	4,495,971
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Bonds Payable		(1,125,000)
Compensated Absences		(75,972)
Accrued interest is not included as a liability in government funds, it is recorded when paid		<u>(6,655)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 4,368,299</u></u>

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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	GENERAL FUND	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Sources	\$2,298,570	\$128,775	\$295,735	\$ 131,568	\$ 2,854,648
State Sources	1,361,510	0	38	12,531	1,374,079
Federal Sources	251,763	0	0	73,602	325,365
Other Transactions	366,723	0	0	0	366,723
Total Revenues	<u>\$4,278,566</u>	<u>\$128,775</u>	<u>\$295,773</u>	<u>\$ 217,701</u>	<u>\$ 4,920,815</u>
<u>EXPENDITURES</u>					
Instruction					
Basic Programs	\$2,103,597	\$ 0	\$ 0	\$ 0	\$ 2,103,597
Added Needs	413,485	0	0	0	413,485
Career and Technical Education	173,388	0	0	0	173,388
Supporting Services					
Pupil	209,116	0	0	0	209,116
Instructional Staff	201,914	0	0	0	201,914
General Administration	183,046	0	0	0	183,046
School Administration	247,765	0	0	0	247,765
Business	119,263	0	0	0	119,263
Operation and Maintenance	389,982	0	0	0	389,982
Pupil Transportation Services	187,974	0	0	0	187,974
Other Support Services	78,575	0	0	0	78,575
Community Activities	21,595	0	0	0	21,595
Food Service Activities	0	0	0	165,799	165,799
Athletic Activities	0	0	0	173,594	173,594
Capital Outlay	0	53,112	0	0	53,112
Debt Service					
Principal	0	0	195,000	0	195,000
Interest	0	0	45,294	0	45,294
Other Transactions	63,783	2,267	591	0	66,641
Total Expenditures	<u>\$4,393,483</u>	<u>\$ 55,379</u>	<u>\$240,885</u>	<u>\$ 339,393</u>	<u>\$ 5,029,140</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ (114,917)</u>	<u>\$ 73,396</u>	<u>\$ 54,888</u>	<u>\$ (121,692)</u>	<u>\$ (108,325)</u>

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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

		CAPITAL	DEBT	OTHER	
	GENERAL	PROJECTS	SERVICE	NONMAJOR	TOTAL
	FUND	FUNDS	FUNDS	GOVERNMENTAL	GOVERNMENTAL
	FUND	FUNDS	FUNDS	FUNDS	FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 135,854	\$ 135,854
Transfers Out	(135,854)	0	0	0	(135,854)
Total Other Financing Sources (Uses)	\$ (135,854)	\$ 0	\$ 0	\$ 135,854	\$ 0
Net Change in Fund Balances	\$ (250,771)	\$ 73,396	\$ 54,888	\$ 14,162	\$ (108,325)
<u>FUND BALANCES</u> - Beginning of Year	292,118	700,113	175,183	20,866	1,188,280
<u>FUND BALANCES</u> - End of Year	\$ 41,347	\$ 773,509	\$ 230,071	\$ 35,028	\$ 1,079,955

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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, 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 \$ (108,325)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities.  
These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(230,547)
Capital Outlay	13,763

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	7,549
Accrued Interest Payable - End of Year	(6,655)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Revenue - Beginning of Year	(84,679)
--------------------------------------	----------

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	195,000
--	---------

Employees Early Retirement and Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	80,215
Compensated Absences - End of Year	<u>(75,972)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (209,651)</u></u>
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The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	<u>PRIVATE PURPOSE TRUST FUND</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>		
Cash	\$ 15,148	\$ 80,664
Due from Other Funds	0	515
TOTAL ASSETS	<u>\$ 15,148</u>	<u>\$ 81,179</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to Groups and Organizations	\$ 0	\$ 81,179
 <u>NET ASSETS</u>		
Reserved for Trust Activities	<u>15,148</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,148</u>	<u>\$ 81,179</u>

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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

JUNE 30, 2007

	<u>PRIVATE PURPOSE TRUST FUND</u>
<u>ADDITIONS</u>	
Earnings on Investments and Deposits	\$ 545
<u>DEDUCTIONS</u>	<u>0</u>
Change In Net Assets	\$ 545
<u>NET ASSETS</u> - Beginning of Year	<u>14,603</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 15,148</u>

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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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

The basic financial statements of the Central Lake 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**

Central Lake Public Schools (the "District") is located in Antrim County with its administrative offices located in Central Lake, Michigan. The District is governed by the Central Lake Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District provides services to its 444 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*.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) 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.

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).

The District does not allocate indirect costs.

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 funds:

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.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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.

**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.

The *Expendable Trust Funds* are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

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.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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 \$7,847 for Central Lake 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 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 governments.

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 which equals costs. The School District's investment policy states the superintendent is responsible for maximizing the interest earnings of the District. Authorized investments of the District are restricted to:

- (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.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate a bank 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) Certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state.

The board also authorizes the superintendent to open passbook savings accounts for general fund monies to earn interest while not being used for operating purposes or invested otherwise. Such accounts shall be used when the cash flow pattern does not permit the purchases of longer term investments or when the rate of return is comparable or greater than is available from other investments.

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. Property taxes are assessed as of January 1 and are billed and due December 1. Unpaid taxes become delinquent as of February 14th and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

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

<u>Fund</u>	<u>Mills</u>
General Fund – Non-homestead	18.0000
Capital Projects – Homestead and non-homestead	0.4500
Debt Service Fund – Homestead and non-homestead	1.3000

Antrim County has a tax revolving fund which allows the county to pay off the various taxing units for their share of the current year real property taxes returned delinquent. In the current fiscal year, the School District received the total real property taxes returned delinquent for the

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

2006 tax roll. No liability for possible repayment of taxes and no allowance for uncollectible taxes has been recognized in the financial statements.

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. The General Fund Inventory consists of the costs incurred to date for the construction of a Building Trades home. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed 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 remaining useful lives of the related fixed assets.

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

Buildings and additions	25 - 50 years
Furniture, Equipment and Textbooks	5 - 20 years
Land Improvements	40 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. 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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Deferred Revenue

The District reports deferred revenue on its individual fund balance sheets. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

10. 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. Budgeting**

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, debt, and capital projects funds. All annual appropriations lapse at fiscal year-end.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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

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

1. In June, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budgets are legally enacted through passage of a resolution.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year, the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 26, 2006, or as amended by the School Board of Education from time to time throughout the year.

**B. Funds with Expenditures in Excess of Appropriations were as follows:**

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Supporting Services		
Instructional Staff	\$ 201,714	\$ 201,914
Other Support Services	75,597	78,575
Other Transactions	55,608	63,783
Food Service Fund	165,799	170,169

These overages were funded by greater than anticipated revenues and available fund balance.

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

**A. Deposits**

The District's deposits and investments are all on deposit with Alden State Bank.

*Custodial credit risk – deposits.* This is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2007, \$832,240 of the

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

government's bank balance of \$1,500,043 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**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:

	General	Capital Projects	Debt Service	Nonmajor and Other Funds	Total
Receivables					
Taxes	\$ 6,412	\$ 46	\$ 891	\$ 0	\$ 7,349
Accounts	16,344	0	0	74	16,418
Due from Other Governments	183,690	0	0	1,301	184,991
 Total Receivables	 \$ 206,446	 \$ 46	 \$ 891	 \$ 1,375	 \$ 208,758

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:

	<u>Unavailable</u>	<u>Unearned</u>
Grants Revenues Received, But Not Yet Utilized	\$ 0	\$ 47,735

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**C. Capital Assets**

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

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets:				
Land and Improvements	\$ 38,374	\$ 0	\$ 0	\$ 38,374
Buildings and Additions	5,761,429	5,318	0	5,766,747
Furniture, Equipment and Textbooks	1,711,678	8,445	0	1,720,123
Subtotal	<u>\$ 7,511,481</u>	<u>\$ 13,763</u>	<u>\$ 0</u>	<u>\$ 7,525,244</u>
Less Accumulated				
Depreciation for:				
Land and Improvements	\$ 10,030	\$ 951	\$ 0	\$ 10,981
Buildings and Additions	1,679,296	138,373	0	1,817,669
Furniture Equipment and Textbooks	1,109,400	91,223	0	1,200,623
Total Accumulated Depreciation	<u>\$ (2,798,726)</u>	<u>\$ (230,547)</u>	<u>\$ 0</u>	<u>\$ (3,029,273)</u>
Net Capital assets	<u>\$ 4,712,755</u>	<u>\$ (216,784)</u>	<u>\$ 0</u>	<u>\$ 4,495,971</u>

Depreciation for the fiscal year ended June 30, 2007 amounted to \$230,547. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**D. Long-Term Debt**

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

	SERIAL BONDS PAYABLE	ACCRUED EXPENSES	TOTAL
Long-Term Debt at – Beginning of Year	\$ 1,320,000	\$ 80,215	\$ 1,400,215
Increases in Debt	0	0	0
Decreases in Debt	(195,000)	(4,243)	(199,243)
Long-Term Debt at – End of Year	<u>\$ 1,125,000</u>	<u>\$ 75,972</u>	<u>\$ 1,200,972</u>
Less Current Portion	(195,000)	0	(195,000)
Total Due After One Year	<u>\$ 930,000</u>	<u>\$ 75,972</u>	<u>\$ 1,005,972</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

At June 30, 2007, the School's Long-Term Debt consisted of the following:

Serial Bonds Payable

2003 School Refunding Bonds Due in Annual Installments of \$180,000 to \$195,000 through May 1, 2013, Interest at 3.00% to 4.00%	\$ 1,125,000
Accumulated Sick Pay	75,972
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 1,200,972</b>

The annual requirements to amortize all debt outstanding as of June 30, 2007, including interest payments of \$144,940 are as follows:

YEAR ENDING JUNE 30,	Serial Bonds		Amounts Payable
	Principal	Interest	
2008	\$ 195,000	\$ 39,932	\$ 234,932
2009	195,000	34,082	229,082
2010	190,000	27,988	217,988
2011	185,000	21,338	206,338
2012	180,000	14,400	194,400
2013	180,000	7,200	187,200
	\$ 1,125,000	\$ 144,940	\$ 1,269,940
Accumulated Sick Pay	75,972	0	75,972
	\$ 1,200,972	\$ 144,940	\$ 1,345,912

The annual requirements to amortize the accumulated sick pay is uncertain because it is unknown when the payments will be made.

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

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

FUND	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 0	\$ 3,251
School Service Fund - Food Service	0	515
2006 Capital Projects	3,264	3,108
1989 Capital Projects	3,108	0
Debt Retirement	0	13
Agency Fund	515	0
	\$ 6,887	\$ 6,887

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2007 are expected to be repaid within one year.

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

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 135,854
School Service Fund - Food Service	960	0
School Service Fund - Athletic	134,894	0
	\$ 135,854	\$ 135,854

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers are used to move unrestricted General Fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies. The General Fund transfers to the Food Service Fund and Athletic Fund were to subsidize operations.

**F. Interest Income and Expense**

Interest income and expense for the year ended June 30, 2007 is as follows:

	INTEREST	
FUND	INCOME	EXPENSE
General Fund	\$ 14,072	\$ 10,756
School Special Funds		
Food Service Fund	218	0
Athletic Activities Fund	380	0
Debt Retirement Fund	8,600	45,294
Capital Projects Funds		
1989 Capital Projects Fund	2,081	0
1992 Capital Projects Fund	16,657	0
1993 Capital Projects Fund	9,497	0
Sinking Fund	1,336	0
Trust and Agency Funds		
Expendable Trust Fund	2,916	0
	\$ 55,757	\$ 56,050

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**NOTE 4 - OTHER INFORMATION**

**A. Employee Retirement System**

Central Lake Public Schools contributes to the Michigan Public School Employees Retirement System (MPSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Michigan Department of Management and Budget, Office of Retirement Systems. General oversight of the retirement system resides with the MPSERS' board. MPSERS provides retirement and disability and survivor benefits with annual 3% increases in pensions of members who are in the Member Investment Plan. With certain exceptions, pension recipients are also eligible for Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage. Benefits are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Office of Retirement Systems, Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling 1-517-322-5103.

Employees first hired before January 1, 1990, could make a one-time irrevocable election to contribute to the Member Retirement Plan (MIP). Employees first hired on or after January 1, 1990, are automatically included in MIP. Employees in the MIP who were hired before January 1, 1990, contribute 3.9% of their salaries to the plan. Employees hired on or after that date contribute 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000. Central Lake Public Schools is required to contribute at an actuarially determined rate. During the year ended June 30, 2007, the District was required to contribute 16.34% of covered compensation for the first quarter and 17.74% of covered compensation for the last three quarters. The contribution requirements of plan members and Central Lake Public Schools are established and may be amended by the MPSERS board. The District's contributions to the MPSERS for the years ended June 30, 2007, 2006 and 2005 were \$405,981, \$363,403 and \$342,613 respectively, and were equal to the required contributions for each year.

**B. 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

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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.

**C. Single Audit Report**

Federal rules were changed so that entities with federal expenditures less than \$500,000 are not required to have a single audit of federally funded programs. At June 30, 2007, the School District's expenditures from federally funded programs were less than \$500,000.

**D. Community Foundation**

On March 9, 1999, the Board of Education passed a resolution to participate in the Grand Traverse Regional Community Foundation and a Central Lake School District Fund was established. Contributions to the fund become the property of the foundation, held in its corporate capacity. Income earned by the fund is to be used, not to replace public financing, but to provide flexible funds to support, non-operational educational opportunities for the Central Lake School District. Net earnings of the fund shall be paid not more than twice a year or at a different schedule agreed upon by the fund's advisory committee and the foundation.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

YEAR ENDED JUNE 30, 2007

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL AMOUNTS</u>
<u>REVENUES</u>			
Local Sources	\$ 2,578,945	\$ 2,318,712	\$ 2,298,570
State Sources	1,568,455	1,361,509	1,361,510
Federal Sources	249,468	251,424	251,763
Other Transactions	776	366,723	366,723
Total Revenues	<u>4,397,644</u>	<u>4,298,368</u>	<u>4,278,566</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	2,018,156	2,113,288	2,103,597
Added Needs	446,257	415,143	413,485
Career and Technical Education	186,508	175,496	173,388
Supporting Services			
Pupil	215,693	211,801	209,116
Instructional Staff	215,823	201,714	201,914
General Administration	176,057	185,403	183,046
School Administration	218,748	247,950	247,765
Business	124,529	121,057	119,263
Operation and Maintenance	437,064	404,772	389,982
Pupil Transportation Services	183,813	196,402	187,974
Other Support Services	73,090	75,597	78,575
Community Activities	10,833	21,597	21,595
Other Transactions	267,086	55,608	63,783
Total Expenditures	<u>4,573,657</u>	<u>4,425,828</u>	<u>4,393,483</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(176,013)	(127,460)	(114,917)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	0	(135,854)	(135,854)
Net Change in Fund Balance	(176,013)	(263,314)	(250,771)
<u>FUND BALANCE</u> - Beginning of Year	<u>287,841</u>	<u>292,118</u>	<u>292,118</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 111,828</u>	<u>\$ 28,804</u>	<u>\$ 41,347</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 29,536
Accounts Receivable	74
Due from Other Governments	1,301
Inventory	<u>5,468</u>
 TOTAL ASSETS	 <u>\$ 36,379</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Meal Plan Deposits	\$ 836
Due to Other Funds	<u>515</u>
 Total Liabilities	 <u>\$ 1,351</u>
<u>FUND BALANCES</u>	
Reserved for Inventory	\$ 5,468
Unreserved	
Designated for:	
Food Service	20,376
Athletic Activities	<u>9,184</u>
 Total Fund Balances	 <u>\$ 35,028</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 36,379</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>
<u>REVENUES</u>	
Local Sources	\$ 131,568
State Sources	12,531
Federal Sources	<u>73,602</u>
Total Revenues	<u>\$ 217,701</u>
<u>EXPENDITURES</u>	
Food Service Activities	\$ 165,799
Athletic Activities	<u>173,594</u>
Total Expenditures	<u>\$ 339,393</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (121,692)</u>
<u>OTHER FINANCING SOURCES</u>	
Operating Transfers In	<u>\$ 135,854</u>
Net Change in Fund Balances	\$ 14,162
<u>FUND BALANCES</u> - Beginning of Year	<u>20,866</u>
<u>FUND BALANCES</u> - End of Year	<u><u>\$ 35,028</u></u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 3,052	\$ 6,612
Taxes Receivable	6,412	6,627
Accounts Receivable	16,344	11,038
Due from Other Funds	0	7,112
Due from Other Governments	183,690	263,847
Inventory	0	19,757
Investments	239,034	468,031
Prepaid Expenses	20,170	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 468,702	\$ 783,024
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 355	\$ 7,310
Accrued Expenses	75,531	111,674
Salaries Payable	300,483	278,169
Due to Other Funds	3,251	9,074
Deferred Revenue	47,735	84,679
	<hr/>	<hr/>
Total Liabilities	\$ 427,355	\$ 490,906
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	\$ 0	\$ 19,757
Prepaid Expenses	20,170	0
Unreserved		
Undesignated	21,177	272,361
	<hr/>	<hr/>
Total Fund Balance	\$ 41,347	\$ 292,118
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 468,702	\$ 783,024
	<hr/> <hr/>	<hr/> <hr/>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

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

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

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 2,318,712	\$ 2,298,570	\$ 2,052,980
State Sources	1,361,509	1,361,510	1,528,287
Federal Sources	251,424	251,763	241,333
Incoming Transfers and Other Transactions	366,723	366,723	371,161
	<hr/>		<hr/>
Total Revenues	\$ 4,298,368	\$ 4,278,566	\$ 4,193,761
<hr/>			
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	\$ 2,113,288	\$ 2,103,597	\$ 2,157,894
Added Needs	415,143	413,485	324,101
Career and Technical Education	175,496	173,388	175,961
Supporting Services			
Pupil	211,801	209,116	209,841
Instructional Staff	201,714	201,914	208,826
General Administration	185,403	183,046	155,364
School Administration	247,950	247,765	217,748
Business	121,057	119,263	149,383
Operation and Maintenance	404,772	389,982	413,869
Pupil Transportation Services	196,402	187,974	198,264
Other Support Services	75,597	78,575	78,067
Community Activities	21,597	21,595	8,745
Other Transactions	55,608	63,783	96,690
	<hr/>		<hr/>
Total Expenditures	\$ 4,425,828	\$ 4,393,483	\$ 4,394,753
	<hr/>		<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ (127,460)	\$ (114,917)	\$ (200,992)

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

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

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

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(135,854)	(135,854)	(165,968)
Net Change in Fund Balance	\$ (263,314)	\$ (250,771)	\$ (366,960)
<u>FUND BALANCE - Beginning of Year</u>	292,118	292,118	659,078
<u>FUND BALANCE - End of Year</u>	\$ 28,804	\$ 41,347	\$ 292,118

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	FOOD	ATHLETIC	TOTALS	
	SERVICE FUND	ACTIVITIES FUND	2007	2006
<u>ASSETS</u>				
Cash	\$ 20,352	\$ 9,184	\$ 29,536	\$ 5,889
Accounts Receivable	74	0	74	610
Due from Other Governments	1,301	0	1,301	3,735
Inventory	5,468	0	5,468	12,732
<b>TOTAL ASSETS</b>	<b>\$ 27,195</b>	<b>\$ 9,184</b>	<b>\$ 36,379</b>	<b>\$ 22,966</b>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 34
Meal Plan Deposits	836	0	836	0
Salaries Payable	0	0	0	128
Due to Other Funds	515	0	\$ 515	\$ 1,938
<b>Total Liabilities</b>	<b>\$ 1,351</b>	<b>\$ 0</b>	<b>\$ 1,351</b>	<b>\$ 2,100</b>
<u>FUND BALANCE</u>				
Reserved for Inventory	\$ 5,468	\$ 0	\$ 5,468	\$ 12,732
Unreserved				
Designated for:				
Food Service	20,376	0	20,376	7,401
Athletic Activities	0	9,184	9,184	733
<b>Total Fund Balance</b>	<b>\$ 25,844</b>	<b>\$ 9,184</b>	<b>\$ 35,028</b>	<b>\$ 20,866</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 27,195</b>	<b>\$ 9,184</b>	<b>\$ 36,379</b>	<b>\$ 22,966</b>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2007	2006
<u>REVENUES</u>				
Local Sources	\$ 84,417	\$ 47,151	\$ 131,568	\$ 72,930
State Sources	12,531	0	12,531	12,754
Federal Sources	73,602	0	73,602	68,418
Total Revenues	<u>\$ 170,550</u>	<u>\$ 47,151</u>	<u>\$ 217,701</u>	<u>\$ 154,102</u>
<u>EXPENDITURES</u>				
Salaries	\$ 49,439	\$ 88,927	\$ 138,366	\$ 138,291
Employee Benefits	28,796	28,357	57,153	64,868
Purchased Services	1,976	26,768	28,744	24,571
Supplies and Materials	83,791	12,644	96,435	84,739
Other Expenses	1,797	16,898	18,695	7,383
Total Expenditures	<u>\$ 165,799</u>	<u>\$ 173,594</u>	<u>\$ 339,393</u>	<u>\$ 319,852</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,751	\$ (126,443)	\$ (121,692)	\$ (165,750)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	960	134,894	135,854	165,968
Net Change in Fund Balance	\$ 5,711	\$ 8,451	\$ 14,162	\$ 218
<u>FUND BALANCE</u> - Beginning of Year	<u>20,133</u>	<u>733</u>	<u>20,866</u>	<u>20,648</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 25,844</u>	<u>\$ 9,184</u>	<u>\$ 35,028</u>	<u>\$ 20,866</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 20,352	\$ 4,808
Accounts Receivable	74	0
Due from Other Governments	1,301	3,735
Inventory	5,468	12,732
	<hr/>	<hr/>
TOTAL ASSETS	\$ 27,195	\$ 21,275
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Meal Plan Deposits	\$ 836	\$ 0
Due to Other Funds	515	1,142
	<hr/>	<hr/>
Total Liabilities	\$ 1,351	\$ 1,142
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 5,468	\$ 12,732
Unreserved		
Designated for Food Service	20,376	7,401
	<hr/>	<hr/>
Total Fund Balance	\$ 25,844	\$ 20,133
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,195	\$ 21,275
	<hr/> <hr/>	<hr/> <hr/>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, 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 YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Children Meals	\$ 45,721	\$ 45,721	\$ 42,812
Adult Meals	3,880	2,621	4,846
Catering Revenue	35,568	35,560	0
Earnings on Investment and Deposits	210	218	197
Miscellaneous Revenue	812	297	318
State Sources			
State Aid - Section 31D	7,045	7,045	7,021
State Aid - Other	5,486	5,486	5,733
Federal Sources			
Federal Aid	66,556	65,596	57,759
U.S.D.A. Donated Entitlement Commodities	8,740	7,860	8,607
U.S.D.A. Donated Bonus Commodities	146	146	2,052
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 174,164	\$ 170,550	\$ 129,345
<u>EXPENDITURES</u>			
Salaries			
Supervisor	\$ 19,084	\$ 19,084	\$ 19,238
Cooks and Assistants	23,521	23,521	27,100
Aides	5,086	5,086	4,665
Substitute Cooks	1,237	1,237	999
Student Labor	511	511	387
Employee Benefits			
Health and Life Insurance	16,535	16,535	24,353
Retirement	8,549	8,549	8,416
Worker's Compensation	89	89	140
Social Security	3,623	3,623	3,817
Purchased Services			
Audit	350	350	350
Repairs	1,626	1,626	4,923

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, 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 YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Workshops and Conferences	0	0	230
Supplies and Materials			
Food Purchases	60,000	69,200	51,130
U.S.D.A. Delivery	5,417	1,234	3,859
U.S.D.A. Donated Commodities	8,006	8,006	10,659
Postage	51	51	77
Office Supplies	135	135	777
Other Supplies	5,165	5,165	7,105
Other Expenses			
Lunch Wagon Expense	0	0	706
Dues and Fees	1,470	1,470	0
Miscellaneous	327	327	1,238
Total Expenditures	<u>\$ 160,782</u>	<u>\$ 165,799</u>	<u>\$ 170,169</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,382	\$ 4,751	\$ (40,824)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	0	960	47,003
Net Change in Fund Balance	\$ 13,382	\$ 5,711	\$ 6,179
<u>FUND BALANCE</u> - Beginning of Year	<u>20,133</u>	<u>20,133</u>	<u>13,954</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 33,515</u></u>	<u><u>\$ 25,844</u></u>	<u><u>\$ 20,133</u></u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 9,184	\$ 1,081
Accounts Receivable	0	610
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 9,184</u>	<u>\$ 1,691</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 34
Salaries Payable	0	128
Due to Other Funds	0	796
	<hr/>	<hr/>
Total Liabilities	\$ 0	\$ 958
 <u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	9,184	733
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,184</u>	<u>\$ 1,691</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, 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 YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 39,140	\$ 39,140	\$ 22,857
Earnings on Investments and Deposits	381	380	188
Cooperative Sports	0	0	517
Playoff Donations	6,887	6,887	0
Miscellaneous	744	744	1,195
Total Revenues	<u>\$ 47,152</u>	<u>\$ 47,151</u>	<u>\$ 24,757</u>
<u>EXPENDITURES</u>			
Salaries			
Athletic Director	\$ 3,439	\$ 3,439	\$ 2,118
Coaches	74,250	74,250	74,466
Secretary	11,238	11,238	9,318
Employee Benefits			
Health and Life Insurance	6,587	6,587	7,955
Worker's Compensation	163	163	54
Retirement	14,867	14,867	13,578
Social Security	6,740	6,740	6,521
Unemployment	0	0	34
Purchased Services			
Officials	10,200	10,200	10,055
Conferences	211	211	380
Travel Expense	6,375	6,375	1,535
Game Workers	4,042	4,042	1,625
Game Supervisors	970	970	800
Dues and Fees	3,456	3,456	3,669
Field Maintenance	1,514	1,514	1,004

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, 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 YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Supplies and Materials			
Athletic Supplies	11,655	11,208	9,534
Awards	304	304	926
Office Supplies	1,132	1,132	672
Other Expenses			
Tournament Expense	13,455	13,455	2,502
Miscellaneous Expense	502	502	590
Cooperative Sports	2,941	2,941	2,347
	<hr/>		
Total Expenditures	\$ 174,041	\$ 173,594	\$ 149,683
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	\$ (126,889)	\$ (126,443)	\$ (124,926)
 <u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	134,894	134,894	118,965
	<hr/>		
Net Change in Fund Balance	\$ 8,005	\$ 8,451	\$ (5,961)
	<hr/>		
<u>FUND BALANCE</u> - Beginning of Year	733	733	6,694
	<hr/>		
<u>FUND BALANCE</u> - End of Year	\$ 8,738	\$ 9,184	\$ 733
	<hr/> <hr/>		

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

DEBT RETIREMENT FUND  
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Taxes Receivable	\$ 891	\$ 886
Due from Other Funds	0	39
Investments	234,493	174,258
	<hr/>	<hr/>
TOTAL ASSETS	\$ 235,384	\$ 175,183
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 5,313	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	230,071	175,183
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 235,384	\$ 175,183
	<hr/>	<hr/>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

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

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

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Tax Levy	\$ 309,531	\$ 286,703	\$ 287,784
Earnings on Investments and Deposits	8,611	8,600	4,838
Miscellaneous	0	432	677
State Sources			
Payments in Lieu of Taxes			
Commercial Forest Reserve	38	38	1,329
 Total Revenues	 <u>\$ 318,180</u>	 <u>\$ 295,773</u>	 <u>\$ 294,628</u>
<u>EXPENDITURES</u>			
Redemption of Bonds	\$ 195,000	\$ 195,000	\$ 190,000
Interest on Debt	45,294	45,294	49,094
Dues and Fees	225	225	225
Miscellaneous	0	366	0
 Total Expenditures	 <u>\$ 240,519</u>	 <u>\$ 240,885</u>	 <u>\$ 239,319</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>\$ 77,661</u>	 <u>\$ 54,888</u>	 <u>\$ 55,309</u>
 <u>FUND BALANCE</u> - Beginning of Year	 <u>0</u>	 <u>175,183</u>	 <u>119,874</u>
 <u>FUND BALANCE</u> - End of Year	 <u><u>\$ 77,661</u></u>	 <u><u>\$ 230,071</u></u>	 <u><u>\$ 175,183</u></u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2007  
WITH COMPARATIVE TOTAL AMOUNTS FOR JUNE 30, 2006

	1989	1992	1993
	CAPITAL	CAPITAL	CAPITAL
	PROJECTS	PROJECTS	PROJECTS
<u>ASSETS</u>			
Taxes Receivable	\$ 0	\$ 0	\$ 0
Due from Other Funds	3,108	0	0
Investments	58,325	393,490	240,110
	<hr/>		
Total Assets	\$ 61,433	\$ 393,490	\$ 240,110
	<hr/> <hr/>		
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>			
Unreserved			
Undesignated	61,433	393,490	240,110
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCE	\$ 61,433	\$ 393,490	\$ 240,110
	<hr/> <hr/>		

SINKING CAPITAL PROJECTS	TOTAL	
	2007	2006
\$ 46	\$ 46	\$ 0
8,564	11,672	9,035
72,974	764,899	691,078
<u>\$ 81,584</u>	<u>\$ 776,617</u>	<u>\$ 700,113</u>
\$ 3,108	\$ 3,108	\$ 0
78,476	773,509	700,113
<u>\$ 81,584</u>	<u>\$ 776,617</u>	<u>\$ 700,113</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

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

	<u>1989</u>	<u>1992</u>	<u>1993</u>
	<u>CAPITAL</u>	<u>CAPITAL</u>	<u>CAPITAL</u>
	<u>PROJECTS</u>	<u>PROJECTS</u>	<u>PROJECTS</u>
<u>REVENUES</u>			
Local Sources	\$ 2,081	\$ 16,657	\$ 9,497
<u>EXPENDITURES</u>			
Supplies	\$ 0	\$ 0	\$ 0
Purchased Services	1,552	300	300
Capital Outlay	0	31,163	0
Total Expenditures	\$ 1,552	\$ 31,463	\$ 300
Excess (Deficiency) of Revenues Over Expenditures	\$ 529	\$ (14,806)	\$ 9,197
<u>FUND BALANCE</u> - Beginning of Year	60,904	408,296	230,913
<u>FUND BALANCE</u> - End of Year	\$ 61,433	\$ 393,490	\$ 240,110

SINKING CAPITAL PROJECTS	TOTAL	
	2007	2006
<u>\$ 100,540</u>	<u>\$ 128,775</u>	<u>\$ 39,785</u>
\$ 115	\$ 115	\$ 0
0	2,152	3,604
<u>21,949</u>	<u>53,112</u>	<u>79,960</u>
<u>\$ 22,064</u>	<u>\$ 55,379</u>	<u>\$ 83,564</u>
\$ 78,476	\$ 73,396	\$ (43,779)
<u>0</u>	<u>700,113</u>	<u>743,892</u>
<u><u>\$ 78,476</u></u>	<u><u>\$ 773,509</u></u>	<u><u>\$ 700,113</u></u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1989 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Due from Other Funds	\$ 3,108	\$ 0
Investments	58,325	60,904
	<hr/>	<hr/>
Total Assets	\$ 61,433	\$ 60,904
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	61,433	60,904
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 61,433	\$ 60,904
	<hr/> <hr/>	<hr/> <hr/>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1989 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

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

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 2,074	\$ 2,081	\$ 1,669
Sale of Timber	0	0	18,897
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 2,074	\$ 2,081	\$ 20,566
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Purchased Services			
Architectural Fees	\$ 996	\$ 996	\$ 2,504
Professional Fees	556	556	500
Capital Outlay			
Land, Building and Equipment	3,108	0	20,867
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 4,660	\$ 1,552	\$ 23,871
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,586)	\$ 529	\$ (3,305)
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	60,904	60,904	64,209
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 58,318	\$ 61,433	\$ 60,904
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1992 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Due from Other Funds	\$ 0	\$ 9,035
Investments	393,490	399,261
	.	
Total Assets	<u>\$ 393,490</u>	<u>\$ 408,296</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>393,490</u>	<u>408,296</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 393,490</u>	<u>\$ 408,296</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1992 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

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

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 16,744	\$ 16,657	\$ 12,511
<u>EXPENDITURES</u>			
Purchased Services			
Professional Fees	\$ 300	\$ 300	\$ 300
Capital Outlay			
Equipment	31,163	31,163	4,512
Total Expenditures	\$ 31,463	\$ 31,463	\$ 4,812
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,719)	\$ (14,806)	\$ 7,699
<u>FUND BALANCE</u> - Beginning of Year	408,296	408,296	400,597
<u>FUND BALANCE</u> - End of Year	\$ 393,577	\$ 393,490	\$ 408,296

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1993 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Investments	\$ 240,110	\$ 230,913
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>240,110</u>	<u>230,913</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 240,110</u>	 <u>\$ 279,086</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1993 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

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

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 9,508	\$ 9,497	\$ 6,708
<u>EXPENDITURES</u>			
Purchased Services			
Professional Fees	\$ 300	\$ 300	\$ 300
Capital Outlay			
Equipment	0	0	54,581
Total Expenditures	\$ 300	\$ 300	\$ 54,881
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,208	\$ 9,197	\$ (48,173)
<u>FUND BALANCE</u> - Beginning of Year	230,913	230,913	279,086
<u>FUND BALANCE</u> - End of Year	\$ 240,121	\$ 240,110	\$ 230,913

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SINKING FUND  
CAPITAL PROJECTS FUND

BALANCE SHEET  
JUNE 30, 2007

ASSETS

Taxes Receivable	\$ 46
Due from Other Funds	8,564
Investments	<u>72,974</u>
 Total Assets	 <u><u>\$ 81,584</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due To Other Funds	\$ 3,108
--------------------	----------

FUND BALANCE

Unreserved	
Undesignated	<u>78,476</u>

TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 81,584</u></u>
---------------------------------------	-----------------------------

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SINKING FUND  
CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL
<u>REVENUES</u>		
Local Sources		
Property Tax Levy	\$ 99,492	\$ 99,204
Earnings on Investments and Deposits	1,355	1,336
	\$ 100,847	\$ 100,540
 <u>EXPENDITURES</u>		
Supplies		
Office Supplies	\$ 115	\$ 115
Capital Outlay		
Land, Building and Equipment	22,774	21,949
	\$ 22,889	\$ 22,064
Excess (Deficiency) of Revenues Over Expenditures	\$ 77,958	\$ 78,476
 <u>FUND BALANCE</u> - Beginning of Year	0	0
 <u>FUND BALANCE</u> - End of Year	\$ 77,958	\$ 78,476

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS

COMBINING BALANCE SHEET  
JUNE 30, 2007

	<u>PRIVATE</u>	<u>AGENCY</u>	<u>TOTALS</u>
	<u>PURPOSE</u>	<u>FUND</u>	
<u>ASSETS</u>	<u>TRUST FUND</u>	<u>FUND</u>	
Cash	\$ 15,148	\$ 80,664	\$ 95,812
Due from Other Funds	0	515	515
Total Assets	\$ 15,148	\$ 81,179	\$ 96,327
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Due to Groups and Organizations	\$ 0	\$ 81,179	\$ 81,179
<u>NET ASSETS</u>			
Reserved for Trust Activities	15,148	0	15,148
TOTAL LIABILITIES AND NET ASSETS	\$ 15,148	\$ 81,179	\$ 96,327



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

THE CLAUDIA REID HICKMAN EXPENDABLE MEMORIAL EDUCATION FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 545	\$ 377
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Change in Net Assets	\$ 545	\$ 377
<u>NET ASSETS</u> - Beginning of Year	<u>14,603</u>	<u>14,226</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 15,148</u>	<u>\$ 14,603</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE  
YEAR ENDED JUNE 30, 2007

	BALANCE 7/01/06	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/07
Art	\$ (77)	\$ 0	\$ 0	\$ (77)
Athletic Concession	2,248	0	1,620	628
Band	2,494	14,638	15,448	1,684
Band Aid Club	3,718	4,078	5,023	2,773
Board Revenues	3,568	3,397	61	6,904
Boys Basketball	250	4,309	4,559	0
Baseball	254	2,297	2,551	0
Cafeteria Pop	781	61	0	842
Chad Budzynski Memorial	0	4,710	0	4,710
Cheerleaders	708	3,475	3,489	694
CL Citizens for Education	9	0	9	0
Class of 1996	150	0	0	150
Class of 2005	419	0	0	419
Class of 2006	997	0	0	997
Class of 2007	1,541	0	1,206	335
Class of 2008	3,400	2,403	4,078	1,725
Class of 2009	384	0	0	384
Cross Country	976	1,350	595	1,731
Dale Shooks Memorial	0	13,215	3,150	10,065
Drama	324	0	0	324
Drug Free Schools	(585)	585	0	0
Eagle Scout Service Project	0	3,500	0	3,500
Elementary Field Trips/CLX	548	7,620	3,322	4,846
Elementary Library	0	360	313	47
Elementary Pop	2,244	581	227	2,598
Farm Project	0	500	0	500
Football	(1,484)	7,680	6,196	0
Fourth Grade Trip	0	7,402	6,335	1,067
French Club	275	7,014	7,337	(48)
Genealogy Club	498	5,216	5,075	639
Grants	524	0	524	0
Girls Basketball	105	9,608	3,672	6,041
Journalism	1,842	3,800	5,280	362
Kids at Heart	91	0	91	0
Library	1,278	0	0	1,278

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE  
YEAR ENDED JUNE 30, 2007

	BALANCE 7/01/06	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/07
Lions Quest	75	0	75	0
Middle School Football	0	1,575	0	1,575
Middle School Projects	835	16,977	16,018	1,794
Performing Arts	3,284	26,548	28,965	867
Pepsi Fund	1,965	2,159	2,293	1,831
Post Prom Party	1,008	1,971	2,107	872
Principal Scholarship	4,800	6,800	5,950	5,650
Random Acts of Kindness	210	0	0	210
Revolving	2,952	5,392	8,210	134
Scholarships	2,865	1,500	0	4,365
Secretary's Decision	254	0	254	0
Senior Class Community Project	1,550	0	0	1,550
Softball	172	5,536	3,740	1,968
Student Council	1,194	1,815	1,696	1,313
Track	1,890	3,849	3,094	2,645
Volleyball	203	854	270	787
Wildfong Memorial Fund	0	500	0	500
	<u>\$ 50,737</u>	<u>\$ 183,275</u>	<u>\$ 152,833</u>	<u>\$ 81,179</u>

Represented by

Assets

Cash on Deposit

Commercial Account

\$ 55,911

\$ 80,664

Due from Other Funds

1,938

515

TOTAL ASSETS

\$ 57,849

\$ 81,179

Liabilities

Due to Groups

and Organizations

\$ 50,737

\$ 81,179

Due to Other Funds

7,112

0

TOTAL LIABILITIES

\$ 57,849

\$ 81,179

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SCHEDULE OF 2006 TAX ROLL  
YEAR ENDED JUNE 30, 2007

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.00 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Banks Township	\$ 86,339	\$ 1,554	\$ 1,554	\$ 0
Central Lake Township	62,102,571	1,117,846	1,018,055	99,791
Echo Township	12,670,492	228,069	209,693	18,376
Jordan Township	454,113	8,174	6,901	1,273
Kearney Township	6,802	122	0	122
Torch Lake Township	43,242,414	778,363	743,269	35,094
Totals	<u>\$ 118,562,731</u>	<u>\$ 2,134,128</u>	<u>\$ 1,979,472</u>	<u>\$ 154,656</u>
<u>DEBT RETIREMENT FUND (1.30 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Banks Township	\$ 498,165	\$ 648	\$ 590	\$ 58
Central Lake Township	116,638,229	151,631	138,492	13,139
Echo Township	24,332,525	31,632	28,477	3,155
Jordan Township	809,502	1,052	958	94
Kearney Township	25,102	33	0	33
Torch Lake Township	78,234,090	101,707	96,276	5,431
Totals	<u>\$ 220,537,613</u>	<u>\$ 286,703</u>	<u>\$ 264,793</u>	<u>\$ 21,910</u>
<u>SINKING FUND (.45 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Banks Township	\$ 498,065	\$ 224	\$ 206	\$ 18
Central Lake Township	116,638,229	52,475	48,252	4,223
Echo Township	24,332,525	10,947	9,933	1,014
Jordan Township	809,502	364	334	30
Kearney Township	25,102	11	0	11
Torch Lake Township	78,234,090	35,199	33,454	1,745
Totals	<u>\$ 220,537,513</u>	<u>\$ 99,220</u>	<u>\$ 92,179</u>	<u>\$ 7,041</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

COMPARATIVE SCHEDULE OF INVESTMENTS  
YEAR ENDED JUNE 30,

	<u>2007</u>		<u>2006</u>	
	<u>RATE</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>AMOUNT</u>
<u>GENERAL FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	\$ 239,034	3.69%	\$ 468,031
<u>DEBT RETIREMENT FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	\$ 234,493	3.69%	\$ 174,528
<u>1989 CAPITAL PROJECTS FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	\$ 58,325	3.69%	\$ 60,904
<u>1992 CAPITAL PROJECTS FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	\$ 393,490	3.69%	\$ 399,261
<u>1993 CAPITAL PROJECTS FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	\$ 240,110	3.69%	\$ 230,913
<u>SINKING CAPITAL PROJECTS</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	\$ 72,974		N/A



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

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
www.bcbcpa.com

July 11, 2007

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Central Lake Public Schools  
Central Lake, Michigan

We have audited the basic financial statements of the Central Lake Public Schools, Central Lake, Michigan, as of and for the year ended June 30, 2007, and have issued our report thereon dated July 11, 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.

Compliance

As part of obtaining reasonable assurance about whether Central Lake Public Schools, Central Lake, 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 and other matters, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Lake Public Schools, Central Lake, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be significant deficiencies. Significant deficiency involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Central Lake Public Schools' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Significant deficiencies are described as follows:

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the significant deficiency described above, is not considered to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the Central Lake Public Schools in a separate letter dated July 11, 2007.

This report is intended for the information of the Board of Education, management, the Michigan Department of Education and other regulatory bodies. However, this report is a matter of public record, and its distribution is not limited.

BAIRD, COTTER AND BISHOP, P. C.

*Baird, Cotter & Bishop, P.C*

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2007

**Property Valuations**

In accordance with Act No. 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under Act No. 198, Public Acts of Michigan, 1974, as amended. **As a result of Proposal A, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps. SEV is used in the calculation of debt margin and true cash value.**

Taxable property in the School District is assessed by the local municipal assessor, and is subject to review by the County Equalization Department.

*Historical Valuation*

<u>YEAR</u>	<u>HOMESTEAD</u>	<u>NON- HOMESTEAD</u>	<u>TOTAL TAXABLE VALUATION</u>
2006	\$ 101,974,882	\$ 118,562,731	\$ 220,537,613
2005	96,082,521	109,547,108	205,564,929
2004	91,414,887	100,291,687	191,706,574
2003	89,156,424	90,161,994	179,318,418
2002	81,143,189	88,901,763	170,044,952
2001	73,725,635	83,407,791	157,133,426
2000	68,424,523	75,717,140	144,141,663
1999	65,272,529	70,909,256	136,181,785

\* The 2006 State Equalized Valuation is \$387,870,251.

Source: County of Antrim in Equalization Department

*Per Capita Valuation*

Based on U.S. Census Bureau Population of 3,247

2006 Per Capita Taxable Valuation	\$ 67,920
2006 Per Capita State Equalized Valuation	\$119,455
2006 Per Capita Estimated True Cash Valuation	\$238,910

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2007

**Major Taxpayers**

The top ten taxpayers in the School District and their 2006 taxable valuation are as follows:

<u>Taxpayer</u>	<u>Product/Service</u>	<u>Taxable Valuation</u>
DTE Gas & Oil Co.	Utility	\$ 3,012,095
Great Lakes Energy	Utility	1,022,050
Second Chance Body Armor, Inc.	Bullet-proof vests	956,430
Dover Resources	Manufacturing	820,225
Great Lakes Energy Co-op	Utility	906,050
Corbett LLC	Tech/Dining	652,416
Kimron Construction Co.	Construction	578,907
Consumers Energy	Utility	513,053
Shooks Farms	Farming	496,760
Charter Communications	Cable TV	<u>223,450</u>
 TOTAL		 \$ <u>9,181,436</u>

The taxable valuations of the above taxpayers represent 4.16% of the School District's 2006 taxable valuation of \$220,537,613.

Source: County of Antrim Equalization Department.

**Tax Rates (Per \$1,000 of Valuation)**

Each school district, county, township, special authority and city has a geographical definition which constitutes a tax district. Since local school districts and the county overlap, either a township or a city, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

<i>Central Lake Public Schools</i>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Voted	18.0000	18.0000	18.0000	18.0000	18.0000	17.8505
Debt	1.3000	1.4000	1.5000	1.5000	1.5000	2.0000
Capital Projects	0.4500	0.0000	0.0000	0.0000	0.0000	0.0000
Total Homestead	1.7500	1.4000	1.5000	1.5000	1.5000	2.0000
Total Non-Homestead	19.7500	19.4000	19.5000	19.5000	19.5000	19.8505

The School District's electorate approved a Headlee Override for the 2003, 2004, 2005 and 2006 tax levies. Also, the electorate approved a Headlee override in May 2007 for the 2007 tax levy.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2007

Since school finance reform legislation became effective in March 1994, the State of Michigan has levied 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District. The School District levies 18.00 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located within the School District.

2002 Public Act 244 (the "Act"), provides that for the year 2003 only, the 6 mill State Education tax levy will be reduced to 5 mills and the levy will be permanently moved forward to July 1 from December 1. No tax or state aid cash flows to the school district are affected by the Act.

Source: School District.

### **State Aid Payments**

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The foundation guarantee is from \$7,085 to \$8,385 per pupil for the fiscal year 2006/07. In future years, this allowance may be adjusted by an index based upon the change in revenues to the state school aid fund and the change in the total number of pupils statewide.

The following table shows a history of the School District's total state aid revenues, including categoricals and other amounts, and the per pupil state aid foundation allowance.

<u>Year</u>	<u>Total</u>	<u>State Amount Received Per Pupil</u>	<u>Foundation Allowance Per Pupil</u>
2006/07	\$ 1,349,850	\$ 3,199	\$ 7,847
2005/06	1,528,287	3,513	7,637
2004/05	1,877,476	3,911	7,462
2003/04	1,881,138	3,994	7,462
2002/03	2,166,431	4,551	7,462
2001/02	2,311,741	4,293	7,262
2000/01	2,253,197	4,199	6,962
1999/00	2,182,926	4,101	6,661

Source: Michigan Department of Education and School District

### **Tax Levies and Collections**

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1<sup>st</sup> of the year following the levy are turned over to the County Treasurer for collection. Antrim County annually pays from its Tax Payment Fund delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund has resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2007

A history of tax levies and collections for the School District is as follows:

Levy Year	Operating Tax Levy	Collections to March 1 of Following Year		Collections Plus Funding To June 30 of Following Year	
2006	\$ 2,134,128	\$ 1,979,472	92.75 %	\$ 2,127,716	99.70 %
2005	1,971,841	1,766,558	89.6	1,962,310	99.52
2004	1,805,236	1,643,908	91.06	1,802,567	99.85
2003	1,622,908	1,493,455	92.02	1,616,324	99.59
2002	1,567,310	1,426,320	91.00	1,561,257	99.61
2001	1,465,288	1,341,370	91.54	1,463,112	99.85
2000	1,357,478	1,227,635	90.43	1,355,844	99.88
1999	1,251,383	1,141,803	91.24	1,249,467	99.85
1998	1,217,929	1,114,312	91.49	1,217,929	100.00

Source: School District

The Tax Payment Fund is financed through the issuance of General Obligation Limited Tax Notes (GOLTNs) by the county. Although the School District anticipates the continuance of this program by the county, the ability of the county to issue such GOLTNs is subject to market conditions at the time of offering. In addition, Act 206 of 1893, as amended provides in part that: "The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the first Tuesday in May in each year, a tax sale is held by the county at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

The General Property Tax Act was amended by Act 123 of the Public Acts of Michigan of 1999. Act 123, which was signed by Governor Engler on July 22, 1999, extensively revises the procedures for the collection of delinquent property taxes. Act 123 has the effect of shortening the process for the collection of delinquent taxes from approximately six years (including statutory redemption periods) to less than three years.

**Labor Force**

A breakdown of the number of employees of the School District and their affiliation with organized groups is as follows:

Employees	Number	Bargaining Unit	Contract Expiration
Administrators	2	Non-Affiliated	N/A
Teachers	35	MEA	8/31/08
Secretaries	4	Non-Affiliated	N/A
Maintenance	6	Non-Affiliated	N/A
Transportation	6	Non-Affiliated	N/A
Aides	5	Non-Affiliated	N/A
Other	6	Non-Affiliated	N/A
<b>TOTAL STAFF</b>	<b>65</b>		

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2007

**Debt Statement (As of June 30, 2007)**

Direct Debt

<u>Dated Date</u>	<u>Purpose</u>	<u>Type</u>	<u>Interest Spread</u>	<u>Maturities</u>	<u>Amount Outstanding</u>
9/16/03	Refunding	UT NQ	2.75– 4.00%	5/1/07 - 13	\$1,125,000

**School Enrollment**

*Historical Enrollment*

The School District's historical enrollment (Fall Pupil Count Day) is as follows:

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Enrollment</u>
2006/07	422	2001/02	514
2005/06	435	2000/01	493
2004/05	480	1999/00	507
2003/04	471	1998/99	495
2002/03	492	1997/98	519

*Enrollment by Grade*

The enrollment by grade for the school year 2006/07 (Fall Pupil Count Day) was as follows:

Kindergarten	35	Seventh	39
First	25	Eighth	35
Second	37	Ninth	34
Third	30	Tenth	21
Fourth	26	Eleventh	26
Fifth	31	Twelfth	38
Sixth	35	Special Education	10
		<b>TOTAL</b>	<b>422</b>

*Projected Enrollment*

The projected enrollment – (2007/08) is as follows:

K-6	204
7-8	67
9-12	125
<b>TOTAL</b>	<b>396</b>

Source: School District

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

## CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
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July 11, 2007

Board of Education  
Central Lake Public Schools  
Central Lake, Michigan

Dear Board Members:

During our audit of the financial statements of the Central Lake Public Schools for the year ended June 30, 2007, we noted the following items which we believe should be reviewed and/or considered for adoption into the management and accounting procedures of the School District:

### Act 621

The School has excellent procedures and controls in place to prepare and monitor the budgets. However, we did note the following item that was not in compliance with Act 621 (Uniform Budgeting and Accounting Act).

The Food Service Fund expenditures exceeded the budgeted amounts.

### New Budget Requirement

Section 18(2) of the State School Aid Act now requires local districts to post their annual operating budget and subsequent amendments on their website.

### Single Audit

The threshold for requiring a Single Audit of federal award programs is \$500,000. Therefore, it was not necessary to perform a Single Audit this year.

### Continuing Disclosure Requirements

Regulations relative to the bond issue refunding in 2003 require that the District provide annual continuing disclosure information to the bondholders until all of the bonds are paid in full. These disclosures can be included as supplemental information with the audit report or the school can provide this information separate from the audit. In the past, we have included the data right in the audit report and have accumulated this data with the assistance of your accounting staff and the county equalization departments so that the disclosure requirements are met. We have discussed this with the administration and will currently continue to include this data in your annual audit.

Condition of Accounting Records

The accounting records were again found to be in excellent condition. We would like to congratulate the accounting personnel for doing a good job and thank them for their efforts in accumulating the information needed for the audit.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperative spirit and assistance in helping us fulfill this audit engagement. The friendly, cooperative and enthusiastic response to our requests for data, facts and figures is very much appreciated and enhances the efficiency of the audit process. If you have any questions relative to the preceding comments and recommendations or other areas of your annual audit, please feel free to contact us.

BAIRD, COTTER AND BISHOP, P.C.

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

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

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PHONE: 231-775-9789 FAX: 231-775-9749  
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July 11, 2007

COMMUNICATION OF SIGNIFICANT DEFICIENCIES THAT INDICATES  
NO MATERIAL WEAKNESSES IN INTERNAL CONTROL

Board of Education  
Central Lake Public Schools  
Central Lake, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Lake Public Schools as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Central Lake Public School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

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 a 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 a 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 was for the limited purpose described in the first paragraph 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 that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control that we consider to be a significant deficiency.

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

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