

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT

LAPEER, MICHIGAN

AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2007

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

September 21, 2007

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Lapeer County Intermediate School District

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer County Intermediate School District as of June 30, 2007, and respective changes in financial position thereof and the respective budgetary comparison for the General Fund, Special Education Fund and Vocational Education Fund 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 under separate cover dated September 21, 2007 on our consideration of the Lapeer County Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages II - X, is not a required part of the basic financial statements but is 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 required 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 Lapeer County Intermediate School District's basic financial statements. The additional information on pages 20 - 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lewis & Knopf, P.C.*

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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The Management Discussion and Analysis, a requirement of GASB 34, is intended to be the Lapeer Intermediate School District's 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 requires the reporting of two types of financial statements: Fund Financial Statements and District Wide Financial Statements.

**Fund Financial Statements:**

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Special Education and Vocational Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

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

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

**District Wide Financial Statements:**

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**District Wide Financial Statements:** (Continued)

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

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services. Property taxes, unrestricted State aid, and State and federal grants finance most of these activities.

**The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities**

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

**SUMMARY OF NET ASSETS:**

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

<u>NET ASSETS SUMMARY</u>		
	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets	\$8,782,337	\$7,953,881
Non-Current Assets	<u>6,870,566</u>	<u>6,899,855</u>
<u>TOTAL ASSETS</u>	<u>\$15,652,903</u>	<u>\$14,853,736</u>
<u>LIABILITIES</u>		
Current Liabilities	\$1,014,952	\$1,114,385
Long-Term Liabilities	<u>1,341,284</u>	<u>1,543,281</u>
Total Liabilities	\$2,356,236	\$2,657,666
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	5,824,390	5,653,679
Restricted for Debt Service	166,688	150,735
Unrestricted	<u>7,305,589</u>	<u>6,391,656</u>
Total Net Assets	<u>\$13,296,667</u>	<u>\$12,196,070</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$15,652,903</u>	<u>\$14,853,736</u>

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**RESULTS OF OPERATIONS:**

For the fiscal years ended June 30, 2007 and 2006, the District wide results of operations were:

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
<u>General Revenues:</u>		
Property Taxes Levied for General Operations	\$398,987	\$366,625
Property Taxes Levied for Special Education Operations	2,154,145	2,011,762
Property Taxes Levied for Vocational Education Operations	4,985,050	4,657,623
Property Taxes Levied for Debt Service	248,781	250,569
State of Michigan Unrestricted Aid	921,090	895,285
Other General Revenues	532,054	452,874
Total General Revenues	<u>\$9,240,107</u>	<u>\$8,634,738</u>
<u>Operating Grants:</u>		
Federal	3,639,820	3,538,127
State of Michigan	1,325,239	1,193,424
Other Grants	483,069	441,112
Total Operating Grants	<u>\$5,448,128</u>	<u>\$5,172,663</u>
<u>Charges for Services:</u>		
General Fund	506,672	423,699
Special Education Fund	180,998	251,999
Vocational Education Fund	93,169	81,485
Total Charges for Services	<u>\$780,839</u>	<u>\$757,183</u>
Total Revenues	<u>\$15,469,074</u>	<u>\$15,564,584</u>
<u>EXPENSES</u>		
Instruction & Instructional Support	4,640,966	4,362,105
Support Services	9,199,014	8,903,583
Community Services	263,378	264,913
Interest on Long-Term Debt	39,892	63,683
Depreciation	225,227	203,273
Total Expenses	<u>\$14,368,477</u>	<u>\$13,797,557</u>
<u>INCREASE IN NET ASSETS</u>	\$1,100,597	\$767,027
<u>BEGINNING NET ASSETS</u>	<u>12,196,070</u>	<u>11,429,043</u>
<u>ENDING NET ASSETS</u>	<u>\$13,296,667</u>	<u>\$12,196,070</u>

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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## **GOVERNMENT- WIDE FINANCIAL ANALYSIS**

### Analysis of Financial Position:

During the year ended June 30, 2007, the District's Total Net Assets increased by \$1,100,597 to a total of \$13,296,667. The largest portion of the net assets is the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$170,711 during the year due to purchases of new capital assets and principal payments on related debt exceeding depreciation. The districts Unrestricted Net Assets increased by \$913,933 during the year and the restricted portion of the net assets increased by \$15,953. The restricted Net Assets consist of restricted debt retirement funds that may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

### Analysis of Results of Operations

The district's overall revenues exceeded its expenses for the year by \$1,100,597. The total revenues increased by \$904,490. The major changes were increased tax dollars and grant funds. Expenditures increased by \$570,920. A major change was the building of an animal facility for the vocational agri-science program.

## **FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS**

### Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

#### General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund increased by \$52,274 during the year with the increase coming primarily from an increase in cash. Revenues for the year increased by \$243,429 from prior year, primarily from an increase in local and state revenues. Expenditures increased by \$149,990 from the prior year primarily due to recording a journal entry to reflect money spent by the state on behalf of the Lapeer County local education agencies for assessment contracts. The major sources of general fund revenues are state aid and taxes. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Section 81)

The State of Michigan aid provided under Section 81 of the State Aid Act provides the majority of state aid to the District's General Fund. Funding to the District under Section 81 is provided to comply with the requirements of the State Aid Act and to provide technical assistance to local districts as authorized by the intermediate school board. Funding under Section 81 was \$858,228 for the fiscal year, an increase of \$25,805 from the prior year.

2. Property Taxes Levied For General Operations (General Fund Homestead and Non-Homestead Taxes)

The District levies .1866 mills of property taxes for operations (General Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's property tax revenue for the 2006-2007 fiscal year was \$398,987. An increase of \$32,362 from the prior year.

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)**

Analysis of Financial Position (Continued)

Special Education Fund

Unreserved fund balance for the special education fund increased by \$388,540 during the year with the increase coming primarily from an increase in cash. Revenues for the year increased by \$412,100 from the prior year primarily due to tax, investment, Medicaid and grant revenue. Expenditures and other financing uses increased by \$606,720 from the prior year, primarily due to an increase in Medicaid and grant dollars flowed out to local districts and an increase in the overhead transfer to the general fund. The major sources of special education revenues are Federal grants, state aid and taxes. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Section 51)

The State of Michigan aid provided under Section 51 of the State Aid Act provides the majority of state aid to the District's Special Education Fund. Funding to the District under Section 51 is provided to reimburse the District for unreimbursed costs of special education programs, services and special education personnel. Funding under Section 51 was \$678,148 for the fiscal year an increase of \$38,436 from the previous year.

2. Property Taxes Levied For Special Education

The District levies .8310 mills of property taxes for operations (Special Education Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's property tax revenue for the 2006-2007 fiscal year was \$2,154,145. An increase of \$142,383 from the prior year.

Vocational Education Fund

Unreserved fund balance for the vocational education fund increased by \$469,099 during the year with the increase coming primarily from an increase in cash. Revenues for the year increased by \$301,897 from the prior year primarily due to an increase in tax and investment revenue. Expenditures decreased by \$95,436 primarily due to savings in personnel. The major sources of vocational education revenues are taxes and state aid. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Sections 61 and 62)

The State of Michigan aid provided under Sections 61 and 62 of the State Aid Act provides the majority of state aid to the District's Vocational Education Fund. Funding to the District under Sections 61 and 62 is provided to reimburse, on an added cost basis, the District for unreimbursed costs of its vocational-technical education center and vocational-technical programs and services. Funding under Sections 61 and 62 was \$214,326 for the fiscal year a decrease of \$43,681 from the previous year.

2. Property Taxes Levied For Vocational Education

The District levies 1.9119 mills of property taxes for operations (Vocational Education Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's property tax revenue for the 2006-2007 fiscal year was \$4,985,050. An increase of \$327,427 from the prior year.

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**GENERAL FUND BUDGETARY HIGHLIGHTS:**

**GENERAL FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original & Final <u>Budget %</u>	Variance Actual & Final Budget %
Revenue	\$2,902,434	\$3,194,583	\$3,084,292	10.07	3.45
Expenditures	3,094,127	3,298,068	3,032,018	6.59	8.07
<b><u>TOTAL</u></b>	<b><u>(\$191,693)</u></b>	<b><u>(\$103,485)</u></b>	<b><u>\$52,274</u></b>		

**SPECIAL EDUCATION FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original & Final <u>Budget %</u>	Variance Actual & Final Budget %
Revenue	\$6,359,687	\$7,004,344	\$6,996,943	10.14	0.11
Expenditures	6,197,889	6,895,344	6,608,403	11.25	4.16
<b><u>TOTAL</u></b>	<b><u>\$161,798</u></b>	<b><u>\$109,000</u></b>	<b><u>\$388,540</u></b>		

**VOCATIONAL EDUCATION FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original & Final <u>Budget %</u>	Variance Actual & Final Budget %
Revenue	\$5,292,077	\$5,620,298	\$5,605,488	6.20	0.26
Expenditures	5,375,407	5,447,598	5,136,389	1.34	5.71
<b><u>TOTAL</u></b>	<b><u>(\$83,330)</u></b>	<b><u>\$172,700</u></b>	<b><u>\$469,099</u></b>		

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**ANALYSIS OF BUDGETS:**

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 July 1, the start of the fiscal year.

As a matter of practice, Lapeer Intermediate School District amends its budget during the school year. The June, 2007 budget amendment was the final budget for the fiscal year. Significant budget variations were as follows.:

Original Budget vs. Final Budget

General Fund

Revenues

Grant and State categorical funds account for approximately \$1.5 million in the general fund budget. The actual figures for the grants are not approved by the State of Michigan until after the initial budget is completed, therefore both grant revenues and expenditures were estimated in the initial budget. Community Education revenue was increased for the increased participation in the programs and General Education Services revenue was decreased for a reduction in services required by the local districts. Taxes were adjusted to the approved rate. Interest earned was increased to reflect the rise in interest rates throughout the year.

Expenditures

Instructional Support was adjusted by \$175,000 as required by the State. No funds were received or expended by the ISD, only a journal entry to both revenue and expense to reflect the money spent by the state on behalf of the Lapeer County local education agencies for assessment contracts. An AS/400 and Backup system that were initially budgeted for the 06-07 year were removed from the final budget. Community Services was increased for the increased participation in programs.

Special Education Fund

Revenues

Grant and State categorical funds account for approximately \$4 million in the special fund budget. The actual figures are not approved by the State of Michigan until after the initial budget is completed, therefore both grant revenues and expenditures were estimated in the initial budget. A local grant for over \$90,000 was applied for and received after the initial budget. A contract for supervision of special education in a local district was eliminated. Taxes were adjusted to the approved rate. Interest earned was increased to reflect the rise in interest rates throughout the year.

Expenditures

Instruction was increased for the costs of an additional teacher for the severely multiply impaired population. Administration costs decreased due to the elimination of the contract with the local district for special education supervision. Student Services was adjusted to reflect the \$90,000 grant. The Board approved a transfer of \$296,000 of local tax dollars to the local education agencies for their special education programs.

Vocational Education Fund

Revenues

Grants and State categorical funds account for approximately \$400,000 in the vocational education fund budget. The actual figures for the grants are not approved by the State of Michigan until after the initial budget is completed, therefore both grant revenues and grant expenditures were estimated in the initial budget. Taxes were adjusted to the approved rate. Interest earned was increased to reflect the rise in interest rates throughout the year.

Expenditures

Severance expense was added to Instruction for one teacher retirement. The budget for construction of the animal facility was in the prior year. Construction occurred in the 2006-2007 year, the budget was adjusted to reflect the timing. Utilities were decreased for a reduction in the electrical costs at the Vocational facility.

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**ANALYSIS OF BUDGETS: (Continued)**

Actual Results vs. Final Budget

General Fund

Revenues

Final revenues generated by the computer and technical department were less than budgeted. Interest revenue exceeded budgeted amounts. Some of the grant funding was deferred to the next fiscal year due to grants that cross over two fiscal years.

Expenditures

Grant fund expenditures were less than originally budgeted due to the fact that the grant crosses over two fiscal years. Money budgeted for computer and technical department resale was not spent. A phone system that was in the budget will not be purchased until the next fiscal year.

Special Education Fund

Revenues

There is no set timetable or method for determining the flow of Medicaid dollars from the State. The amount actually received exceeded the budgeted amount. Interest revenue exceeded budgeted amounts. Some of the grant funding that was allocated was not expended or collected in the current year. These funds will be allocated as carryover in the 2007-2008 year.

Expenditures

Funds are available in wages and benefits due to a federal retirement credit and personnel on disability at yearend. Money budgeted for a new phone system was not expended. Grant expenditures were budgeted and not expended.

Vocational Fund

Revenues

Grant funding that was allocated was not expended or collected in the current year. These funds will be allocated as carryover in the 2007-2008 year.

Expenditures

Money budgeted for Program resale was not spent. Money budgeted for a new phone system was not expended. Many of the teaching supply accounts have balances available. Grant expenditures were budgeted and not expended.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-06	Increase 6-30-07	Decrease 6-30-07	Principal Balance 6-30-07
Bonds Payable	\$1,246,176	\$0	\$200,000	\$1,046,176
Sick & Severance Pay	528,974	0	8,866	520,108
<u>Total Long-Term Obligations</u>	<u>\$1,775,150</u>	<u>\$0</u>	<u>\$208,866</u>	<u>\$1,566,284</u>

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**CAPITAL ASSET AND DEBT ADMINISTRATION:** (Continued)

B. Capital Assets

The district's net investment in capital assets decreased by \$29,289 during the fiscal year. This can be summarized as follows:

	Balance 7-1-06	Additions	Deductions	Balance 6-30-07
Capital Assets	\$10,651,803	\$320,152	\$0	\$10,971,955
Less: Accumulated Depreciation	(3,751,948)	(349,441)	0	(4,101,389)
<u>Net Investment Capital Outlay</u>	<u>\$6,899,855</u>	<u>(\$29,289)</u>	<u>\$0</u>	<u>\$6,870,566</u>

Significant capital asset addition is the animal facility.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

\* Foundation Allowance

The Board of Education and Administration agreed to an estimate of no increase in Section 81 for the 07-08 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the percentage increase is known.

\* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to increase to 16.72% in 07-08 from 17.74% in 06-07.

\* The Lapeer County Intermediate School District 2007/2008 adopted budget is as follows:

	General	Special	Vocational	Total
<u>REVENUE</u>	\$2,896,130	\$6,758,020	\$5,846,296	\$15,500,446
<u>EXPENDITURES</u>	<u>3,139,575</u>	<u>6,446,294</u>	<u>5,427,195</u>	<u>15,013,064</u>
<u>NET OVER (UNDER) BUDGET</u>	<u>(\$243,445)</u>	<u>\$311,726</u>	<u>\$419,101</u>	<u>\$487,382</u>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Lapeer Intermediate School District.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$533,954
Investments	7,228,278
Accounts Receivable	47,892
Interest Receivable	29,741
Due from Other Governmental Units	930,391
Inventory	9,604
Prepaid Expenses	2,477
	\$8,782,337
<u>NON-CURRENT ASSETS</u>	
Capital Assets	10,971,955
Less: Accumulated Depreciation	(4,101,389)
Total Noncurrent Assets	\$6,870,566
<u>TOTAL ASSETS</u>	\$15,652,903
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$159,059
Due to Other Governmental Units	962
Salaries Payable	472,635
Accrued Expenses	91,619
Deferred Revenue	65,677
Current Portion of Long-Term Obligations	225,000
Total Current Liabilities	\$1,014,952
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	1,341,284
<u>TOTAL LIABILITIES</u>	\$2,356,236
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	5,824,390
Restricted for:	
Debt Service	166,688
Unrestricted	7,305,589
	\$13,296,667
<u>TOTAL NET ASSETS</u>	\$13,296,667
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$15,652,903

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$4,640,966	\$0	\$3,886,353	(\$754,613)
Support Services	9,199,014	650,088	1,446,927	(7,101,999)
Community Services	263,378	130,751	114,848	(17,779)
Interest - Long-Term Obligations	39,892	0	0	(39,892)
Depreciation - Unallocated	225,227	0	0	(225,227)
<u>TOTALS</u>	<u>\$14,368,477</u>	<u>\$780,839</u>	<u>\$5,448,128</u>	<u>(\$8,139,510)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				7,786,963
State Aid				921,090
Grants and Contributions Not Restricted to Specific Programs				12,000
Investment Earnings				287,163
Miscellaneous				232,891
Total General Revenues and Transfers				<u>\$9,240,107</u>
Change in Net Assets				<u>\$1,100,597</u>
Net Assets - Beginning				<u>12,196,070</u>
<u>Net Assets - Ending</u>				<u>\$13,296,667</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2007

	General Fund	Special Education Fund	Vocational Education Fund
<u>ASSETS</u>			
Cash and Cash Equivalents	\$68,858	\$145,343	\$107,314
Investments	454,426	3,113,013	3,632,243
Accounts Receivable	10,812	30	10,418
Interest Receivable	1,977	12,839	14,202
Due from Other Governmental Units	394,097	526,599	5,681
Due from Other Funds	531,000	0	21
Inventory	0	0	9,604
Prepaid Expenses	2,477	0	0
<u>TOTAL ASSETS</u>	<u>\$1,463,647</u>	<u>\$3,797,824</u>	<u>\$3,779,483</u>
<u>LIABILITIES</u>			
Accounts Payable	\$33,323	\$76,646	\$24,251
Due to Other Funds	0	170,021	361,000
Due to Other Governmental Units	61	273	628
Salaries Payable	10,583	230,210	231,842
Accrued Expenses	810	27,350	58,134
Deferred Revenue	56,074	6,833	2,770
Total Liabilities	\$100,851	\$511,333	\$678,625
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	0	0	9,604
Debt Retirement	0	0	0
Unreserved:			
Undesignated, Reported In:			
General Fund	1,362,796	0	0
Special Education Fund	0	3,286,491	0
Vocational Education Fund	0	0	3,091,254
Cooperative Education Fund	0	0	0
Total Fund Balances	<u>\$1,362,796</u>	<u>\$3,286,491</u>	<u>\$3,100,858</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$1,463,647</u>	<u>\$3,797,824</u>	<u>\$3,779,483</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2007

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances:	\$7,997,710
		Amounts reported for governmental activities in the statement of net assets are different because:	
\$212,439	\$533,954		
28,596	7,228,278	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$10,971,955 and the accumulated depreciation is \$4,101,389	6,870,566
26,632	47,892		
723	29,741		
4,014	930,391		
0	531,021		
0	9,604	Accrued Interest on Long-Term Debt	(5,325)
0	2,477		
<u>\$272,404</u>	<u>\$9,313,358</u>	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
\$24,839	\$159,059	Bonds Payable	\$1,046,176
0	531,021	Compensated Absences Payable	<u>520,108</u>
0	962	Total Long-Term Liabilities	<u>(1,566,284)</u>
0	472,635		
0	86,294	<u>TOTAL NET ASSETS -</u>	
0	65,677	<u>GOVERNMENTAL ACTIVITIES</u>	<u>\$13,296,667</u>
<u>\$24,839</u>	<u>\$1,315,648</u>		
0	9,604		
166,688	166,688		
0	1,362,796		
0	3,286,491		
0	3,091,254		
80,877	80,877		
<u>\$247,565</u>	<u>\$7,997,710</u>		
<u>\$272,404</u>	<u>\$9,313,358</u>		

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>REVENUES</u>	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Vocational Education Fund</u>
Local Sources	\$1,032,938	\$2,851,821	\$5,204,817
State Sources	1,334,493	697,510	214,326
Federal Sources	186,861	3,266,614	186,345
Total Revenues	<u>\$2,554,292</u>	<u>\$6,815,945</u>	<u>\$5,605,488</u>
<u>EXPENDITURES</u>			
Current:			
Instruction	116,625	1,683,776	2,792,102
Student Services	32,724	1,693,726	495,971
Instructional Support	421,512	52,626	187,684
General Administration	326,338	625,275	4,500
School Administration	82,853	188,733	405,994
Business Administration	495,446	99	503
Operation & Maintenance of Plant	175,715	140,926	573,310
Transportation	0	10,691	0
Support Services - Other	1,164,079	45,749	16,651
Community Services	132,221	123,483	7,674
Debt Service	0	0	0
Cooperative Education	0	0	0
Total Expenditures	<u>\$2,947,513</u>	<u>\$4,565,084</u>	<u>\$4,484,389</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$393,221)	\$2,250,861	\$1,121,099
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from (to) Other Funds	530,000	(170,000)	(360,000)
Other Transfers	(84,505)	(1,692,321)	(292,000)
Total Other Financing Sources (Uses)	<u>\$445,495</u>	<u>(\$1,862,321)</u>	<u>(\$652,000)</u>
Net Change in Fund Balance	\$52,274	\$388,540	\$469,099
<u>FUND BALANCE - BEGINNING</u>	<u>1,310,522</u>	<u>2,897,951</u>	<u>2,631,759</u>
 <u>FUND BALANCE - ENDING</u>	 <u>\$1,362,796</u>	 <u>\$3,286,491</u>	 <u>\$3,100,858</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Other</u>	<u>Total</u>		
<u>Governmental</u>	<u>Governmental</u>	Total net change in fund balances - governmental funds	\$919,487
<u>Funds</u>	<u>Funds</u>	Amounts reported for governmental activities in the statement of	
<u>Funds</u>	<u>Funds</u>	activities are different because:	
\$312,351	\$9,401,927		
0	2,246,329		
0	3,639,820		
<u>\$312,351</u>	<u>\$15,288,076</u>	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(29,289)
0	4,592,503		
0	2,222,421	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	200,000
0	661,822		
0	956,113		
0	677,580		
0	496,048	Change in accrued interest on long-term liabilities	1,533
0	889,951		
0	10,691	Decrease in accrued compensated absences	<u>8,866</u>
0	1,226,479		
0	263,378	<b><u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u></b>	<b><u>\$1,100,597</u></b>
241,425	241,425		
61,352	61,352		
<u>\$302,777</u>	<u>\$12,299,763</u>		
\$9,574	\$2,988,313		
0	0		
0	(2,068,826)		
<u>\$0</u>	<u>(\$2,068,826)</u>		
\$9,574	\$919,487		
<u>237,991</u>	<u>7,078,223</u>		
<u>\$247,565</u>	<u>\$7,997,710</u>		

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2007

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	<u>Trust &amp; Agency</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$58,202</u>
<u>TOTAL ASSETS</u>	<u>\$58,202</u>
<u>LIABILITIES</u>	
Due to Student Groups	<u>\$58,202</u>
<u>TOTAL LIABILITIES</u>	<u>\$58,202</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$1,047,950	\$1,093,790	\$1,032,938	(\$60,852)
State Sources	1,213,661	1,366,451	1,334,493	(31,958)
Federal Sources	207,726	204,342	186,861	(17,481)
Total Revenues	<u>\$2,469,337</u>	<u>\$2,664,583</u>	<u>\$2,554,292</u>	<u>(\$110,291)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	131,467	137,010	116,625	20,385
Student Services	53,674	45,809	32,724	13,085
Instructional Support	310,966	467,402	421,512	45,890
General Administration	352,462	336,711	326,338	10,373
School Administration	94,753	86,100	82,853	3,247
Business Admin & Oper & Maintenance	709,275	701,460	671,161	30,299
Support Services - Other	1,334,980	1,270,530	1,164,079	106,451
Community Services	106,550	156,050	132,221	23,829
Total Expenditures	<u>\$3,094,127</u>	<u>\$3,201,072</u>	<u>\$2,947,513</u>	<u>\$253,559</u>
Excess of Revenues Over Expenditures	(\$624,790)	(\$536,489)	(\$393,221)	\$143,268
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	<u>433,097</u>	<u>433,004</u>	<u>445,495</u>	<u>12,491</u>
	(\$191,693)	(\$103,485)	\$52,274	\$155,759
<u>FUND BALANCE - BEGINNING</u>			<u>1,310,522</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$1,362,796</u>	

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL EDUCATION FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$2,461,700	\$2,782,377	\$2,851,821	\$69,444
State Sources	661,499	696,900	697,510	610
Federal Sources	3,236,488	3,322,067	3,266,614	(55,453)
Total Revenues	<u>\$6,359,687</u>	<u>\$6,801,344</u>	<u>\$6,815,945</u>	<u>\$14,601</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	1,727,002	1,751,336	1,683,776	67,560
Student Services	1,637,921	1,761,660	1,693,726	67,934
Instructional Support	110,343	87,741	52,626	35,115
General Administration	755,295	671,950	625,275	46,675
School Administration	194,650	191,050	188,733	2,317
Business Admin & Oper & Maintenance	180,850	180,350	141,025	39,325
Transportation	14,450	13,000	10,691	2,309
Support Services - Other	49,813	49,469	45,749	3,720
Community Services	127,362	122,489	123,483	(994)
Total Expenditures	<u>\$4,797,686</u>	<u>\$4,829,045</u>	<u>\$4,565,084</u>	<u>\$263,961</u>
Excess of Revenues Over Expenditures	\$1,562,001	\$1,972,299	\$2,250,861	\$278,562
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	<u>(1,400,203)</u>	<u>(1,863,299)</u>	<u>(1,862,321)</u>	<u>978</u>
<u>FUND BALANCE - BEGINNING</u>			<u>2,897,951</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$3,286,491</u>	

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
VOCATIONAL EDUCATION FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$4,855,000	\$5,205,500	\$5,204,817	(\$683)
State Sources	229,465	214,326	214,326	0
Federal Sources	207,612	200,472	186,345	(14,127)
Total Revenues	<u>\$5,292,077</u>	<u>\$5,620,298</u>	<u>\$5,605,488</u>	<u>(\$14,810)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	2,971,908	2,910,396	2,792,102	118,294
Student Services	521,550	517,250	495,971	21,279
Instructional Support	46,493	193,272	187,684	5,588
General Administration	4,800	4,800	4,500	300
School Administration	432,426	423,950	405,994	17,956
Business Administration	550	550	503	47
Operation & Maintenance of Plant	850,080	698,080	573,310	124,770
Support Services - Other	29,600	18,800	16,651	2,149
Community Services	25,000	20,000	7,674	12,326
Total Expenditures	<u>\$4,882,407</u>	<u>\$4,787,098</u>	<u>\$4,484,389</u>	<u>\$302,709</u>
Excess of Revenues Over Expenditures	\$409,670	\$833,200	\$1,121,099	\$287,899
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds	(493,000)	(660,500)	(652,000)	8,500
Net Change in Fund Balance	<u>(\$83,330)</u>	<u>\$172,700</u>	<u>\$469,099</u>	<u>\$296,399</u>
<u>FUND BALANCE - BEGINNING</u>			<u>2,631,759</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$3,100,858</u>	

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lapeer County Intermediate School District conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). 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. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. 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. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

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

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Fund

The Special Revenue Fund is used to account for activities where there is a need to determine the results of operations. The Special Revenue Funds presented in this report include the Special Education Fund, Vocational Education Fund and the Cooperative Education Fund.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major facilities by the School District.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

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

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, 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 budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2007, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2007, the District had the following investments.

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard &amp; Poor's Rating</u>	<u>%</u>
Comerica Bank External Investment Pool	<u>\$7,228,278</u>	<u>0.0027</u>	AAAm	<u>100.00%</u>

1 day maturity equals 0.0027, one year equals 1.00.

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

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$1,054,901 of the District's bank balance of \$1,420,981 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS (Continued)

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$58,202	\$ 592,156
Investments	7,228,278
<u>TOTAL</u>	\$ 7,820,434

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 58,202
Cash – District Wide	533,954
Investments – District Wide	7,228,278
<u>TOTAL</u>	\$ 7,820,434

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2007, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 226,021
Federal Grants	487,164
Other Grant Programs & Fees	217,206
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	\$ 930,391

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2007, the School District had \$11,225 of estimated claims payable in conjunction with the program.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

8) SHORT-TERM DEBT

The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2007.

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>BALANCE</u> <u>JULY 1, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2007</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$9,343,167	\$219,936	\$0	\$9,563,103
Land Improvements	42,351	17,355	0	59,706
Equipment and Furniture	1,260,309	76,361	0	1,336,670
Vehicles	5,976	6,500	0	12,476
Totals at Historical Cost	<u>\$10,651,803</u>	<u>\$320,152</u>	<u>\$0</u>	<u>\$10,971,955</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(2,924,101)	(267,500)	0	(3,191,601)
Land Improvements	(14,140)	(2,412)	0	(16,552)
Equipment and Furniture	(812,512)	(78,334)	0	(890,846)
Vehicles	(1,195)	(1,195)	0	(2,390)
Total Accumulated Depreciation	<u>(\$3,751,948)</u>	<u>(\$349,441)</u>	<u>\$0</u>	<u>(\$4,101,389)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$6,899,855</u>	<u>(\$29,289)</u>	<u>\$0</u>	<u>\$6,870,566</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 48,463
Support Services	75,751
Unallocated	<u>225,227</u>
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 349,441</u>

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2007 were \$34,885 and the School District received a dividend refund of \$29,008.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

11) GENERAL LONG-TERM DEBT

A) Durant Resolution Package Bonds

Lapeer County Intermediate School District issued Durant Resolution Bonds on November 24, 1998 in the amount of \$628,619 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2007 was \$371,176. The legislature refinanced the repayment schedule during the year ended June 30, 2007.

B) 2000 School Building and Site Bonds

The School District issued Building and Site Bonds dated September 20, 2000 for improvements to be made at the Vocational Technical Center. These general obligation tax bonds require nine annual principal payments beginning May 1, 2002, and semi-annual interest payments at rates ranging from 4.5% to 5.125%. The balance at June 30, 2007 was \$675,000.

C) Annual Principal Requirements

The annual principal requirements for all debts outstanding as of June 30, 2007 are as follows:

	BONDS PAYABLE	INTEREST	TOTAL
June 30, 2008	\$225,000	\$31,950	\$256,950
June 30, 2009	259,985	30,536	290,521
June 30, 2010	261,649	18,294	279,943
June 30, 2011	38,394	5,749	44,143
June 30, 2012	219,013	77,579	296,592
June 30, 2013	42,135	2,006	44,141
<u>TOTAL</u>	<u>\$1,046,176</u>	<u>\$166,114</u>	<u>\$1,212,290</u>

The payment dates of sick days payable is undeterminable.

The interest expenditures on long-term obligations for the year were \$41,150.

E) Changes in General Long-Term Debt

<u>Governmental Activities:</u>	BALANCE JULY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007	AMOUNT DUE IN ONE YEAR
Bonds Payable	\$1,246,176	\$0	\$200,000	\$1,046,176	\$225,000
Sick & Severance Pay	528,974	0	8,866	520,108	0
<u>Total Governmental Activities</u>	<u>\$1,775,150</u>	<u>\$0</u>	<u>\$208,866</u>	<u>\$1,566,284</u>	<u>\$225,000</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

12) OPERATING LEASES

The District entered into a operating lease with Toshiba Business Solutions for copiers on September 24, 2002. The lease payment is \$1,545 per month for a period of sixty months. Expense for the fiscal year ended June 30, 2007 was \$18,545.

Future minimum payments for the operating leases is as follows:

June 30, 2008 \$ 6,182

13) INTERFUND BALANCES

Interfund balances at June 30, 2007 consisted of the following:

<b>DUE TO</b>			
<b>DUE FROM</b>	GENERAL	VOCATIONAL	TOTAL
	FUND	ED FUND	
General Fund	\$0	\$0	\$0
Special Education Fund	170,000	21	170,021
Vocational Education Fund	361,000	0	361,000
<b><u>TOTAL</u></b>	<b><u>\$531,000</u></b>	<b><u>\$21</u></b>	<b><u>\$531,021</u></b>

These balances 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 systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<b>TRANSFERS TO</b>	
<b>TRANSFERS FROM</b>	GENERAL
	FUND
Special Education Fund	\$170,000
Vocational Education	360,000
<b><u>TOTAL</u></b>	<b><u>\$530,000</u></b>

The transfers are reimbursements to the general fund from special education and vocational education funds for overhead costs that are calculated annually and approved by the board.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS pension plan for the years ended June 30, 2007, 2006 and 2005 were \$1,110,635, \$1,037,537 and \$894,203, respectively.

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

17) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs, principal of which is the Special Education Cluster. This program is subject to program compliance audits. The audit of this program for and including the year ended June 30, 2007, has been conducted and has been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

OTHER SUPPLEMENTAL  
INFORMATION

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2007

	Debt Service Fund	Cooperative Education Fund	Total Other Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$166,080	\$46,359	\$212,439
Investments	0	28,596	28,596
Accounts Receivable	0	26,632	26,632
Interest Receivable	608	115	723
Due From Other Governmental Units	0	4,014	4,014
<u>TOTAL ASSETS</u>	<u>\$166,688</u>	<u>\$105,716</u>	<u>\$272,404</u>
<u>LIABILITIES</u>			
Accounts Payable	\$0	\$24,839	\$24,839
<u>FUND BALANCES</u>			
Reserved For:			
Debt Retirement	166,688	0	166,688
Unreserved	0	80,877	80,877
Total Fund Balances	<u>\$166,688</u>	<u>\$80,877</u>	<u>\$247,565</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$166,688</u>	<u>\$105,716</u>	<u>\$272,404</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Debt Service Fund	Cooperative Education Fund	Total Other Governmental Funds
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Tax Levy	\$248,781	\$0	\$248,781
Earnings on Investments and Deposits	8,597	2,646	11,243
Other Local Revenues	0	52,327	52,327
Total Local Sources	<u>\$257,378</u>	<u>\$54,973</u>	<u>\$312,351</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal	200,000	0	200,000
Interest	41,150	0	41,150
Other	275	0	275
Cooperative Education			
Purchased Services			
Supplies and Materials	0	30,551	30,551
Capital Outlay	0	1,400	1,400
Other	0	29,401	29,401
Total Expenditures	<u>\$241,425</u>	<u>\$61,352</u>	<u>\$302,777</u>
Net Change in Fund Balance	\$15,953	(\$6,379)	\$9,574
<u>NET ASSETS - BEGINNING</u>	<u>150,735</u>	<u>87,256</u>	<u>237,991</u>
<u>NET ASSETS - ENDING</u>	<u>\$166,688</u>	<u>\$80,877</u>	<u>\$247,565</u>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
OTHER FINANCING USES

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>REVENUES FROM</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Local Sources</u>			
Property Tax Levy	\$398,000	\$398,987	\$987
Interest on Investments	30,000	36,214	6,214
Community Revenue	125,000	130,751	5,751
Rentals	38,000	48,033	10,033
Inservice Revenue	9,000	3,674	(5,326)
Courier Revenue	11,000	10,386	(614)
Computer Service	200,000	117,904	(82,096)
Tech Special Services	82,000	94,273	12,273
Support Business Service	80,540	75,033	(5,507)
Other Business Revenue	98,500	98,495	(5)
Assessment Center Revenue	5,000	3,156	(1,844)
LEA General Education	11,000	12,000	1,000
Other Local Revenues	5,750	4,032	(1,718)
Total Revenues from Local Sources	<u>\$1,093,790</u>	<u>\$1,032,938</u>	<u>(\$60,852)</u>
<u>State Sources</u>			
State Aid - Sec. 81	858,228	858,228	0
Other State Aid	285,314	285,172	(142)
Great Parents Sec 32j	65,488	41,156	(24,332)
Math/Science - Sec. 99	94,559	87,075	(7,484)
Durant	62,862	62,862	0
Total Revenues from State Sources	<u>\$1,366,451</u>	<u>\$1,334,493</u>	<u>(\$31,958)</u>
<u>Federal Sources</u>			
WIA Family Literacy	151,100	151,100	0
Title V	287	287	0
Other Federal Grants	23,583	11,536	(12,047)
Serve MI Grant	29,372	23,938	(5,434)
Total Revenues from Federal Sources	<u>\$204,342</u>	<u>\$186,861</u>	<u>(\$17,481)</u>
Total Revenues	<u>\$2,664,583</u>	<u>\$2,554,292</u>	<u>(\$110,291)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfer from Other Funds	<u>530,000</u>	<u>530,000</u>	<u>0</u>
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$3,194,583</u>	<u>\$3,084,292</u>	<u>(\$110,291)</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Salaries - Professional	\$91,774	\$81,437	\$10,337
Fica, Retirement, Etc.	24,912	15,044	9,868
Purchased Services	9,500	10,722	(1,222)
Supplies and Materials	10,324	9,053	1,271
Other	500	369	131
Total Instruction	\$137,010	\$116,625	\$20,385
 <u>SUPPORT SERVICES</u>			
<u>Pupil Services</u>			
Purchased Services	42,466	30,594	11,872
Supplies and Materials	3,343	2,130	1,213
Total Pupil Services	\$45,809	\$32,724	\$13,085
 <u>Instructional Staff</u>			
Salaries - Professional	71,731	70,593	1,138
Salaries - Non-Professional	24,005	25,072	(1,067)
Insurances	31,965	32,244	(279)
Fica, Retirement, Etc.	27,178	27,262	(84)
Purchased Services	256,837	221,980	34,857
Supplies and Materials	53,886	42,582	11,304
Capital Outlay	0	0	0
Other	1,800	1,779	21
Total Instructional Staff	\$467,402	\$421,512	\$45,890
 <u>General Administration</u>			
Salaries - Professional	121,300	120,940	360
Salaries - Non-Professional	52,600	51,681	919
Insurances	30,650	30,632	18
Fica, Retirement, Etc.	43,000	41,364	1,636
Purchased Services	61,361	61,032	329
Supplies and Materials	11,600	8,489	3,111
Capital Outlay	1,500	1,294	206
Other	14,700	10,906	3,794
Total General Administration	\$336,711	\$326,338	\$10,373
 <u>School Administration</u>			
Salaries - Professional	24,200	24,118	82
Salaries - Non-Professional	28,343	28,738	(395)
Insurances	7,000	6,991	9
Fica, Retirement, Etc.	13,407	12,857	550
Purchased Services	8,300	6,610	1,690
Supplies and Materials	3,150	2,240	910
Capital Outlay	1,300	1,299	1
Other	400	0	400
Total School Administration	\$86,100	\$82,853	\$3,247

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES (Continued)</u>			
<u>Business Administration</u>			
Salaries - Professional	\$212,600	\$208,407	\$4,193
Salaries - Non-Professional	102,200	101,993	207
Insurances	97,200	96,732	468
Fica, Retirement, Etc.	78,840	77,505	1,335
Purchased Services	4,585	3,425	1,160
Supplies and Materials	8,400	5,545	2,855
Capital Outlay	1,500	1,441	59
Other	900	398	502
Total Business Administration	<u>\$506,225</u>	<u>\$495,446</u>	<u>\$10,779</u>
<u>Operation and Maintenance</u>			
Salaries - Professional	58,200	58,140	60
Salaries - Non-Professional	31,175	29,302	1,873
Insurances	8,600	8,459	141
Fica, Retirement, Etc.	23,230	21,212	2,018
Other Benefits	1,300	1,299	1
Purchased Services	30,000	19,018	10,982
Supplies and Materials	37,400	35,058	2,342
Capital Outlay	5,000	3,187	1,813
Other	330	40	290
Total Operation and Maintenance	<u>\$195,235</u>	<u>\$175,715</u>	<u>\$19,520</u>
<u>Other Support Services</u>			
Salaries - Professional	395,900	395,298	602
Salaries - Non-Professional	265,705	261,469	4,236
Insurances	150,600	150,094	506
Fica, Retirement, Etc.	167,300	163,824	3,476
Other Benefits	1,950	1,949	1
Purchased Services	57,050	48,634	8,416
Supplies and Materials	197,775	140,447	57,328
Capital Outlay	32,600	1,674	30,926
Other	1,650	690	960
Total Other Support Services	<u>\$1,270,530</u>	<u>\$1,164,079</u>	<u>\$106,451</u>
Total Support Services	<u>\$2,908,012</u>	<u>\$2,698,667</u>	<u>\$209,345</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>COMMUNITY SERVICES</u>			
Salaries - Professional	\$81,000	\$74,262	\$6,738
Salaries - Non-Professional	6,000	6,206	(206)
Insurance	6,200	6,200	0
Fica, Retirement, Etc.	22,900	20,374	2,526
Purchased Services	17,900	11,118	6,782
Supplies and Materials	21,500	13,780	7,720
Other	550	281	269
Total Community Services	<u>\$156,050</u>	<u>\$132,221</u>	<u>\$23,829</u>
 Total Expenditures	 \$3,201,072	 \$2,947,513	 \$253,559
 <u>OTHER FINANCING USES</u>			
Transfers to Other Governmental Units	88,196	79,129	9,067
Chargebacks - Property Tax	1,800	1,193	607
Other Transfers	7,000	4,183	2,817
Total Other Financing Uses	<u>\$96,996</u>	<u>\$84,505</u>	<u>\$12,491</u>
 <u>TOTAL EXPENDITURES AND OTHER</u> <u>FINANCING USES</u>	 <u>\$3,298,068</u>	 <u>\$3,032,018</u>	 <u>\$266,050</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>REVENUES FROM</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Local Sources</u>			
Property Tax Levy	\$2,150,000	\$2,154,145	\$4,145
Earnings on Investments and Deposits	90,000	128,721	38,721
Medicaid	450,000	483,069	33,069
Other Local Revenues	92,377	85,886	(6,491)
Total Revenues from Local Sources	<u>\$2,782,377</u>	<u>\$2,851,821</u>	<u>\$69,444</u>
<u>State Sources</u>			
Special Education	677,000	678,148	1,148
Other State Grants	19,900	19,362	(538)
Total Revenues from State Sources	<u>\$696,900</u>	<u>\$697,510</u>	<u>\$610</u>
<u>Federal Sources</u>			
I.D.E.A. Flowthrough	2,878,946	2,823,417	(55,529)
I.D.E.A. Preschool Incentive	107,175	107,175	0
State Initiated Grants	50,000	50,000	0
Transition Services	70,000	66,980	(3,020)
Other Federal Grants	11,250	7,176	(4,074)
Medicaid Administrative Outreach	70,000	76,170	6,170
Infant Toddler Grant	134,696	135,696	1,000
Total Revenues from Federal Sources	<u>\$3,322,067</u>	<u>\$3,266,614</u>	<u>(\$55,453)</u>
Total Revenues	<u>\$6,801,344</u>	<u>\$6,815,945</u>	<u>\$14,601</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from Other Districts	<u>203,000</u>	<u>180,998</u>	<u>(22,002)</u>
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$7,004,344</u>	<u>\$6,996,943</u>	<u>(\$7,401)</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Added Needs</u>			
Salaries - Professional	\$630,237	\$624,052	\$6,185
Salaries - Non-Professional	426,500	404,678	21,822
Insurances	272,218	268,853	3,365
Fica, Retirement, Etc.	269,421	247,291	22,130
Other Benefits	10,610	10,375	235
Purchased Services	108,650	105,124	3,526
Supplies and Materials	18,750	14,355	4,395
Capital Outlay	14,150	8,517	5,633
Other	800	531	269
Total Instruction	<u>\$1,751,336</u>	<u>\$1,683,776</u>	<u>\$67,560</u>
<u>SUPPORT SERVICES</u>			
<u>Pupil Services</u>			
Salaries - Professional	974,865	981,110	(6,245)
Salaries - Non-Professional	48,812	44,822	3,990
Insurances	214,921	214,998	(77)
Fica, Retirement, Etc.	259,190	243,089	16,101
Other Benefits	3,625	3,250	375
Purchased Services	103,108	80,649	22,459
Supplies and Materials	47,830	33,840	13,990
Capital Outlay	108,539	91,937	16,602
Other	770	31	739
Total Pupil Services	<u>\$1,761,660</u>	<u>\$1,693,726</u>	<u>\$67,934</u>
<u>Instructional Staff</u>			
Salaries - Non-Professional	8,307	5,056	3,251
Fica, Retirement, Etc.	1,109	609	500
Purchased Services	52,700	29,139	23,561
Supplies and Materials	25,625	17,822	7,803
Total Instructional Staff	<u>\$87,741</u>	<u>\$52,626</u>	<u>\$35,115</u>
<u>General Administration</u>			
Salaries - Professional	185,300	161,664	23,636
Salaries - Non-Professional	172,150	171,504	646
Insurance	64,100	62,084	2,016
Fica, Retirement, Etc.	91,450	84,107	7,343
Other Benefits	3,520	3,248	272
Purchased Services	130,150	126,926	3,224
Supplies and Materials	17,430	11,169	6,261
Capital Outlay	2,500	1,999	501
Other	5,350	2,574	2,776
Total Instructional Staff	<u>\$671,950</u>	<u>\$625,275</u>	<u>\$46,675</u>
<u>School Administration</u>			
Salaries - Professional	83,700	83,662	38
Salaries - Non-Professional	35,000	34,798	202
Insurances	32,250	32,244	6
Fica, Retirement, Etc.	30,100	29,692	408
Purchased Services	4,500	3,984	516
Supplies and Materials	3,950	3,127	823
Capital Outlay	1,000	762	238
Other	550	464	86
Total School Administration	<u>\$191,050</u>	<u>\$188,733</u>	<u>\$2,317</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES (Continued)</u>			
<u>Business Administration</u>			
Purchased Services	\$150	\$99	\$51
<u>Operation and Maintenance</u>			
Salaries - Non-Professional	60,000	57,032	2,968
Insurances	22,000	21,714	286
Fica, Retirement, Etc.	15,100	14,303	797
Purchased Services	22,600	15,832	6,768
Supplies and Materials	31,000	29,688	1,312
Capital Outlay	29,500	2,357	27,143
Total Operation and Maintenance	<u>\$180,200</u>	<u>\$140,926</u>	<u>\$39,274</u>
<u>Transportation</u>			
Purchased Services	13,000	10,691	2,309
<u>Other Support Services</u>			
Salaries - Professional	31,104	31,104	0
Insurances	6,468	7,627	(1,159)
Fica, Retirement, Etc.	7,897	6,738	1,159
Purchased Services	3,000	0	3,000
Supplies and Materials	1,000	280	720
Total Other Support Services	<u>\$49,469</u>	<u>\$45,749</u>	<u>\$3,720</u>
<u>Total Support Services</u>	<u>\$2,955,220</u>	<u>\$2,757,825</u>	<u>\$197,395</u>
<u>COMMUNITY SERVICES</u>			
Salaries - Professional	1,530	1,530	0
Fica, Retirement, Etc.	367	367	0
Purchased Services	119,349	120,205	(856)
Supplies and Materials	1,243	1,381	(138)
Total Community Services	<u>\$122,489</u>	<u>\$123,483</u>	<u>(\$994)</u>
<u>Total Expenditures</u>	<u>\$4,829,045</u>	<u>\$4,565,084</u>	<u>\$263,961</u>
<u>OTHER FINANCING USES</u>			
Transfer to Other Governmental Units	1,876,299	1,855,341	20,958
Transfers to Other Funds	170,000	170,000	0
Chargebacks - Property Taxes	5,000	5,310	(310)
Other Transfers	15,000	12,668	2,332
Total Other Financing Uses	<u>\$2,066,299</u>	<u>\$2,043,319</u>	<u>\$22,980</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$6,895,344</u>	<u>\$6,608,403</u>	<u>\$286,941</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>REVENUES FROM</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Local Sources</u>			
Property Tax Levy	\$4,977,000	\$4,985,050	\$8,050
Earnings on Investments and Deposits	80,000	110,985	30,985
Assessment Revenue	1,000	714	(286)
Program Sales	122,500	80,310	(42,190)
Rentals	10,000	12,145	2,145
Other Local Revenues	15,000	15,613	613
Total Revenues from Local Sources	<u>\$5,205,500</u>	<u>\$5,204,817</u>	<u>(\$683)</u>
<u>State Sources</u>			
State Aid - Added Cost - Sec. 61a.1	214,326	214,326	0
<u>Federal Sources</u>			
Workforce Investment Act	20,000	7,673	(12,327)
Tech Prep Program	30,790	30,790	0
Safe and Drug Free Schools	1,800	0	(1,800)
Perkins Grant	147,882	147,882	0
Total Revenues from Federal Sources	<u>\$200,472</u>	<u>\$186,345</u>	<u>(\$14,127)</u>
<u>TOTAL REVENUES</u>	<u>\$5,620,298</u>	<u>\$5,605,488</u>	<u>(\$14,810)</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Added Needs</u>			
Salaries - Professional	\$1,152,470	\$1,157,598	(\$5,128)
Salaries - Non-Professional	409,346	386,193	23,153
Insurances	329,730	325,227	4,503
Fica, Retirement, Etc.	392,400	382,868	9,532
Other Benefits	1,300	1,299	1
Purchased Services	153,305	137,454	15,851
Supplies and Materials	270,037	218,846	51,191
Capital Outlay	194,988	173,619	21,369
Other	6,820	8,998	(2,178)
<u>Total Instruction</u>	<u>\$2,910,396</u>	<u>\$2,792,102</u>	<u>\$118,294</u>
<u>SUPPORT SERVICES</u>			
<u>Pupil Services</u>			
Salaries - Professional	283,500	272,249	11,251
Salaries - Non-Professional	39,200	36,569	2,631
Insurance	62,300	62,282	18
Fica, Retirement, Etc.	81,700	77,785	3,915
Other Benefits	0	0	0
Purchased Services	40,100	39,099	1,001
Supplies and Materials	7,450	5,298	2,152
Capital Outlay	2,500	2,404	96
Other	500	285	215
Total Pupil Services	<u>\$517,250</u>	<u>\$495,971</u>	<u>\$21,279</u>
<u>Instructional Staff</u>			
Salaries - Professional	3,500	1,797	1,703
Salaries - Non-Professional	79,483	79,237	246
Insurances	48,845	51,780	(2,935)
Fica, Retirement, Etc.	20,954	17,640	3,314
Purchased Services	34,090	30,817	3,273
Supplies and Materials	6,400	6,413	(13)
Total Instructional Staff	<u>\$193,272</u>	<u>\$187,684</u>	<u>\$5,588</u>
<u>General Administration</u>			
Purchased Services	4,800	4,500	300

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>School Administration</u>			
Salaries - Professional	\$147,800	\$138,839	\$8,961
Salaries - Non-Professional	108,400	107,284	1,116
Insurances	52,000	51,449	551
Fica, Retirement, Etc.	55,700	62,250	(6,550)
Other Benefits	1,300	866	434
Purchased Services	38,500	34,815	3,685
Supplies and Materials	11,050	6,285	4,765
Capital Outlay	4,000	1,567	2,433
Other	5,200	2,639	2,561
Total School Administration	<u>\$423,950</u>	<u>\$405,994</u>	<u>\$17,956</u>
<u>Business Administration</u>			
Purchased Services	550	503	47
<u>Operation and Maintenance of Plant</u>			
Salaries - Non-Professional	201,830	196,561	5,269
Insurances	64,000	62,652	1,348
Fica, Retirement, Etc.	51,700	49,050	2,650
Purchased Services	120,500	104,037	16,463
Supplies and Materials	168,500	149,271	19,229
Capital Outlay	89,000	9,401	79,599
Other	2,550	2,338	212
Total Operation and Maintenance of Plant	<u>\$698,080</u>	<u>\$573,310</u>	<u>\$124,770</u>
<u>Other Support Services</u>			
Salaries - Non-Professional	9,600	9,049	551
Insurances	3,000	2,931	69
Fica, Retirement, Etc.	2,450	2,220	230
Purchased Services	1,500	778	722
Supplies and Materials	2,250	1,673	577
Total Other Support Services	<u>\$18,800</u>	<u>\$16,651</u>	<u>\$2,149</u>
<u>Total Support Services</u>	<u>\$1,856,702</u>	<u>\$1,684,613</u>	<u>\$172,089</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>COMMUNITY SERVICES</u>			
Salaries - Professional	\$10,080	\$3,360	\$6,720
Salaries - Non-Professional	1,807	798	1,009
Fica, Retirement, Etc.	3,003	1,056	1,947
Purchased Services	1,087	1,090	(3)
Supplies and Materials	4,023	1,370	2,653
<u>Total Community Services</u>	<u>\$20,000</u>	<u>\$7,674</u>	<u>\$12,326</u>
<u>Total Expenditures</u>	<u>\$4,787,098</u>	<u>\$4,484,389</u>	<u>\$302,709</u>
<u>OTHER FINANCING USES</u>			
Transfers to Other Funds	360,000	360,000	0
Other Transfers	282,500	277,089	5,411
Chargeback - Property Taxes	15,000	12,225	2,775
Transfers to Other Governmental Units	3,000	2,686	314
<u>Total Other Financing Uses</u>	<u>\$660,500</u>	<u>\$652,000</u>	<u>\$8,500</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$5,447,598</u>	<u>\$5,136,389</u>	<u>\$311,209</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
TRUST AND AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2007

	Due to (From) Student Activities and Other Organization July 1, 2006	Receipts	Disbursements	Due to (From) Student Activities and Other Organization June 30, 2007
<u>Student/Other Groups</u>				
Administration	\$87	\$895	\$919	\$63
Ag. Mechanics	169	2,923	1,820	1,272
Auto Body Repair	122	1,133	703	552
Auto Mechanics	623	1,470	1,212	881
Building Trades	2,243	2,693	4,068	868
CAD	8,105	2,869	2,225	8,749
Computer Networking	2,897	1,105	2,108	1,894
Cosmetology	393	2	0	395
Culinary Arts - V.I.C.A. Club	3,329	2,979	4,774	1,534
D.E.C.A. Club	5,923	40,175	38,742	7,356
Early Childhood	1,453	6,121	7,535	39
Electronics	6,053	5,401	7,798	3,656
F.F.A. Alumni	4,025	4,470	4,140	4,355
F.F.A. Club	7,301	50,552	47,885	9,968
H.O.S.A. Club	3,399	2,832	3,750	2,481
Interactive Media	600	3,143	3,669	74
ISD	1,579	261	59	1,781
Mechanical Construction	7,305	3,669	4,015	6,959
Metal Machining	1,165	5,413	5,203	1,375
Public Safety	199	8,111	6,720	1,590
Special Education	2,522	34	196	2,360
<u>TOTALS</u>	<u>\$59,492</u>	<u>\$146,251</u>	<u>\$147,541</u>	<u>\$58,202</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

1998 DURANT RESOLUTION PACKAGE BONDS

Date of Issue - November 24, 1998      Original amount of issue - \$628,619

	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL FISCAL YEAR REQUIREMENTS</u>
<u>PAYMENT DATE - MAY 15TH</u>				
2008	\$0	4.761353%	\$0	\$0
2009	34,985	4.761353%	9,160	44,145
2010	36,649	4.761353%	7,494	44,143
2011	38,394	4.761353%	5,749	44,143
2012	219,013	4.761353%	77,579	296,592
2013	42,135	4.761353%	2,006	44,141
<u>TOTAL</u>	<u>\$371,176</u>		<u>\$101,988</u>	<u>\$473,164</u>

2000 SCHOOL BUILDING & SITE BONDS

Date of Issue: September 20, 2000      Amount Authorized: \$1,215,000

<u>DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>TOTAL</u>
2007-2008	4.70%	\$225,000	\$15,975	\$15,975	\$256,950
2008-2009	4.75%	225,000	10,688	10,688	246,376
2009-2010	4.80%	225,000	5,400	5,400	235,800
<u>TOTALS</u>		<u>\$675,000</u>	<u>\$32,063</u>	<u>\$32,063</u>	<u>\$739,126</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT

LAPEER, MICHIGAN

FEDERAL AWARDS  
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2007

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September 21, 2007

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

To the Board of Education of  
Lapeer County Intermediate School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer County Intermediate School District, as of and for the year ended June 30, 2007, which collectively comprise the Lapeer County Intermediate School District's basic financial statements and have issued our report thereon dated September 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lapeer County Intermediate School District's internal control over financial reporting 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 Lapeer County Intermediate School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lapeer County Intermediate School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Lapeer County Intermediate School District'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 Lapeer County Intermediate School District's financial statements that is more than inconsequential will not be prevented or detected by the Lapeer County Intermediate School District's internal control.

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

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

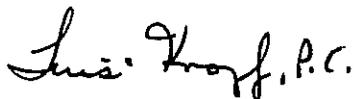
Compliance and Other Matters

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



Lapeer County Intermediate School District  
Page 2  
September 21, 2007

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



LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

September 21, 2007

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

To the Board of Education of  
Lapeer County Intermediate School District

Compliance

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

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

In our opinion, Lapeer County Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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



Lapeer County Intermediate School District  
Page 2  
September 21, 2007

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

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

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer County Intermediate School District, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 21, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lapeer County Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Lewis Knopf, P.C.*  
LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Award Passed Through U.S. Department of Education:			
Rural Education Achievement Program	84.358		
REAP		S358A055401	\$22,658
REAP		S358A065401	21,967
Total Rural Education Achievement Program			<u>\$44,625</u>
Passed Through Michigan Department of Education:			
Adult Education - State Grant Program	84.002		
Basic Grant Programs			
ABE - Instruction (06-07)		071130-711087	145,600
ABE - Instruction (06-07)		071190-711087	5,500
ABE - Instruction (05-06)		061130-611086	147,800
ABE - Institution (05-06)		061190-611086	5,500
Total Adult Ed. - State Grant Program			<u>\$304,400</u>
Special Education - Grants to States	84.027		
Flow Through (06-07)		070450-0607	2,691,816
Flow Through (05-06)		060450-0506	2,679,333
Total Special Education - Grants to States			<u>\$5,371,149</u>
State Initiated Competitive (06-07)	84.027	070480-EOSD	50,000
Service Provider Self Review (06-07)	84.027	070440-0607	2,646
Transitional Services (06-07)	84.027	070490TS	70,000
Transitional Services (05-06)		060490TS	70,000
Total Transitional Services			<u>\$140,000</u>
Total Special Education - Grants to States			<u>\$5,563,795</u>
Special Education - Preschool Grants	84.173		
Preschool Incentive (06-07)		070460-0607	107,175
Preschool Incentive (05-06)		060460-0506	109,084
Total Special Education - Preschool Grants			<u>\$216,259</u>
Special Education - Infant & Toddler Formula Grants	84.181		
Infant & Toddler (06-07)		071340-190	129,944
Infant & Toddler (05-06)		061340-190	128,611
Total Special Education - Infant & Toddler Formula Grant			<u>\$258,555</u>
Title V Innovative Education Grant	84.298		
Title V (06-07)		070250-0607	287
Title V (05-06)		060250-0506	535
Total Title V			<u>\$822</u>
Improving Teacher Quality	84.367		
Title IIa (05-06)		070520-0607	280
Total Passed Through the Michigan Department of Education			<u>\$6,344,111</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$12,161	\$21,322	\$1,336	\$0	\$13,497	\$0
0	0	9,920	0	0	9,920
<u>\$12,161</u>	<u>\$21,322</u>	<u>\$11,256</u>	<u>\$0</u>	<u>\$13,497</u>	<u>\$9,920</u>
0	0	145,600	0	111,575	34,025
0	0	5,500	0	5,216	284
14,900	147,006	0	0	14,900	0
357	4,844	0	0	357	0
<u>\$15,257</u>	<u>\$151,850</u>	<u>\$151,100</u>	<u>\$0</u>	<u>\$132,048</u>	<u>\$34,309</u>
0	0	2,366,779	0	2,020,595	346,184
559,080	2,224,693	454,640	0	1,013,720	0
<u>\$559,080</u>	<u>\$2,224,693</u>	<u>\$2,821,419</u>	<u>\$0</u>	<u>\$3,034,315</u>	<u>\$346,184</u>
0	0	50,000	0	50,000	0
0	0	1,998	0	0	1,998
0	0	66,980	0	46,293	20,687
16,671	66,117	0	0	16,671	0
<u>\$16,671</u>	<u>\$66,117</u>	<u>\$66,980</u>	<u>\$0</u>	<u>\$62,964</u>	<u>\$20,687</u>
<u>\$575,751</u>	<u>\$2,290,810</u>	<u>\$2,940,397</u>	<u>\$0</u>	<u>\$3,147,279</u>	<u>\$368,869</u>
0	0	107,175	0	101,638	5,537
12,932	109,084	0	0	12,932	0
<u>\$12,932</u>	<u>\$109,084</u>	<u>\$107,175</u>	<u>\$0</u>	<u>\$114,570</u>	<u>\$5,537</u>
0	0	129,944	0	77,374	52,570
18,389	122,859	5,752	0	24,141	0
<u>\$18,389</u>	<u>\$122,859</u>	<u>\$135,696</u>	<u>\$0</u>	<u>\$101,515</u>	<u>\$52,570</u>
0	0	287	0	287	0
77	535	0	0	77	0
<u>\$77</u>	<u>\$535</u>	<u>\$287</u>	<u>\$0</u>	<u>\$364</u>	<u>\$0</u>
0	0	280	0	280	0
<u>\$622,406</u>	<u>\$2,675,138</u>	<u>\$3,334,935</u>	<u>\$0</u>	<u>\$3,496,056</u>	<u>\$461,285</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Sanilac Intermediate School District Vocational Education - Basic Grants to States Perkins Secondary Regional Allocation (06-07)	84.048	073520-7012-11	\$147,882
Passed Through St. Clair Intermediate School District Special Education Grants to States IDEA Part B Start Grant	84.027	N/A	7,176
Passed Through Huron Intermediate School District Tech-Prep Education Voc Ed - Tech Prep Implementation (06-07)	84.243	073540-7014-11	30,790
Passed Through Genesee Intermediate School District: Vocational Safe and Drug Free Schools Title IV Safe and Drug Free Title IV Safe and Drug Free Total Vocational Safe and Drug Free Schools	84.186	N/A N/A	1,800 1,800 <u>\$3,600</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$6,578,184
<u>U.S. EMPLOYMENT &amp; TRAINING ADMINISTRATION</u>			
Passed Through Thumb Area - Michigan Works Workforce Investment Act WIA (06-07) WIA (05-06)	17.259	N/A N/A	20,000 <u>25,000</u>
<u>TOTAL U.S. EMPLOYMENT &amp; TRAINING ADMINISTRATION</u>			\$45,000
<u>CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE</u>			
Serve America Serve Michigan Grant (06-07) Serve Michigan Grant (05-06) Total Serve America	94.004	30600-27673 30600-26673	24,500 24,500 <u>\$49,000</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Medicaid Assistance Medicaid Transportation Medicaid Outreach	93.778	N/A N/A	3,239 <u>72,931</u>
<u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			\$76,170
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Lapeer County 2005 State Homeland Security Grant Program	97.004	N/A	<u>5,275</u>
<u>TOTAL FEDERAL AWARDS</u>			<u>\$6,753,629</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$0	\$0	\$147,882	\$0	\$147,882	\$0
0	0	7,176	0	3,932	3,244
0	0	30,790	0	30,790	0
1,800	1,800	0	0	1,800	0
0	0	0	0	0	0
<u>\$1,800</u>	<u>\$1,800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,800</u>	<u>\$0</u>
\$636,367	\$2,698,260	\$3,532,039	\$0	\$3,693,957	\$474,449
0	0	7,673	0	5,000	2,673
14,187	19,187	0	0	14,187	0
<u>\$14,187</u>	<u>\$19,187</u>	<u>\$7,673</u>	<u>\$0</u>	<u>\$19,187</u>	<u>\$2,673</u>
0	0	19,066	0	9,024	10,042
10,117	18,915	4,872	0	14,989	0
<u>\$10,117</u>	<u>\$18,915</u>	<u>\$23,938</u>	<u>\$0</u>	<u>\$24,013</u>	<u>\$10,042</u>
0	0	3,239	0	3,239	0
0	0	72,931	0	72,931	0
<u>\$0</u>	<u>\$0</u>	<u>\$76,170</u>	<u>\$0</u>	<u>\$76,170</u>	<u>\$0</u>
5,275	5,275	0	0	5,275	0
<u>\$665,946</u>	<u>\$2,741,637</u>	<u>\$3,639,820</u>	<u>\$0</u>	<u>\$3,818,602</u>	<u>\$487,164</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

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<u>FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	<u>\$3,639,820</u>
<u>FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
General Fund	\$186,861
Special Education Fund	3,266,614
Vocational Education Fund	<u>186,345</u>
<u>TOTAL</u>	<u>\$3,639,820</u>

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
RECONCILIATION OF FORM R 7120 " GRANT SECTION AUDITOR'S REPORT"  
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

Current Payments Per the Grant Section Auditor's Report (Form R 7120)		\$1,102,125
Current Payments Per the Grant Section Auditor's Report		
Cash Management System		
Add: Special Education (CFDA 84.027)	\$2,261,483	
Add: Preschool (CFDA 84.173)	101,638	
Add: Infant & Toddler Formula Grants (CFDA 84.181)	30,800	
Add: Title V (CFDA 84.298)	10	
Total	2,393,931	2,393,931
<u>Add:</u> Grants Passed Through Other Agencies:		
Passed Through Sanilac Intermediate School District		
Vocational Education - Basic Grants to States (CFDA 84.048)		147,882
Passed Through St. Clair Intermediate School District		
Special Education Grants to States (CFDA 84.027)		3,932
Passed Through Huron Intermediate School District		
Tech-Prep Education (CFDA 84.243)		30,790
Passed Through Genesee Intermediate School District		
Safe and Drug Free Schools (CFDA 84.186)		1,800
Passed Through Thumb Area - Michigan Works		
WIA (17.259)		19,187
Passed through Michigan Department of Education		
Serve Michigan Grant (CFDA 94.004)		24,013
Passed Through US Department of Health & Human Services		
Medical Assistance (CFDA 93.778)		76,170
Passed Through Lapeer County		
Homeland Security (CFDA 97.004)		5,275
Direct Grant Passed Through Michigan Department of Education		
Rural Education Achievement Program (CFDA 84.358)		13,497
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>		\$3,818,602

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT- LAPEER, MICHIGAN  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster

Dollar threshold use to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no current year findings.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings.

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no prior year findings or questioned costs.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS  
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PROGRAM TITLE/ SUBRECIPIENT	FEDERAL CFDA NUMBER	SUBRECIPIENT PROJECT NUMBER	SUBRECIPIENT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>IDEA Flowthrough (06-07)</u>	84.027	070450-0607	
Almont Community Schools			\$125,415
Chatfield School			18,703
Dryden Community Schools			49,718
Imlay City Community Schools			155,022
Lapeer Community Schools			483,270
North Branch Community Schools			180,248
Total IDEA Flowthrough (06-07)			\$1,012,376
<u>IDEA Flowthrough (05-06)</u>	84.027	060450-0506	
Almont Community Schools			119,366
Chatfield School			19,123
Dryden Community Schools			50,106
Imlay City Community Schools			153,352
Lapeer Community Schools			476,207
North Branch Community Schools			172,622
Total IDEA Flowthrough (05-06)			\$990,776
<u>Adult Education and Family Literacy (06-07)</u>	84.002	711087-071130	
Huron Intermediate School District			6,690
Tuscola Intermediate School District			28,716
Family Literacy Center			18,400
Total Infant & Toddler Grants			\$53,806
<u>Adult Education and Family Literacy (05-06)</u>	84.002		
Huron Intermediate School District		611086-061130	6,800
Tuscola Intermediate School District			29,200
Family Literacy Center			18,400
Total Infant & Toddler Grants (05-06)			\$54,400
<u>IDEA Preschool Incentive (06-07)</u>	84.173	060460-0506	
Imlay City Community Schools			13,574
Lapeer Community Schools			53,458
North Branch Community Schools			16,968
Total IDEA Preschool Incentive (06-07)			\$84,000
<u>IDEA Preschool Incentive</u>	84.173	060460-0506	
Imlay City Community Schools			17,296
Lapeer Community Schools			53,113
North Branch Community Schools			13,591
Total IDEA Preschool Incentive			\$84,000
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$2,225,552

<u>DUE TO (FROM) SUBRECIPIENTS JULY 1, 2006</u>	<u>SUBRECIPIENTS PRIOR YEAR EXPENDITURES</u>	<u>CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENTS</u>	<u>EXPENDITURES REPORTED BY SUBRECIPIENTS</u>	<u>DUE TO (FROM) SUBRECIPIENTS JUNE 30, 2007</u>
\$0	\$0	\$125,415	\$125,415	\$0
0	0	17,720	18,703	983
0	0	49,718	49,718	0
0	0	150,636	155,022	4,386
0	0	430,524	483,270	52,746
0	0	180,248	180,248	0
<u>\$0</u>	<u>\$0</u>	<u>\$954,261</u>	<u>\$1,012,376</u>	<u>\$58,115</u>
402	119,366	402	0	0
9,770	19,123	9,770	0	0
0	50,106	0	0	0
39,752	153,352	39,752	0	0
138,904	476,207	138,904	0	0
4,985	172,622	4,985	0	0
<u>\$193,813</u>	<u>\$990,776</u>	<u>\$193,813</u>	<u>\$0</u>	<u>\$0</u>
0	0	6,690	6,690	0
0	0	26,027	28,716	2,689
0	0	8,267	18,400	10,133
<u>\$0</u>	<u>\$0</u>	<u>\$40,984</u>	<u>\$53,806</u>	<u>\$12,822</u>
0	6,800	0	0	0
5,521	29,200	5,521	0	0
0	18,400	0	0	0
<u>\$5,521</u>	<u>\$54,400</u>	<u>\$5,521</u>	<u>\$0</u>	<u>\$0</u>
0	0	13,574	13,574	0
0	0	47,921	53,458	5,537
0	0	16,968	16,968	0
<u>\$0</u>	<u>\$0</u>	<u>\$78,463</u>	<u>\$84,000</u>	<u>\$5,537</u>
0	17,296	0	0	0
12,932	53,113	12,932	0	0
0	13,591	0	0	0
<u>\$12,932</u>	<u>\$84,000</u>	<u>\$12,932</u>	<u>\$0</u>	<u>\$0</u>
\$212,266	\$1,129,176	\$1,244,990	\$1,096,376	\$63,652

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS  
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PROGRAM TITLE/ SUBRECIPIENT	FEDERAL CFDA NUMBER	SUBRECIPIENT PROJECT NUMBER	SUBRECIPIENT AWARD AMOUNT
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Medicaid Assistance</u>	93.778	N/A	
<u>Medicaid Transportation</u>			
Lapeer Community Schools			\$312
North Branch Community Schools			591
Total Medicaid Transportation			<u>\$903</u>
<u>Medicaid Outreach</u>			
Almont Community Schools			6,148
Chatfield School			1,922
Dryden Community Schools			2,597
Imlay City Community Schools			16,193
Lapeer Community Schools			17,103
North Branch Community Schools			12,456
Total Medicaid Transportation			<u>\$56,419</u>
<u>CORPORATION FOR NATIONAL COMMUNITY SERVICE</u>			
<u>Serve America Grant</u>	94.004		
<u>Serve America</u>			
Lapeer County MSU Extension		30600/26673	24,500
<u>Learn and Serve America Grant</u>	94.004		
<u>Learn and Serve Michigan</u>			
Lapeer County MSU Extension		30600/27673	<u>24,500</u>
<u>TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS</u>			<u><u>\$2,331,874</u></u>

<u>DUE TO (FROM) SUBRECIPIENTS JULY 1, 2006</u>	<u>SUBRECIPIENTS PRIOR YEAR EXPENDITURES</u>	<u>CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENTS</u>	<u>EXPENDITURES REPORTED BY SUBRECIPIENTS</u>	<u>DUE TO (FROM) SUBRECIPIENTS JUNE 30, 2007</u>
\$0	\$0	\$312	\$312	\$0
0	0	591	591	0
<u>\$0</u>	<u>\$0</u>	<u>\$903</u>	<u>\$903</u>	<u>\$0</u>
0	0	6,148	6,148	0
0	0	1,922	1,922	0
0	0	2,597	2,597	0
0	0	16,193	16,193	0
0	0	17,103	17,103	0
0	0	12,456	12,456	0
<u>\$0</u>	<u>\$0</u>	<u>\$56,419</u>	<u>\$56,419</u>	<u>\$0</u>
0	18,047	4,873	4,873	0
<u>0</u>	<u>0</u>	<u>17,226</u>	<u>19,066</u>	<u>1,840</u>
<u>\$212,266</u>	<u>\$1,147,223</u>	<u>\$1,324,411</u>	<u>\$1,177,637</u>	<u>\$65,492</u>