

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

JUNE 30, 2007

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	i - ii
Management's Discussion and Analysis	iii - ix
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Net Assets	7
Notes to Financial Statements	8-21
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	22
Combining and Individual Fund Financial Statements	
Nonmajor Governmental Fund Types	
Combining Balance Sheet	23
Combining Statement of Revenues, Expenditures, and Changes In Fund Balance	24
Financial Statements of Individual Funds	
General Fund	
Comparative Balance Sheet	25
Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	26-27
Analysis of Revenues – Budget and Actual	28-29
Analysis of Expenditures – Budget and Actual	30-35
Special Revenue (School Service) Funds	
Combining Balance Sheet	36

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>PAGES</u>
Combining Statement of Revenues, Expenditures and Changes In Fund Balance	37
Food Service Fund	
Comparative Balance Sheet	38
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	39-40
Athletic Activities	
Comparative Balance Sheet	41
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	42-43
Debt Service Funds	
Combining Balance Sheet	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	45
Fiduciary Fund Types	
Agency Fund	
Statement of Cash Receipts and Disbursements	46-47
OTHER INFORMATION	
Schedule of 2006 Tax Roll	48-49
Comparative Schedule of Deposits and Investments	50
Selected Statistical Data	51-52
2003 Refunding Bonds Payment Schedule	53-54
1998 Durant Settlement Bonds Payment Schedule	55-56
2003 Refunding General Obligation Bonds Continuing Disclosure	57-64

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July 6, 2007

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Evert Public Schools
Evert, Michigan

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

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evert Public Schools, Evert, Michigan, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2007, on our consideration of Evert Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Evert Public Schools, Evert, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

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

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

A. Fund Financial Statements

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

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

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

B. Government –Wide Financial Statements

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

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal years ended June 30:

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

	2007	2006
Assets		
Current Assets	\$ 3,023,311	\$ 2,853,612
Non Current Assets		
Capital Assets	12,202,040	12,148,675
Less Accumulated Depreciation	(4,687,589)	(4,364,429)
Deferred Charges	6,644	7,362
Total Non Current Assets	\$ 7,521,095	\$ 7,791,608
Total Assets	\$ 10,544,406	\$10,645,220
Liabilities		
Current Liabilities	\$ 1,641,313	\$ 1,461,351
Non Current Liabilities	3,963,333	4,303,362
Total Liabilities	\$ 5,604,646	\$ 5,764,713
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 3,278,331	\$ 3,178,126
Restricted for Debt Service	109,167	127,245
Unrestricted	1,552,262	1,575,136
Total Net Assets	4,939,760	4,880,507
Total Liabilities and Net Assets	\$ 10,544,406	\$10,645,220

D. Analysis of Financial Position

During the fiscal year ended June 30, 2007, the District's net assets increased by \$59,253. A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

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

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007 \$404,837 was recorded for depreciation expense.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2007, \$135,042 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$269,795 for the fiscal year ended June 30, 2007.

E. Results of Operations

For the years ended June 30, the results of operations, on a District-wide basis, were:

	2007		2006	
	Amount	% of Total	Amount	% of Total
General Revenues				
Property Taxes	\$ 2,521,753	23.35%	\$ 2,379,836	22.03%
Investment Earnings	75,210	0.70%	60,334	0.56%
State Sources	5,822,281	53.92%	6,119,963	56.66%
Other	60,830	0.56%	101,721	0.94%
Total General Revenues	8,480,074	78.53%	8,661,854	80.19%
Program Revenues				
Charges for Services	241,360	2.24%	205,370	1.90%
Operating Grants	2,076,646	19.23%	1,934,761	17.91%
Total Program Revenues	2,318,006	21.47%	2,140,131	19.81%
Total Revenues	10,798,080	100.00%	10,801,985	100.00%
Expenses				
Instruction	5,866,953	54.63%	6,256,038	55.60%
Supporting Services	3,535,277	32.92%	3,658,548	32.50%
Food Service Activities	491,714	4.58%	473,416	4.21%
Athletic Activities	249,771	2.33%	229,123	2.04%
Interest on Long-Term Debt	168,657	1.57%	172,778	1.54%
Other Transactions	20,900	0.19%	22,714	0.20%
Unallocated Depreciation	404,837	3.77%	438,732	3.90%
Unallocated Amortization	718	0.01%	718	0.01%
Total Expenses	10,738,827	100.00%	11,252,067	100.00%
Change in Net Assets	\$ 59,253		\$ (450,082)	

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies 18.00 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2006-2007 fiscal year, the District levied \$2,005,425 in non-homestead operating property taxes. This represented an increase of 6% from the prior year. The amount of unpaid property taxes at June 30, 2007, was \$1,976. Debt retirement tax levy was 2.40 mills for 2006-2007 fiscal year amounting to \$516,328.

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

Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total Tax Levy
2006-2007	\$2,005,425	\$516,328	\$2,521,753
2005-2006	\$1,891,829	\$488,007	\$2,379,836
2004-2005	\$1,726,780	\$521,400	\$2,248,180

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2006-2007 fiscal year, the District received \$7,085 per student.

3. Student Enrollment

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

Fiscal Year	Blended Student FTE
2006-2007	1,097
2005-2006	1,202
2004-2005	1,246

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2007, federal, state and other grants accounted for \$2,076,646. This is an increase of \$141,885, compared to grant sources from the 2006-2007 fiscal year.

5. Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

Expenditures	2006-2007 Fiscal Year	2005-2006 Fiscal Year	Increase (Decrease)
Instruction	\$ 5,913,760	\$ 6,272,596	\$ (358,836)
Supporting Services	3,601,583	3,721,013	(119,430)
Food Service	495,525	472,297	23,228
Athletic Activities	249,771	229,123	20,648
Debt Service	536,893	517,247	19,646
Other Transactions	20,675	20,252	423
Transfers Out	208,937	191,753	17,184
Total Expenditures	\$ 11,027,144	\$ 11,424,281	\$ (397,137)

A comparison of expenditures by fund is as follows:

Expenditures	2006-2007 Fiscal Year	2005-2006 Fiscal Year	Increase (Decrease)
General Fund	\$ 9,744,502	\$ 10,203,565	\$ (459,063)
Food Service Fund	495,525	472,297	23,228
Athletic Activities Fund	249,771	229,123	20,648
Debt Service Fund	537,346	519,296	18,050
Total Expenditures	\$ 11,027,144	\$ 11,424,281	\$ (397,137)

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

G. General Fund Budgetary Highlights

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

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 9,402,179	\$ 9,722,906	\$ 9,726,220	\$ 3,314
<u>EXPENDITURES</u>				
Instruction	\$ 5,951,022	\$ 5,947,453	\$ 5,913,760	\$ (33,693)
Supporting Services	3,607,174	3,642,219	3,601,130	(41,089)
Community Services	600	0	0	0
Other Transactions	5,000	20,675	20,675	0
Transfers	195,374	209,064	208,937	(127)
Total Expenditures	\$ 9,759,170	\$ 9,819,411	\$ 9,744,502	\$ (74,909)

The total revenues variance of \$3,314 is 0.03% of total budgeted revenues and the total expenditures variance was only \$74,909 or .77% of total expenditures.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2007, the District has \$12,202,040 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. The acquisitions and disposals represent a net decrease of \$53,365 over the prior fiscal year. Depreciation expense for the year amounted to \$404,837 bringing the accumulated depreciation to \$4,687,589 as of June 30, 2007.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

2. Long-term Debt

At June 30, 2007, the District had \$4,236,120 in bonded debt outstanding. This represents a reduction of \$370,000 from the amount outstanding at the close of the prior fiscal year.

I. Factors bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- The current economic condition in the State of Michigan is poor. The foundation allowance for the 2007-2008 fiscal year has not been announced. Therefore, Evart Public Schools is projecting no increase for the 2007-2008 fiscal year.
- The blended student count for 2006-2007 was 1,097 students. The blended count for 2005-2006 was 1,202 students. Due to a history of declining enrollment, Evart Public Schools is projecting a blended count for 2007-2008 of 1162 students.
- The retirement cost rate for each employee will decrease from 17.74% to 16.72% for the 2007-2008 fiscal year. Also, the health insurance cost rate for the year will modestly increase. These increases, along with increases in heating, electric, bus fuel and wages will produce another projected budget deficit for 2007-2008.
- Contracts with all three unions are currently settled through the 2007-2008 fiscal year.

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Evart Public Schools, P.O. Box 917, 321 North Hemlock, Evart, Michigan 49631.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN
STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 1,502,957
Taxes Receivable	16,780
Accounts Receivable	1,120
Prepaid Expenses	106,976
Due From Other Governmental Units	1,265,981
Inventory	129,497
	3,023,311
Total Current Assets	3,023,311

NON CURRENT ASSETS

Capital Assets	12,202,040
Less Accumulated Depreciation	(4,687,589)
Deferred Charges- Issuance Costs, Discounts - Net of Accumulated Amortization	6,644
	7,521,095
Total Non Current Assets	7,521,095

TOTAL ASSETS

\$ 10,544,406

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 30,010
Accrued Expenses	274,909
Accrued Interest Payable	30,599
Salaries Payable	589,723
Due to Other Governmental Units	326,072
Current Portion of Non Current Liabilities	390,000
	1,641,313
Total Current Liabilities	1,641,313

NON CURRENT LIABILITIES

Bonds Payable	4,236,120
Compensated Absences	117,213
Less Current Portion of Non Current Liabilities	(390,000)
	3,963,333
Total Non Current Liabilities	3,963,333

Total Liabilities

5,604,646

NET ASSETS

Invested in Capital Assets Net of Related Debt	3,278,331
Restricted for Debt Service	109,167
Unrestricted	1,552,262
	4,939,760
Total Net Assets	4,939,760

TOTAL LIABILITIES AND NET ASSETS

\$ 10,544,406

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	<u>PROGRAM REVENUES</u>		<u>GOVERNMENTAL</u>
		<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>ACTIVITIES</u>
		SERVICES	GRANTS	NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 4,244,099	\$ 61,539	\$ 180,157	\$ (4,002,403)
Added Needs	1,408,071	0	1,375,443	(32,628)
Adult/Continuing Education	214,783	0	14,678	(200,105)
Supporting Services				
Pupil	581,431	0	0	(581,431)
Instructional Staff	330,058	0	136,887	(193,171)
General Administration	215,290	0	0	(215,290)
School Administration	583,341	0	0	(583,341)
Business	176,937	0	0	(176,937)
Operation and Maintenance	907,563	0	0	(907,563)
Pupil Transportation Services	549,458	0	0	(549,458)
Central Services	191,199	0	3,279	(187,920)
Food Service Activities	491,714	138,640	366,202	13,128
Athletic Activities	249,771	41,181	0	(208,590)
Interest on Long Term Debt	168,657	0	0	(168,657)
Other Transactions	20,900	0	0	(20,900)
Unallocated Depreciation and Amortization	405,555	0	0	(405,555)
Total Governmental Activities	<u>\$10,738,827</u>	<u>\$ 241,360</u>	<u>\$ 2,076,646</u>	<u>(8,420,821)</u>
<u>GENERAL REVENUES</u>				
Property Taxes -General Purposes				2,005,425
Property Taxes -Debt Service				516,328
Investment Earnings				75,210
State Sources				5,822,281
Other				60,830
Total General Revenues				<u>8,480,074</u>
Change in Net Assets				59,253
<u>NET ASSETS</u> - Beginning of Year				<u>4,880,507</u>
<u>NET ASSETS</u> - End of Year				<u>\$ 4,939,760</u>

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

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 1,231,862	\$ 271,095	\$ 1,502,957
Taxes Receivable	12,615	4,165	16,780
Accounts Receivable	494	626	1,120
Prepaid Expenses	106,976	0	106,976
Due From Other Funds	0	10,048	10,048
Due From Other Governmental Units	1,265,981	0	1,265,981
Inventory	118,685	10,812	129,497
TOTAL ASSETS	<u>\$ 2,736,613</u>	<u>\$ 296,746</u>	<u>\$ 3,033,359</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 30,010	\$ 0	\$ 30,010
Accrued Expenses	271,345	3,564	274,909
Salaries Payable	581,175	8,548	589,723
Due to Other Funds	10,048	0	10,048
Due to Other Governmental Units	326,072	0	326,072
Deferred Revenue	12,615	263	12,878
Total Liabilities	<u>1,231,265</u>	<u>12,375</u>	<u>1,243,640</u>
<u>FUND BALANCE</u>			
Reserved for Inventory	118,685	10,812	129,497
Reserved for Prepaid Expenses	106,976	0	106,976
Reserved for Debt Retirement	0	139,503	139,503
Unreserved, Designated for:			
Special Revenue Funds	0	134,056	134,056
Building Trades	23,209	0	23,209
Unreserved, Undesignated, Reported In, General Fund	<u>1,256,478</u>	<u>0</u>	<u>1,256,478</u>
Total Fund Balance	<u>1,505,348</u>	<u>284,371</u>	<u>1,789,719</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,736,613</u>	<u>\$ 296,746</u>	<u>\$ 3,033,359</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
STATEMENT OF NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances \$ 1,789,719

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are
not reported in the funds

The cost of the capital assets is	12,202,040	
Accumulated depreciation is	<u>(4,687,589)</u>	7,514,451

The issuance of Long-Term Debt provides current financial resources to funds,
while the repayment of the principle of long term debt consumes the current
financial resources of governmental funds. Neither transaction, however, has
any effect on net assets. Also, governmental funds report the effect of insurance
costs, premiums, discounts and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the statement of activities over the
life of the bond issue.

Bond Issuance Costs, Premiums and Discounts (Net)	9,337	
Accumulated amortization (Net)	<u>(2,693)</u>	6,644

Long term liabilities are not due and payable in the current period and are not
reported in the funds

Bonds Payable		(4,236,120)
Compensated Absences		(117,213)

Balance of taxes receivable expected to be collected after September 1, 2006-07		12,878
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Accrued interest is not included as a liability in government funds, it is recorded when paid		<u>(30,599)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 4,939,760</u></u>
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The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2007

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources	\$ 2,179,520	\$ 705,658	\$ 2,885,178
State Sources	6,859,175	24,998	6,884,173
Federal Sources	594,611	341,204	935,815
Other Transactions	92,914	0	92,914
Total Revenues	<u>9,726,220</u>	<u>1,071,860</u>	<u>10,798,080</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	4,295,582	0	4,295,582
Added Needs	1,403,281	0	1,403,281
Adult/Continuing Education	214,897	0	214,897
Supporting Services			
Pupil	579,424	0	579,424
Instructional Staff	329,247	0	329,247
General Administration	215,290	0	215,290
School Administration	578,288	0	578,288
Business	177,970	453	178,423
Operation and Maintenance	907,279	0	907,279
Pupil Transportation Services	622,433	0	622,433
Central Services	191,199	0	191,199
Food Service Activities	0	495,525	495,525
Athletic Activities	0	249,771	249,771
Debt Service			
Principal	0	370,000	370,000
Interest	0	166,668	166,668
Paying Agent Fees	0	225	225
Other Transactions	20,675	0	20,675
Total Expenditures	<u>9,535,565</u>	<u>1,282,642</u>	<u>10,818,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>190,655</u>	<u>(210,782)</u>	<u>(20,127)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	0	208,937	208,937
Transfers Out	(208,937)	0	(208,937)
Total Other Financing Sources (Uses)	<u>(208,937)</u>	<u>208,937</u>	<u>0</u>
Net Change in Fund Balance	(18,282)	(1,845)	(20,127)
<u>FUND BALANCE</u> - Beginning of Year	<u>1,523,630</u>	<u>286,216</u>	<u>1,809,846</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,505,348</u>	<u>\$ 284,371</u>	<u>\$ 1,789,719</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

Net change in Fund Balances Total Governmental Funds \$ (20,127)

Amounts reported for governmental activities are different because:

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

Depreciation Expense	(404,837)
Capital Outlay	135,042

Governmental funds report the effect of bond issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities over the life of the bond issue.

Amortization of Bond Issuance Costs, Premiums and Discounts (Net)	(718)
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Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	28,610
Accrued Interest Payable - End of Year	(30,599)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	370,000
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Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred Revenue - Beginning of Year	(11,259)
Deferred Revenue - End of Year	12,878

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

Compensated Absences - Beginning of Year	97,476
Compensated Absences - End of Year	<u>(117,213)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 59,253</u></u>
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The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2007

	<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Cash		\$ 103,474
Investments		<u>32,977</u>
TOTAL ASSETS		<u><u>\$ 136,451</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<u>LIABILITIES</u>		
Due to Groups and Organizations		\$ 136,451
<u>NET ASSETS</u>		<u>0</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 136,451</u></u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District (the "District") is located in Osceola County with its administrative offices located in Evart, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,097 students in elementary, middle school, high school, special education and adult education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The financial statements of the Evart Public Schools have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-wide and Fund Financial Statements

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

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

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

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

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

Governmental Funds -

The District reports the following major governmental fund:

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

Other Non-major Funds –

The *special revenue (School Service) funds* account for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service and athletic activities in special revenue funds.

The *debt retirement fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

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

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

Accrual Method

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

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

State Revenue

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

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

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

2. Short-Term Interfund Receivables/Payables

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

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and are billed and due December 1. Unpaid taxes become delinquent as of February 14th and subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	18.00
Debt Service Fund - Homestead and non-homestead	2.40

4. Inventory and Prepaid Expenditures

Inventory is valued at cost. Inventory in the general and special revenue funds consist of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchases. Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Land Improvements	20 years
Buildings and Additions	50 years
Machinery and Equipment	5-20 years
Transportation Equipment	8 years

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

6. Compensated Absences

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

7. Deferred Revenue

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenue includes property taxes receivable that is not anticipated to be collected within 60 days after year end.

8. Unearned Revenue

The District reports unearned revenue on its combined balance sheet. Unearned revenues arise when assets are recognized in connection with a transaction before the revenue is fully earned. These recognized assets must be offset by a corresponding liability for unearned revenue.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146, which allows the amortization of premiums, discounts and bond issuance costs, prospectively for all bonds issued after July 1, 2002.

10. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reserves of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Use of Estimates

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

The District maintains a formalized encumbrance system. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources is utilized in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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

1. In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. 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.
6. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
7. Budgeted amounts are as originally adopted on June 12, 2006, or as amended by the School Board of Education on June 29, 2007.

B. Excess of Expenditures Over Appropriations

The District had no funds where expenditures exceeded appropriations for the year.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's deposits and investments are all on deposit with Citizens Bank, Bank One, and Chemical Bank.

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

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

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section 9 of the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with Section 7 of the District's investment policy.

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2007, \$1,433,790 of the government's bank balance of \$1,889,976 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterpart, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds are as follows:

	GENERAL	NON-MAJOR	TOTAL
Receivables			
Taxes	\$ 12,615	\$ 4,165	\$ 16,780
Accounts	494	626	1,120
Due from Other Governmental Units	1,265,981	0	1,265,981
	\$ 1,279,090	\$ 4,791	\$ 1,283,881

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

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

	Unavailable	Unearned
Delinquent Property Taxes Receivable (General Fund)	\$ 12,615	\$ 0
Delinquent Property Taxes Receivable (Debt Service Fund)	263	0
Total Deferred/Unearned Revenue for Governmental Funds	\$ 12,878	\$ 0

C. Lease Information

The rental expense for the year ended June 30, 2007 was \$27,500.

The rental expense consists of lease agreements on computers. The future minimum lease payments for this lease is as follows:

YEAR ENDING	AMOUNTS
2008	\$ 27,500
2009	27,500
	\$ 55,000

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

D. Capital Assets

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

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets				
Land/Land Improvements	\$ 37,338	\$ 0	\$ 0	\$ 37,338
Buildings and Additions	7,715,007	0	0	7,715,007
Machinery and Equipment	3,531,939	61,232	81,677	3,511,494
Transportation Equipment	864,391	73,810	0	938,201
Subtotal	<u>\$ 12,148,675</u>	<u>\$ 135,042</u>	<u>\$ 81,677</u>	<u>\$ 12,202,040</u>
Less				
Land/Land Improvements	\$ 1,226	\$ 613	\$ 0	\$ 1,839
Buildings and Additions	2,083,921	133,562	0	2,217,483
Machinery and Equipment	1,771,401	206,983	81,677	1,896,707
Transportation Equipment	507,881	63,679	0	571,560
Accumulated	<u>\$ 4,364,429</u>	<u>\$ 404,837</u>	<u>\$ 81,677</u>	<u>\$ 4,687,589</u>
Net Capital	<u>\$ 7,784,246</u>	<u>\$ (269,795)</u>	<u>\$ 0</u>	<u>\$ 7,514,451</u>

Depreciation for the fiscal year ended June 30, 2007 amounted to \$404,837. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

E. General Long-Term Debt

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

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

	SERIAL BONDS	COMPENSATED ABSENCES	TOTAL
Long-Term Debt at July 1, 2006	\$ 4,606,120	\$ 107,007	\$ 4,713,127
Serial Bond Payment	(370,000)	0	(370,000)
Increase in Employee Vested Benefits	0	10,206	10,206
Long-Term Debt at June 30, 2007	4,236,120	117,213	4,353,333
Less Current Portion	(390,000)	0	(390,000)
Total Due After One Year	<u>\$ 3,846,120</u>	<u>\$ 117,213</u>	<u>\$ 3,963,333</u>

The District's debt obligations at June 30, 2007, are comprised of the following issues:

2003 Refunding Bonds due in annual principal installments ranging from \$390,000 to \$530,000 through May 1, 2016 with interest ranging from 3.00% to 4.1500%	\$ 4,165,000
1998 Durant Settlement Bonds, due in annual principal installments ranging from \$7,084 to \$49,152 through May 15, 2013, with interest averaging 3.341%	71,120
Compensated Absences of Employee Vested Sick Pay Accumulations	<u>117,213</u>
TOTAL LONG-TERM DEBT	<u>\$ 4,353,333</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2007, including interest payments of \$876,557 are as follows:

YEAR ENDING JUNE 30,	SERIAL BONDS	DURANT BONDS	TOTAL
2008	\$ 547,418	\$ 0	\$ 547,418
2009	555,718	7,818	563,536
2010	562,392	52,523	614,915
2011	562,342	7,818	570,160
2012	560,656	7,817	568,473
2013-2016	<u>2,240,358</u>	<u>7,817</u>	<u>2,248,175</u>
	<u>\$5,028,884</u>	<u>\$ 83,793</u>	<u>\$5,112,677</u>

The annual requirements to amortize the accrued sick leave and termination pay are uncertain because it is unknown when the employees will use the sick leave, or terminate employment.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

F. Interfund Receivables, Payables, and Transfers

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

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund		\$ 10,048
Food Service Fund	3,492	0
Athletic Activities Fund	6,281	0
Debt Retirement Fund	275	0
	<u>\$ 10,048</u>	<u>\$ 10,048</u>

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

<u>FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 0	\$ 208,937
Athletic Activities Fund	208,937	0
	<u>\$ 208,937</u>	<u>\$ 208,937</u>

Transfers are used to move unrestricted general fund revenues to the athletic activities fund in accordance with budgetary authorizations, including amounts provided as subsidies.

G. Interest Information

The School District's interest income and interest expense for 2006-2007 amounted to the following:

	<u>INTEREST INCOME</u>	<u>INTEREST EXPENSE</u>
General Fund	\$ 65,701	\$ 0
Food Service Fund	4,843	0
Athletic Activities Fund	2	0
Debt Retirement Funds	4,666	166,668
	<u>\$ 75,212</u>	<u>\$ 166,668</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

H. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. All property taxes recognized as revenue when levied.

In March 1994, the voters in the State of Michigan approved Proposition A, a change in the state constitution. This new school finance legislation imposes a statewide 6 mill tax levy on all property owners. In addition, an 18 mill levy, (locally voted) can be imposed on all non-homestead property in the district. The statewide homestead portion of property taxes is sent directly to the state. The local non-homestead portion is sent to the District and equals the local non-homestead taxable value multiplied by 18 mills. The state reallocates the homestead portion of the taxes based on a foundation grant per student less the local portion collected as described in Note (1) C.

The various counties in which the School District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

I. Short-Term Debt

The District incurred no short-term debt activity for the year.

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Michigan Department of Management and Budget, Office of Retirement Systems. General oversight of the retirement system resides with the MPERS' board. MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing Michigan 48909-7671 or by calling 1-517-322-6000.

Pension Funding Policy. Employees first hired before January 1, 1990, could make a one-time irrevocable election to contribute to the Member Retirement Plan (MIP). Employees first hired on or after January 1, 1990, are automatically included in MIP. Employees in the MIP who were hired before January 1, 1990, contribute 3.9% of their salaries to the plan. Employees hired on or after that date contribute 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. MIP contributions at a rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP moneys on deposit

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute at an actuarially determined rate to fund pension benefits, plus an additional amount to fund retiree health care benefits on a "pay as you go basis". During the year ended June 30, 2007, the District was required to contribute 17.74% of covered compensation. The contribution requirements of plan members and the Evert Public Schools are established and may be amended by the MPSERS Board of Trustees. The District's contributions to the MPSERS for the years ended June 30, 2007, 2006 and 2005 were \$934,482, \$939,841, and \$840,641, respectively, and were equal to the required contributions for each year.

B. Single Audit Report

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

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

D. Headlee Underfunding Settlement

The District received and accepted an offer from the State of Michigan to settle a lawsuit commonly known as the *Durant* case. This lawsuit related to the underfunding of state mandated special education services. The District will receive a total of \$222,624 as a result of this settlement as follows:

1. Fifty percent will be paid in ten annual installments of \$11,132 beginning on November 15, 1998 without interest, for a total of \$111,320. The remaining unpaid balance is \$11,132 at year end.
2. The remaining fifty percent was received on November 16, 1998 with bond proceeds from a Michigan Municipal Bond Authority bond program.

The ten year installment payments may be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, technology training, or debt service payment on voter-approved bonds issued before November 19, 1997.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
<u>REVENUES</u>				
Local Sources	\$ 2,032,273	\$ 2,162,814	\$ 2,179,520	\$ 16,706
State Sources	6,752,384	6,857,387	6,859,175	1,788
Federal Sources	578,972	603,289	594,611	(8,678)
Other Transactions	38,550	99,416	92,914	(6,502)
Total Revenues	9,402,179	9,722,906	9,726,220	3,314
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	4,301,757	4,316,342	4,295,582	(20,760)
Added Needs	1,436,298	1,414,026	1,403,281	(10,745)
Adult/Continuing Education	212,967	217,085	214,897	(2,188)
Supporting Services				
Pupil	627,770	584,677	579,424	(5,253)
Instructional Staff	312,976	330,594	329,247	(1,347)
General Administration	218,000	218,641	215,290	(3,351)
School Administration	584,012	580,924	578,288	(2,636)
Business	195,221	181,649	177,970	(3,679)
Operation and Maintenance	967,825	921,292	907,279	(14,013)
Pupil Transportation Services	543,860	633,255	622,433	(10,822)
Central Services	157,510	191,187	191,199	12
Community Services	600	0	0	0
Other Transactions	5,000	20,675	20,675	0
Total Expenditures	9,563,796	9,610,347	9,535,565	(74,782)
Excess (Deficiency) of Revenues Over Expenditures	(161,617)	112,559	190,655	78,096
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(195,374)	(209,064)	(208,937)	127
Net Change in Fund Balance	(356,991)	(96,505)	(18,282)	78,223
<u>FUND BALANCE</u> - Beginning of Year	1,266,016	1,523,630	1,523,630	0
<u>FUND BALANCE</u> - End of Year	\$ 909,025	\$ 1,427,125	\$ 1,505,348	\$ 78,223

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2007

	SPECIAL REVENUE FUNDS		DEBT RETIREMENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	ATHLETIC ACTIVITIES		
<u>ASSETS</u>				
Cash	\$ 135,151	\$ 618	\$ 135,326	\$ 271,095
Taxes Receivable	0	0	4,165	4,165
Accounts Receivable	626	0	0	626
Due from Other Funds	3,492	6,281	275	10,048
Inventory	10,812	0	0	10,812
TOTAL ASSETS	\$ 150,081	\$ 6,899	\$ 139,766	\$ 296,746
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accrued Expenses	\$ 2,292	\$ 1,272	\$ 0	\$ 3,564
Salaries Payable	3,539	5,009	0	8,548
Deferred Revenue	0	0	263	263
Total Liabilities	5,831	6,281	263	12,375
<u>FUND BALANCE</u>				
Reserved for Inventory	10,812	0	0	10,812
Reserved for Debt Retirement	0	0	139,503	139,503
Designated	133,438	618	0	134,056
Total Fund Balance	144,250	618	139,503	284,371
 <u>TOTAL LIABILITIES AND FUND BALANCE</u>				
	\$ 150,081	\$ 6,899	\$ 139,766	\$ 296,746

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT</u>	<u>TOTAL</u>
	<u>FOOD</u>	<u>ATHLETIC</u>	<u>RETIREMENT</u>	<u>NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>FUNDS</u>	<u>GOVERNMENTAL</u>
				<u>FUNDS</u>
<u>REVENUES</u>				
Local Sources	\$ 143,483	\$ 41,181	\$ 520,994	\$ 705,658
State Sources	24,998	0	0	24,998
Federal Sources	341,204	0	0	341,204
Total Revenues	<u>509,685</u>	<u>41,181</u>	<u>520,994</u>	<u>1,071,860</u>
<u>EXPENDITURES</u>				
Food Service Activities	495,525	0	0	495,525
Athletic Activities	0	249,771	0	249,771
Debt Service	0	0	537,346	537,346
Total Expenditures	<u>495,525</u>	<u>249,771</u>	<u>537,346</u>	<u>1,282,642</u>
Excess (Deficiency) of Revenues Over Expenditures	14,160	(208,590)	(16,352)	(210,782)
<u>OTHER FINANCING SOURCES</u>				
Transfers In	0	208,937	0	208,937
Net Change in Fund Balance	14,160	347	(16,352)	(1,845)
<u>FUND BALANCE</u> - Beginning of Year	<u>130,090</u>	<u>271</u>	<u>155,855</u>	<u>286,216</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 144,250</u>	<u>\$ 618</u>	<u>\$ 139,503</u>	<u>\$ 284,371</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 1,231,862	\$ 979,730
Taxes Receivable	12,615	11,167
Accounts Receivable	494	28,863
Prepaid Expenses	106,976	0
Due from Other Governmental Units	1,265,981	1,390,962
Inventory	118,685	154,689
	<u>\$ 2,736,613</u>	<u>\$ 2,565,411</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 30,010	\$ 25,368
Due to Other Funds	10,048	8,102
Due to Other Governmental Units	326,072	305,396
Accrued Expenses	271,345	238,606
Salaries Payable	581,175	453,142
Deferred Revenue	12,615	11,167
	<u>1,231,265</u>	<u>1,041,781</u>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	118,685	154,689
Prepaid Expenses	106,976	0
Unreserved		
Designated for Building and Trades	23,209	1,624
Undesignated	1,256,478	1,367,317
	<u>1,505,348</u>	<u>1,523,630</u>
Total Fund Balance	<u>1,505,348</u>	<u>1,523,630</u>
	<u>\$ 2,736,613</u>	<u>\$ 2,565,411</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,736,613</u>	<u>\$ 2,565,411</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

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

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 2,162,814	\$ 2,179,520	\$ 2,065,241
State Sources	6,857,387	6,859,175	6,878,330
Federal Sources	603,289	594,611	780,033
Other Transactions	99,416	92,914	76,509
	<hr/>	<hr/>	<hr/>
Total Revenues	9,722,906	9,726,220	9,800,113
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	1,522,423	1,518,580	1,659,086
Middle School	1,343,154	1,337,999	1,464,227
High School	1,309,027	1,304,580	1,376,116
Driver's Education	24,436	18,867	17,922
Early Childhood Education	109,271	109,283	118,800
Summer School	8,031	6,273	0
Added Needs			
Special Education	1,060,216	1,055,838	1,042,731
Compensatory Education	202,756	196,631	259,669
Career and Technical Education	151,054	150,812	139,995
Gifted and Talented	0	0	1,125
Adult/Continuing Education	217,085	214,897	192,925
Supporting Services			
Pupil			
Guidance Services	315,674	310,618	291,490
Health Services	45,037	44,702	48,074
Social Work Services	27,591	26,093	23,578
Other Pupil Services	196,375	198,011	230,397
Instructional Staff			
Improvement of Instruction	144,561	144,523	241,709

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

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

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Educational Media Services	140,880	140,328	158,335
Technology Assisted Instruction	10,419	10,398	12,848
Supervision and Direction	34,734	33,998	45,401
General Administration			
Board of Education	58,337	56,353	51,851
Executive Administration	160,304	158,937	160,021
School Administration			
Office of the Principal	580,924	578,288	604,684
Business			
Fiscal Services	154,616	153,406	144,104
Other Business Services	27,033	24,564	46,429
Operation and Maintenance	921,292	907,279	914,573
Pupil Transportation Services	633,255	622,433	627,277
Central Services			
Technology	191,187	191,199	118,193
Community Services			
Community Recreation	0	0	95
Payments to Other Governments	20,675	20,675	15,966
Other Transactions	0	0	4,191
	<hr/>	<hr/>	<hr/>
Total Expenditures	9,610,347	9,535,565	10,011,812
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	112,559	190,655	(211,699)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(209,064)	(208,937)	(191,753)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(96,505)	(18,282)	(403,452)
<u>FUND BALANCE</u> - Beginning of Year	1,523,630	1,523,630	1,927,082
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 1,427,125	\$ 1,505,348	\$ 1,523,630
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 2,004,789	\$ 2,005,425
Tuition		
Summer School Tuition	400	800
Drivers Education Tuition	11,500	13,150
Transportation - Young 4's	4,000	4,000
Earnings on Investments and Deposits	59,900	65,701
Rental of School Property	2,500	2,500
Responsible Thinking Presentations	13,225	13,221
USF Refunds	27,900	27,868
Miscellaneous	38,600	46,855
	2,162,814	2,179,520
 <u>STATE SOURCES</u>		
Grants-In-Aid Unrestricted		
State School Aid		
Proposal A Obligation	3,223,236	3,223,236
Discretionary Payment	2,760,145	2,760,145
Renaissance Zone	255	254
Equity Payment	26,878	26,877
Declining Enrollment	24,725	24,719
Adult Education Participants	12,609	14,678
Grants-In-Aid Restricted		
State School Aid		
Middle School Math	13,932	13,932
At Risk	291,514	291,265
Michigan School Readiness	138,600	138,600
Special Education Headlee	321,832	321,832
Vocational Education	17,228	17,228
Court Placed Children	15,300	15,277
Durant Settlement	11,133	11,132
	6,857,387	6,859,175

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL
<u>FEDERAL SOURCES</u>		
Grants-In-Aid Restricted		
Title I	336,360	325,207
Title II - Part A - Improving Teacher Quality	92,693	92,693
Title II - Part D - Technology Literacy Challenge Grant	3,279	3,279
Title V - Part A - LEA Allocation	4,599	4,599
Comprehensive School Reform Demonstration Program	100,000	100,000
Comprehensive School Reform Demonstration Program - Carryover	29,240	29,239
Drug Free Schools and Communities	7,648	7,648
Family Preservation	20,500	23,006
Family Preservation - Carryover	3,117	3,088
Elementary and Secondary Education Hurricane		
Relief for Displaced Students	1,494	1,493
Medicaid Outreach	2,959	2,959
Mecosta-Osceola ISD Transition Grant	1,400	1,400
	603,289	594,611
 <u>OTHER TRANSACTIONS</u>		
Prior Year Adjustments	2,750	0
Transfers Intermediate School District		
Special Education Dividend	13,975	13,975
Mecosta-Osceola ISD Special Education Aide - Flowthrough Grant	15,000	15,000
Medicaid Flowthrough	27,691	27,642
School Based Medicaid	40,000	36,297
	99,416	92,914
Total Other Transactions	99,416	92,914
 TOTAL REVENUES	 \$ 9,722,906	 \$ 9,726,220

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>INSTRUCTION</u>		
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	\$ 964,909	\$ 964,687
Employee Benefits	517,641	512,168
Purchased Services	4,279	6,343
Supplies and Materials	34,490	34,290
Capital Outlay	350	338
Other Expense	754	754
Total Elementary	<u>1,522,423</u>	<u>1,518,580</u>
<u>Middle School</u>		
Salaries	863,755	862,370
Employee Benefits	443,922	440,594
Purchased Services	2,800	2,719
Supplies and Materials	30,817	30,482
Capital Outlay	500	476
Other Expense	1,360	1,358
Total Middle School	<u>1,343,154</u>	<u>1,337,999</u>
<u>High School</u>		
Salaries	756,640	755,645
Employee Benefits	463,920	461,543
Purchased Services	6,020	5,936
Supplies and Materials	48,872	48,020
Capital Outlay	11,500	11,459
Other Expense	22,075	21,977
Total High School	<u>1,309,027</u>	<u>1,304,580</u>
<u>Driver's Education</u>		
Salaries	18,452	14,771
Employee Benefits	5,609	3,723
Supplies and Materials	375	373
Total Driver's Education	<u>24,436</u>	<u>18,867</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Early Childhood Education</u>		
Salaries	65,934	65,932
Employee Benefits	23,800	23,804
Purchased Services	6,000	6,000
Supplies and Materials	5,037	5,048
Capital Outlay	8,500	8,499
Total Early Childhood Education	<u>109,271</u>	<u>109,283</u>
<u>Summer School</u>		
Salaries	6,391	5,000
Employee Benefits	1,640	1,273
Total Summer School	<u>8,031</u>	<u>6,273</u>
<u>Added Needs</u>		
<u>Special Education</u>		
Salaries	668,630	668,503
Employee Benefits	349,091	345,591
Purchased Services	33,375	32,753
Supplies and Materials	8,350	8,229
Capital Outlay	770	762
Total Special Education	<u>1,060,216</u>	<u>1,055,838</u>
<u>Compensatory Education</u>		
Salaries	113,018	113,017
Employee Benefits	50,536	46,370
Purchased Services	6,428	4,661
Supplies and Materials	31,215	31,025
Capital Outlay	1,559	1,558
Total Compensatory Education	<u>202,756</u>	<u>196,631</u>
<u>Career and Technical Education</u>		
Salaries	88,476	88,452
Employee Benefits	45,954	45,659
Supplies and Materials	10,341	10,418
Capital Outlay	6,283	6,283
Total Career and Technical Education	<u>151,054</u>	<u>150,812</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Adult/Continuing Education</u>		
Salaries	134,305	134,110
Employee Benefits	71,705	71,258
Purchased Services	4,725	3,378
Supplies and Materials	5,245	5,046
Capital Outlay	200	200
Other Expense	905	905
Total Adult/Continuing Education	<u>217,085</u>	<u>214,897</u>
<u>SUPPORTING SERVICES</u>		
<u>Pupil</u>		
<u>Guidance Services</u>		
Salaries	209,007	207,433
Employee Benefits	101,423	98,278
Purchased Services	3,919	3,606
Supplies and Materials	1,325	1,301
Total Guidance Services	<u>315,674</u>	<u>310,618</u>
<u>Health Services</u>		
Salaries	33,518	33,514
Employee Benefits	9,202	8,998
Supplies and Materials	717	804
Other Expense	1,600	1,386
Total Health Services	<u>45,037</u>	<u>44,702</u>
<u>Social Work Services</u>		
Salaries	20,616	19,532
Employee Benefits	6,366	6,206
Supplies and Materials	609	355
Total Social Work Services	<u>27,591</u>	<u>26,093</u>
<u>Other Pupil Services</u>		
Salaries	131,261	131,896
Employee Benefits	55,164	50,804
Supplies and Materials	8,520	13,882
Other Expense	1,430	1,429
Total Other Pupil Services	<u>196,375</u>	<u>198,011</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	17,973	17,972
Employee Benefits	4,294	3,833
Purchased Services	84,992	84,959
Supplies and Materials	34,377	34,835
Other Expense	2,925	2,924
Total Improvement of Instruction	144,561	144,523
<u>Educational Media Services</u>		
Salaries	90,518	90,498
Employee Benefits	47,625	47,130
Supplies and Materials	2,737	2,700
Total Educational Media Services	140,880	140,328
<u>Technology Assisted Instruction</u>		
Purchased Services	10,419	10,398
<u>Supervision and Direction</u>		
Salaries	29,277	29,174
Employee Benefits	5,457	4,824
Total Supervision and Direction	34,734	33,998
<u>General Administration</u>		
<u>Board of Education</u>		
Salaries	3,025	2,973
Employee Benefits	133	122
Purchased Services	49,479	47,842
Supplies and Materials	2,000	1,722
Other Expense	3,700	3,694
Total Board of Education	58,337	56,353
<u>Executive Administration</u>		
Salaries	110,406	110,403
Employee Benefits	44,708	43,679
Purchased Services	1,290	1,144
Supplies and Materials	2,700	2,600
Other Expense	1,200	1,111
Total Executive Administration	160,304	158,937

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>School Administration</u>		
<u>Office of the Principal</u>		
Salaries	391,265	391,162
Employee Benefits	189,609	187,096
Purchased Services	50	30
Total Office of the Principal	<u>580,924</u>	<u>578,288</u>
<u>Business</u>		
<u>Fiscal Services</u>		
Salaries	84,300	84,298
Employee Benefits	62,580	62,471
Purchased Services	3,386	2,320
Supplies and Materials	4,200	4,190
Capital Outlay	150	127
Total Fiscal Services	<u>154,616</u>	<u>153,406</u>
<u>Other Business Services</u>		
Other Expense		
Taxes Abated	3,500	1,031
Insurance	23,533	23,533
Total Other Business Services	<u>27,033</u>	<u>24,564</u>
<u>Operation and Maintenance</u>		
Salaries	224,630	224,446
Employee Benefits	145,862	144,974
Purchased Services	470,800	459,094
Supplies and Materials	71,000	70,787
Capital Outlay	5,500	5,401
Other Expense	3,500	2,577
Total Operation and Maintenance	<u>921,292</u>	<u>907,279</u>
<u>Pupil Transportation Services</u>		
Salaries	261,960	261,874
Employee Benefits	153,470	151,419
Purchased Services	32,875	32,239
Supplies and Materials	99,250	94,653
Capital Outlay	79,000	75,960
Other Expense	6,700	6,288
Total Pupil Transportation Services	<u>633,255</u>	<u>622,433</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Central Services</u>		
<u>Technology</u>		
Salaries	8,671	8,671
Employee Benefits	696	694
Purchased Services	109,715	109,715
Supplies and Materials	8,412	8,454
Capital Outlay	63,693	63,665
Total Technology	<u>191,187</u>	<u>191,199</u>
 <u>PAYMENTS TO OTHER GOVERNMENTS</u>		
Transfers Intermediate School District		
Homebound	875	875
ASAP PIE	19,800	19,800
Total Other Transactions	<u>20,675</u>	<u>20,675</u>
 Total Expenditures	9,610,347	9,535,565
 <u>OTHER FINANCING USES</u>		
Transfers Out		
Athletic Activities Fund	209,064	208,937
 TOTAL EXPENDITURES AND OTHER USES	<u>\$ 9,819,411</u>	<u>\$ 9,744,502</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2007	2006
<u>ASSETS</u>				
Cash	\$ 135,151	\$ 618	\$ 135,769	\$ 131,235
Accounts Receivable	626	0	626	0
Due from Other Funds	3,492	6,281	9,773	3,052
Inventory - Food	10,812	0	10,812	6,069
TOTAL ASSETS	\$ 150,081	\$ 6,899	\$ 156,980	\$ 140,356
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accrued Expenses	\$ 2,292	\$ 1,272	\$ 3,564	\$ 3,129
Salaries Payable	3,539	5,009	8,548	6,866
Total Liabilities	5,831	6,281	12,112	9,995
<u>FUND BALANCE</u>				
Reserved for Inventory	10,812	0	10,812	6,069
Unreserved				
Designated for:				
Food Service	133,438	0	133,438	124,021
Athletic Activities	0	618	618	271
Total Fund Balance	144,250	618	144,868	130,361
TOTAL LIABILITIES AND FUND BALANCE	\$ 150,081	\$ 6,899	\$ 156,980	\$ 140,356

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SPECIAL REVENUE (SCHOOLS SERVICE) FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

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

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2007	2006
<u>REVENUES</u>				
Local Sources	\$ 143,483	\$ 41,181	\$ 184,664	\$ 188,414
State Sources	24,998	0	24,998	16,777
Federal Sources	341,204	0	341,204	296,993
Total Revenues	<u>509,685</u>	<u>41,181</u>	<u>550,866</u>	<u>502,184</u>
<u>EXPENDITURES</u>				
Food Service	495,525	0	495,525	472,297
Athletic Activities	0	249,771	249,771	229,123
Total Expenditures	<u>\$ 495,525</u>	<u>\$ 249,771</u>	<u>\$ 745,296</u>	<u>\$ 701,420</u>
Excess (Deficiency) of Revenues Over Expenditures	14,160	(208,590)	(194,430)	(199,236)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	0	208,937	208,937	191,753
Net Change in Fund Balance	14,160	347	14,507	(7,483)
<u>FUND BALANCE</u> - Beginning of Year	<u>130,090</u>	<u>271</u>	<u>130,361</u>	<u>137,844</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 144,250</u>	<u>\$ 618</u>	<u>\$ 144,868</u>	<u>\$ 130,361</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - FOOD SERVICE

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 135,151	\$ 125,802
Accounts Receivable	626	0
Due from Other Funds	3,492	3,052
Inventory - Food	10,812	6,069
	<hr/>	<hr/>
TOTAL ASSETS	\$ 150,081	\$ 134,923
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accrued Expenses	\$ 2,292	\$ 2,130
Salaries Payable	3,539	2,703
	<hr/>	<hr/>
Total Liabilities	5,831	4,833
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	10,812	6,069
Unreserved - Designated for Food Service	133,438	124,021
	<hr/>	<hr/>
Total Fund Balance	144,250	130,090
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 150,081	\$ 134,923
	<hr/> <hr/>	<hr/> <hr/>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 4,950	\$ 4,843
Food Sales to Pupils	80,606	80,592
Ala Carte Sales	40,672	40,671
Food Sales to Adults	6,880	6,877
Milk Sales	1,265	1,264
Refunds and Rebates	2,295	2,695
Vending Machine	5,500	5,498
Miscellaneous	777	777
Adjustments To Prior Year Accounts	266	266
State Sources		
State Aid - Regular	24,998	24,998
Federal Sources		
Federal Aid	300,639	300,638
U.S.D.A. Bonus Commodities	2,200	79
U.S.D.A. Entitlement Commodities	28,000	40,487
	499,048	509,685
Total Revenues		
<u>EXPENDITURES</u>		
Salaries		
Directors Salary	23,895	23,891
Cooks and Assistants	108,225	108,224
Clerical Salary	7,310	7,306
Aide Salary	2,960	2,958
Cash in Lieu of Insurance	11,200	11,198
Substitutes	2,890	2,883
Overtime	250	247
Employee Benefits		
Health Insurance	16,750	16,794
Retirement	25,825	25,463
Employer Social Security	11,990	11,944
Worker's Compensation	4,516	4,516

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL
Purchased Services		
Contracted Services	11,200	11,192
Travel and Expense	465	462
Mailing and Postage	100	98
Supplies and Materials		
Food Purchases	131,500	130,869
U.S.D.A. Commodities	510	508
Milk	41,500	41,498
Donated Commodities	30,200	40,566
Vending Machine	5,200	5,620
Miscellaneous Supplies	11,500	11,489
Capital Outlay		
Equipment and Furniture	12,610	12,607
Other Expense		
Indirect Costs	23,400	23,400
Miscellaneous Expense	1,390	1,398
Sales Tax on Adult Lunches	400	394
	485,786	495,525
Total Expenditures		
Net Change in Fund Balance	13,262	14,160
<u>FUND BALANCE</u> - Beginning of Year	130,090	130,090
<u>FUND BALANCE</u> - End of Year	\$ 143,352	\$ 144,250

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - ATHLETIC ACTIVITIES

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 618	\$ 383
Due from Other Funds	6,281	5,050
	<hr/>	<hr/>
TOTAL ASSETS	\$ 6,899	\$ 5,433
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accrued Expenses	\$ 1,272	\$ 999
Salaries Payable	5,009	4,163
	<hr/>	<hr/>
TOTAL LIABILITIES	6,281	5,162
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	618	271
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,899	\$ 5,433
	<hr/> <hr/>	<hr/> <hr/>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 0	\$ 2
Admissions	23,491	23,416
Concessions	9,375	8,838
Contributions	8,950	8,925
	41,816	41,181
 Total Revenues	 41,816	 41,181
 <u>EXPENDITURES</u>		
Salaries		
Athletic Director	45,090	45,080
Coaches	95,925	95,910
Cash in Lieu of Insurance	13,150	13,143
Employee Benefits		
Health Insurance	563	618
Retirement	25,025	24,940
Employer Social Security	11,800	11,748
Worker's Compensation	340	340
Purchased Services		
Officials	13,126	13,126
Game Workers	3,455	3,455
Contracted Services	3,430	3,424
Supplies and Materials		
Athletic Supplies	2,000	1,444
Concession Supplies	3,030	3,020
Awards and Trophies	2,400	2,349
Capital Outlay		
Equipment	22,600	22,588

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
Other Expenses		
Registration and Entry Fees	5,825	5,825
Miscellaneous	2,715	2,761
	<u>250,474</u>	<u>249,771</u>
Excess (Deficiency) of Revenues Over Expenditures	(208,658)	(208,590)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	<u>208,724</u>	<u>208,937</u>
Net Change in Fund Balance	66	347
<u>FUND BALANCE</u> - Beginning of Year	<u>271</u>	<u>271</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 337</u>	<u>\$ 618</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	<u>2003</u>	<u>DURANT</u>	<u>TOTALS</u>	
	<u>DEBT</u>	<u>DEBT</u>	<u>2007</u>	<u>2006</u>
	<u>RETIREMENT</u>	<u>RETIREMENT</u>		
	<u>FUND</u>	<u>FUND</u>		
<u>ASSETS</u>				
Cash	\$ 135,326	\$ 0	\$ 135,326	\$ 155,855
Taxes Receivable	4,165	0	4,165	92
Due from Other Funds	275	0	275	0
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 139,766</u>	<u>\$ 0</u>	<u>\$ 139,766</u>	<u>\$ 155,947</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 263	\$ 0	\$ 263	\$ 92
 <u>FUND BALANCE</u>				
Reserved for Debt Retirement	<hr/> 139,503	<hr/> 0	<hr/> 139,503	<hr/> 155,855
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 139,766</u>	<u>\$ 0</u>	<u>\$ 139,766</u>	<u>\$ 155,947</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	2003	DURANT	TOTALS	
	DEBT RETIREMENT FUND	DEBT RETIREMENT FUND	2007	2006
<u>REVENUES</u>				
Local Sources				
Property Tax Levy	\$ 516,328	\$ 0	\$ 516,328	\$ 488,007
Earnings on Investments and Deposits	4,666	0	4,666	3,864
State Sources				
Grants-In-Aid Restricted				
State Aid	0	0	0	7,817
Total Revenues	520,994	0	520,994	499,688
<u>EXPENDITURES</u>				
Redemption of Serial Bonds	370,000	0	370,000	335,000
Interest on Debt	166,668	0	166,668	182,022
Paying Agent Fees	225	0	225	225
Taxes Abated and Written Off	453	0	453	2,049
Total Expenditures	537,346	0	537,346	519,296
Net Change in Fund Balance	(16,352)	0	(16,352)	(19,608)
<u>FUND BALANCE</u> - Beginning of Year	155,855	0	155,855	175,463
<u>FUND BALANCE</u> - End of Year	\$ 139,503	\$ 0	\$ 139,503	\$ 155,855

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

AGENCY FUND

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

	BALANCE 7/01/06	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/07
Amy Gregory Memorial Account	\$ 11,862	\$ 15	\$ 11,877	\$ 0
Athletic Revolving Account				
Boy's Basketball Camp	309	1,752	1,888	173
Girl's Basketball	3,432	0	0	3,432
Girl's Basketball Camp	1,025	0	250	775
Girl's Varsity Track	40	0	0	40
Girl's Volleyball	552	192	3	741
Cross Country	546	2,273	2,067	752
Baseball	1,107	1,531	1,228	1,410
Business Club	42	0	0	42
Care for Kids	170	0	0	170
Cheerleaders	3,849	1,497	2,297	3,049
Class of 2002	786	0	0	786
Class of 2004	956	0	0	956
Class of 2006	734	0	0	734
Class of 2007	3,394	2,834	5,536	692
Class of 2008	4,896	7,017	7,771	4,142
Class of 2009	1,967	1,842	811	2,998
Class of 2010	2,383	2,580	1,731	3,232
Class of 2011	562	3,995	3,602	955
Class of 2012	148	2,401	2,282	267
Class of 2013	339	3,321	3,653	7
Class of 2014	0	5,088	3,576	1,512
Community Education Bookstore	174	2,169	2,008	335
Computer Club	329	217	0	546
Elementary Bookstore	24,097	23,503	20,678	26,922
Flower Fund	167	355	341	181
Football	241	13,772	12,751	1,262
Forensics	50	220	45	225
French Club	3,519	1,077	1,128	3,468
Future Farmers of America	6,974	43,134	35,081	15,027
Future Homemakers of America	9	0	0	9
High School Annual	2,164	11,364	8,991	4,537
High School Bookstore	562	14,653	13,429	1,786
High School Choir	11	0	0	11

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

AGENCY FUND

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

	BALANCE 7/01/06	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/07
High School Shop	380	3,884	4,030	234
High School Social Committee	0	76	44	32
High School Tree Fund	341	20	0	361
Ice Mountain Development Project	11,637	0	0	11,637
Interest Account	755	5,342	5,219	878
J Stevens BB/SB Memorial Fund	1,120	0	0	1,120
Middle School Bookstore	3,598	40,663	39,220	5,041
Middle School Newspaper	115	1,770	1,259	626
Middle School PE Program	0	43	43	0
Middle School Track	429	0	0	429
Middle School Student Council	8,008	3,610	4,362	7,256
Middle School Yearbook	45	1,581	1,520	106
Music Department	1,317	7,302	6,393	2,226
National Honor Society	515	1,503	1,293	725
OM Team	199	0	0	199
Parents for Kids	20,599	851	36	21,414
Senior D.C. Trip	1,679	27,636	28,198	1,117
Junior Varsity Softball	442	0	0	442
Softball	4	0	0	4
Students for Environmental Action	330	0	0	330
Spanish Club	2,602	31,628	34,152	78
Student Council	39	1,735	1,705	69
Students Against Drunk Driving	20	166	0	186
Sweet Shop	708	1,503	1,444	767
	<u>\$ 132,278</u>	<u>\$ 276,115</u>	<u>\$ 271,942</u>	<u>\$ 136,451</u>

Represented by

Assets

Cash	\$ 107,194	\$ 103,474
Investments	25,084	32,977
Total Assets	<u>\$ 132,278</u>	<u>\$ 136,451</u>

Liabilities

Due to Groups and Organizations	<u>\$ 132,278</u>	<u>\$ 136,451</u>
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF 2006 TAX ROLL
YEAR ENDED JUNE 30, 2007

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND - (18.00 Mills)</u>				
<u>OSCEOLA COUNTY</u>				
City of Evert	\$ 41,773,972	\$ 751,930	\$ 724,968	\$ 26,962
City of Evert DDA	(90,880)	(1,610)	(1,610)	0
City of Evert - LDFA	0	0	0	0
Cedar Township	2,257,512	40,635	35,207	5,428
Evert Township	20,067,499	361,211	306,801	54,410
Hartwick Township	8,343,204	150,176	135,117	15,059
Hersey Township	195,827	3,525	3,329	196
Middle Branch Township	1,298,523	23,373	21,131	2,242
Orient Township	12,478,633	224,614	206,016	18,598
Osceola Township	7,894,431	142,359	119,345	23,014
Sylvan Township	12,800,574	230,408	199,122	31,286
<u>MECOSTA COUNTY</u>				
Chippewa Township	3,675,841	66,166	60,695	5,471
Grant Township	644,262	11,597	10,608	989
<u>CLARE COUNTY</u>				
Freeman Township	57,818	1,041	1,041	0
	<u>\$ 111,397,216</u>	<u>\$ 2,005,425</u>	<u>\$ 1,821,770</u>	<u>\$ 183,655</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF 2006 TAX ROLL
YEAR ENDED JUNE 30, 2007

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>DEBT SERVICE FUND - (2.40 Mills)</u>				
<u>OSCEOLA COUNTY</u>				
City of Evert	\$ 53,285,332	\$ 127,882	\$ 119,890	\$ 7,992
Cedar Township	3,470,075	8,423	6,844	1,579
Evert Township	44,245,164	106,188	90,033	16,155
Hartwick Township	19,525,342	46,785	40,918	5,867
Hersey Township	568,232	1,366	1,349	17
Middle Branch Township	3,851,672	9,244	6,762	2,482
Orient Township	23,829,283	57,218	51,163	6,055
Osceola Township	25,372,961	61,048	50,383	10,665
Sylvan Township	27,767,671	66,799	56,570	10,229
<u>INDUSTRIAL FACILITIES TAX - (1.20 Mills)</u>				
City of Evert	2,381,450	2,858	2,858	0
<u>MECOSTA COUNTY</u>				
Chippewa Township	9,451,454	22,680	20,574	2,106
Grant Township	2,415,481	5,698	5,322	376
<u>CLARE COUNTY</u>				
Freeman Township	57,818	139	139	0
	<u>\$216,221,935</u>	<u>\$ 516,328</u>	<u>\$ 452,805</u>	<u>\$ 63,523</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMPARATIVE SCHEDULE OF DEPOSITS AND INVESTMENTS
JUNE 30,

	<u>2007</u>		<u>2006</u>	
	<u>RATE</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>AMOUNT</u>
<u>GOVERNMENT - WIDE FUNDS</u>				
<u>GENERAL FUND</u>				
Petty Cash		\$ 35		\$ 35
Checking	4.64%	254,600	4.64%	254,600
Checking - Cafeteria Plan	4.64%	23,471	4.64%	23,471
Building and Trades Money Market	4.30%	1,624	4.30%	1,624
Certificate of Deposit	5.00%	500,000	5.00%	500,000
Certificate of Deposit	5.15%	200,000	5.15%	200,000
		<u>\$ 979,730</u>		<u>\$ 979,730</u>
<u>SPECIAL REVENUE FUNDS</u>				
Food Service		1,231,862		
Checking	4.64%	\$ 135,131	4.64%	\$ 125,802
Athletic Activities				
Checking	0.25%	618	0.25%	383
		<u>\$ 135,749</u>		<u>\$ 126,185</u>
<u>DEBT RETIREMENT FUND</u>				
2003 Bond Issue				
Bank One Short Term Investment Fund	4.81%	\$ 135,326	4.81%	\$ 155,855
TOTAL GOVERNMENT - WIDE FUNDS		<u>\$ 1,250,805</u>		<u>\$ 1,261,770</u>
<u>FIDUCIARY FUNDS</u>				
Checking	4.30%	\$ 95,332	4.30%	\$ 95,332
F.F.A. - Certificate of Deposit	2.72%	6,974	2.72%	6,974
Amy Gregory Memorial Savings	0.25%	11,862	0.25%	11,862
Parents for Kids				
Certificate of Deposit	4.51%	3,181	4.51%	3,181
Certificate of Deposit	4.89%	14,929	4.89%	14,929
TOTAL FIDUCIARY FUNDS		<u>\$ 132,278</u>		<u>\$ 132,278</u>

136,451

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SELECTED STATISTICAL DATA
YEARS 1998 TO 2007

SOURCE: ANNUAL AUDITED STATEMENTS

<u>YEAR ENDED JUNE 30,</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Taxable Value Homestead/ Non-Homestead	\$ 216,221,935	\$ 204,176,255	\$ 196,646,546	\$ 187,744,351
Taxable Value - Non-Homestead	111,397,216	105,098,473	95,936,783	81,348,985
Blended Student Count	1,097	1,202	1,246	1,255
Taxable Value (Non-Homestead) Per Student	101,547	87,436	76,996	64,820
Per Pupil Allowance	7,085	6,875	6,700	6,700
Mills Levied				
Operations - Non-Homestead	18.00	18.00	18.00	18.00
Debt	2.40	2.40	2.70	2.80
Property Tax Revenues				
Operations	2,005,425	1,891,829	1,726,780	1,443,017
Debt	516,328	488,007	521,400	513,315
State School Aid (Excluding Categoricals)	5,998,313	6,123,610	6,302,183	6,769,985
Other General Fund Data				
Total Fund Balance	1,505,348	1,523,630	1,927,082	2,222,836
Total Local Revenues	2,179,520	2,065,241	1,906,705	1,634,360
Total State Revenues	6,859,175	6,878,330	7,121,818	7,389,768
Total Expenditures	9,819,411	10,011,812	9,911,791	9,708,711
Long-Term Debt				
Serial Bonds	4,165,000	4,535,000	4,870,000	5,200,000
Special Assessments	0	0	0	0
Durant Bonds	71,120	71,120	71,120	71,120
Compensated Absences	117,213	97,476	107,007	107,167
Total Long-Term Debt	<u>\$ 4,353,333</u>	<u>\$ 4,703,596</u>	<u>\$ 5,048,127</u>	<u>\$ 5,378,287</u>

2003	2002	2001	2000	1999	1998
\$ 180,214,630	\$ 173,785,771	\$ 169,567,163	\$ 163,550,882	\$ 154,364,630	\$ 155,203,492
79,588,370	76,185,649	73,379,923	71,190,256	64,807,301	67,475,529
1,261	1,279	1,303	1,295	1,343	1,354
63,115	59,567	56,316	54,973	48,256	49,834
6,700	6,300	6,000	5,696	5,302	5,302
18.00	18.00	18.00	16.8729	17.4056	17.8794
2.80	2.90	2.90	3.10	3.10	3.20
1,432,576	1,371,342	1,320,839	1,201,187	1,128,010	1,206,423
490,384	486,825	472,423	484,658	454,745	465,238
6,780,508	6,822,523	6,380,684	5,806,480	5,904,451	6,034,107
2,195,581	2,110,250	1,852,403	1,713,019	1,812,520	1,712,273
1,520,920	1,491,083	1,439,995	1,329,552	1,244,905	1,375,958
7,487,118	7,560,311	7,145,332	6,523,127	6,321,205	6,410,878
9,549,852	9,146,782	8,905,964	8,332,545	7,777,073	7,657,939
5,430,000	5,650,000	5,845,000	6,015,000	6,160,000	6,285,000
0	387	740	1,071	1,379	1,670
71,120	71,120	81,162	90,752	99,911	111,322
81,577	82,310	85,618	85,682	67,965	69,756
<u>\$ 5,582,697</u>	<u>\$ 5,803,817</u>	<u>\$ 6,012,520</u>	<u>\$ 6,192,505</u>	<u>\$ 6,329,255</u>	<u>\$ 6,467,748</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING BONDS PAYMENT SCHEDULE
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2003 Refunding School Bonds For 1995 Issue		
<u>PURPOSE</u>	The purpose of issuing refunding bonds is to realize a material economic savings as a result of a reduction of the debt service payments on the debt represented by the refunded bonds. The bonds refunded were originally issued on November 1, 1995 for the principal amount of \$6,615,000. The economic savings is \$325, 606 over the 13 years to the maturity of the refunding school bond issue.		
<u>DATE OF ISSUE</u>	September 30, 2003		
<u>INTEREST PAYABLE</u>	May 1, and Nov. 1, of each year		
<u>EFFECTIVE INTEREST RATE</u>	3.78%		
<u>AMOUNT OF ISSUE</u>			\$ 5,200,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$ 665,000	
Current Year		370,000	1,035,000
<u>BALANCE OUTSTANDING - June 30, 2007</u>			<u>\$ 4,165,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2007	3.00%		\$ 78,709	\$ 78,709
May 1, 2008		\$ 390,000	78,709	468,709
November 1, 2008	3.25%		72,859	72,859
May 1, 2009		410,000	72,859	482,859
November 1, 2009	3.50%		66,196	66,196
May 1, 2010		430,000	66,196	496,196

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING BONDS PAYMENT SCHEDULE
JUNE 30, 2007

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2010	3.75%		58,671	58,671
May 1, 2011		445,000	58,671	503,671
November 1, 2011	4.00%		50,328	50,328
May 1, 2012		460,000	50,328	510,328
November 1, 2012	4.00%		41,127	41,127
May 1, 2013		480,000	41,127	521,127
November 1, 2013	4.00%		31,528	31,528
May 1, 2014		500,000	31,528	531,528
November 1, 2014	4.05%		21,527	21,527
May 1, 2015		520,000	21,527	541,527
November 1, 2015	4.15%		10,997	10,997
May 1, 2016		530,000	10,997	540,997
		<u>\$ 4,165,000</u>	<u>\$ 863,884</u>	<u>\$ 5,028,884</u>

ORIGINAL REDEMPTION

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

1998 DURANT SETTLEMENT BONDS PAYMENT SCHEDULE
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	1998 School Improvement Bond	
<u>PURPOSE</u>	The bonds were issued for improvements to site, school buses, equipment, building improvement, remodeling of existing facilities and other section 1351a of Act 451 purposes. The School District used the proceeds for building improvements which meet the above prescribed uses.	
<u>DATE OF ISSUE</u>	November 15, 1998	
<u>AVERAGE INTEREST RATE</u>	3.34100%	
<u>INTEREST AND PRINCIPAL PAYABLE</u>	May 15 of each year	
<u>AMOUNT OF ISSUE</u>		\$ 111,322
<u>AMOUNT REDEEMED</u>		
Prior to Current Year	\$ 40,202	
Current Year	<u>0</u>	<u>40,202</u>
<u>BALANCE OUTSTANDING - June 30, 2007</u>		<u>\$ 71,120</u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 15, 2008	\$ 0	\$ 0	\$ 0
May 15, 2009	0	7,818	7,818
May 15, 2010	49,152	3,371	52,523
May 15, 2011	7,084	734	7,818
May 15, 2012	7,320	497	7,817
May 15, 2013	<u>7,564</u>	<u>253</u>	<u>7,817</u>
	<u>\$ 71,120</u>	<u>\$ 12,673</u>	<u>\$ 83,793</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

1998 DURANT SETTLEMENT BONDS PAYMENT SCHEDULE
JUNE 30,2007

REDEMPTION PRIOR TO MATURITY

There is no provision for early redemption

TAX LEVY/STATE AID

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

PROPERTY VALUATIONS

In accordance with Act 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem state equalized valuation represents 50% of true cash value. State equalized valuation does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan, 1978, as amended. Beginning in 1995, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps.

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

Historical Valuation

	<u>YEAR</u>	<u>TAXABLE VALUE</u>		<u>YEAR</u>	<u>TAXABLE VALUE</u>
*	2006	\$ 216,221,935		2001	\$ 216,221,935
	2005	202,459,905		2000	156,241,763
	2004	189,597,440		1999	149,131,532
	2003	178,808,970		1998	139,019,480
	2002	169,932,030		1997	135,570,192

* Approximately \$104,824,719 of the Taxable Value not including industrial facility valuations, is classified as homestead property. The non-homestead taxable value is \$111,397,216, which is used to levy the 18 mills of operating millage. Refer to page 48 for a by taxing unit breakdown.

Source: Counties of Osceola, Mecosta, and Clare

Per Capita Taxable Valuation

2006 per Capita Taxable Valuation \$ 29,559

Industrial Facilities Tax

Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), provides significant property tax incentives to industry to renovate and expand aging plants and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

Property tax owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem taxes on the facility and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the state equalized valuation of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. New plants and equipment receiving their abatement certificate prior to January 1, 1994 are taxed at one-half the total mills levied by all taxing units, other than mills levied for local and intermediate school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993.

For new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the total mills levied as ad valorem property taxes by all taxing units except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

The City of Evert has the following IFT abatements

	EXPIRES 12/31	AMOUNT
Evert ProductsTextron	2009	\$ <u><u>2,381,450</u></u>

Source: City of Evert

Downtown Development Authority (DDA)

The Downtown Development Authority enabling legislation (Act No. 197, Public Acts of Michigan, 1975, as amended), enables downtown development authorities to undertake a broad range of downtown improvement activities which will contribute to the economic growth and the halting of deterioration of property values in a designated downtown district.

In order to provide an authority with the means of financing the planning and implementation of development proposals, the statute affords the opportunity to undertake tax increment financing of development programs. These programs must be identified in a tax increment financing plan which has been approved by the governing body of a municipality.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

Simply stated, tax increment financing permits an authority to capture tax revenues attributable to increases in value of real and personal property located within an approved development area. The increases in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or to such other factors as the assessor may deem appropriate.

The City of Evart has one DDA district. The base year was 1987 and the DDA had an ad valorem valuation of \$4,092,200. The 2006 ad valorem valuation was \$4,580,087, for a captured valuation of \$89,452. The limited captured amount is due to the level of eligible obligations in the district. The DDA does not capture the School District's debt tax levies.

Source: City of Evart

Local Development Finance Authority (LDFA)

Act 281 of the Public Acts of Michigan, 1986 as amended, ("Act 281"), enables cities, villages or urban townships to establish a Local Development Finance Authority (LDFA) for the purpose of encouraging local development to prevent conditions of unemployment and promote economic growth. Among the powers granted to the LDFA are the ability to plan and propose the development or redevelopment of property and improvements within a designated development area and the ability to implement an approved development plan.

In order to provide a LDFA with the means of financing development proposals, Act 281 authorizes and permits the use of tax increment financing to finance development plans and programs. These programs must be identified in a tax increment financing plan which has been approved by the governing body of a municipality. Tax increment financing permits a LDFA to capture tax revenues attributable to increase in the value of real and personal property located within an approved development area. The increase in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or any other factors which cause growth in value.

The City of Evart has one LDFA district with a 1990 base year initial assessed valuation of \$420,000. The 2006 ad valorem valuation was \$11,114,344, with a limited captured valuation of \$0. The limited captured amount is due to the level of eligible obligations in the district. The LDFA also has captured valuations of Industrial Facilities Tax (IFT), but these IFT levies do not finance the School operations, thus, their capture by the LDFA has no effect on the School. The LDFA does not capture the School District's debt tax levies.

Source: City of Evart

MAJOR TAXPAYERS

The top ten non-homestead taxpayers in the School District and their 2006 ad valorem taxable value are as follows:

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

<u>TAXPAYER</u>	<u>PRODUCT/SERVICE</u>	<u>TAXABLE VALUE</u>
PPG Industries Inc.	Glass Products	\$ 10,327,307
Evert Products Textron	Automotive Plastics	6,455,800
Liberty Dairy Company Inc.	Dairy Products	4,720,805
Collins Aikman	Automotive Products	2,773,650
Consumers Energy Company	Utilities Services	2,666,910
JPS Automotive Inc.	Automotive Products	2,415,140
Mid Michigan Gas Storage Company	Gas Storage	2,291,567
Nestle Waters North	Water Bottling	2,045,436
State of Michigan	Department of Natural Resources	1,546,391
Michigan Consolidated Gas Company	Utilities Services	1,380,118
TOTAL		<u><u>\$ 36,623,124</u></u>

The Taxable Values of the above taxpayers represent 32.8% of the School District's 2006 Non-Homestead Taxable Value of \$111,397,216.

Source: Osceola, Mecosta, and Clare County Departments of Equalization.

TAX RATES (Per \$1,000 of Valuation)

The tax rates for taxpayers within the School District are as follows:

School District Tax Rates

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<i><u>Evert Public Schools</u></i>					
Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	2.4000	2.4000	2.7000	2.8000	2.8000
TOTAL NON-HOMESTEAD	<u>20.4000</u>	<u>20.4000</u>	<u>20.7000</u>	<u>20.8000</u>	<u>20.8000</u>
TOTAL HOMESTEAD	<u>2.4000</u>	<u>2.4000</u>	<u>2.7000</u>	<u>2.8000</u>	<u>2.8000</u>

Other Tax Rates

State Education Fund *	6.0000 *	6.0000 *	6.0000 *	5.0000 *	6.0000
Osceola County	9.1851	9.1851	9.1999	9.1661	9.2373
City of Evert	14.5539	14.5539	14.5539	14.5539	14.5539
Mecosta-Osceola I/S/D	4.0867	4.0874	4.0931	4.1080	4.1472

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

* Pursuant to a ballot proposal approved by the electors of the State of Michigan on March 15, 1994, beginning with the December 1, 1994, tax levy, the State of Michigan levies 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District. The State mills were reduced to 5.00 mills for the 2003 tax levy and then raised back to 6.00 mills for 2004 and levied in the summer, instead of the winter tax roll. The School District levies 18.00 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located within the School District. The School's operations are funded by an 18.00 mill levy with the balance of a per pupil allowance guaranteed by the State of Michigan education fund which is funded by the 6 mill levy noted above as well as sales tax and other statewide sources. Debt millage is also collected on the Industrial Facilities Taxable Values at one-half of the 2.40 debt mills or 1.20 mills. The total equivalent debt taxable value is approximately \$204,176,255 for 2006.

Source: Osceola, Mecosta, and Clare County Departments of Equalization.

TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurers for collection. Osceola, Mecosta, and Clare Counties annually pay from their Tax Revolving Funds delinquent taxes on real property to all taxing units in the Counties, including the School District, shortly after the date delinquent taxes are returned to the County Treasurers for collection. The payments from these funds have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

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

YEAR	OPERATING TAX LEVY	COLLECTIONS TO MARCH 1, EACH YEAR		COLLECTIONS TO JUNE 30 EACH YEAR	
2006	\$ 2,005,425	\$ 1,821,770	90.84%	\$ 2,003,449	99.90%
2005	\$ 1,891,829	\$ 1,472,547	77.84%	\$ 1,890,943	99.95%
2004	\$ 1,726,780	\$ 1,516,219	87.81%	\$ 1,718,578	99.53%
2003	\$ 1,443,017	\$ 1,264,635	87.64%	\$ 1,436,380	99.54%
2002	\$ 1,432,576	\$ 1,286,413	89.80%	\$ 1,417,964	98.98%
2001	\$ 1,371,342	\$ 1,226,786	89.46%	\$ 1,365,940	99.60%
2000	\$ 1,320,840	\$ 1,136,098	86.01%	\$ 1,298,675	98.32%
1999	\$ 1,201,186	\$ 1,036,541	86.29%	\$ 1,184,100	98.58%
1998	\$ 1,128,010	\$ 969,087	85.91%	\$ 1,111,340	98.52%
1997	\$ 1,206,423	\$ 1,067,245	88.46%	\$ 1,185,528	98.27%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

Source: Schools District

The Tax Revolving Funds are financed through the issuance of Delinquent Tax Anticipation Notes (DTANs). Although the Counties anticipate the continuance of these programs, the ability to issue such DTANs is subject to Michigan Department of Treasury approval and market conditions at the time of offering. In addition, Act 206 of 1893, as amended, provided in part that: "The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the first Tuesday in May in each year, tax sales are held by the Counties at which lands delinquent for taxes assessed in the second year, preceding the sale, or in a prior year are sold for the total of the unpaid taxes of those years.

LABOR FORCE

A breakdown of the number of employees of Evert Public Schools and their affiliation with organized groups is as follows:

<u>EMPLOYEES</u>	<u>NUMBER</u>	<u>BARGAINING UNIT</u>	<u>CONTRACT EXPIRATION</u>
Administrators	7	Non-Affiliated	N/A
Teachers	71	MEA	2006
Secretaries	7	MEA	2006
Aides	20	MEA	2006
Maintenance/Custodial	8	MEA	2006
Transportation	11	MEA	2006
Food Service	10	MEA	2006
Other	<u>7</u>	Non-Affiliated	2006
TOTAL STAFF	141		

The school District has not experienced a strike by any of its bargaining units within the past ten years.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

PENSION FUND

The School District pays an amount equal to 17.74% of its employees' wages to the Michigan Public School Employees Retirement System ("MPERS"), which is administered by the State of Michigan. These contributions are required by law. Prior to the 1994/1995 school year, the School District paid an amount equal to 5% of its employees' wages. The School District's contributions for the past five years are shown below. The School District does not have an unfunded accrued liability under MPERS.

YEAR ENDING JUNE 30	PAID TO PENSION FUND
2007	\$ 934,482
2006	\$ 939,841
2005	\$ 840,641
2004	\$ 743,575
2003	\$ 730,039

Effective January 1, 1987, members of MPERS may irrevocably elect to contribute a percentage of their gross wages on a tax deferred basis to a "member investment plan" ("MIP") which qualifies them for additional benefits. The current contribution rate of 3.9% became effective January 1, 1990, representing a change from the previous contribution rate of 4%. This option to review and adjust the contribution rate is available to MPERS members, if necessary, every three years. All employees hired after January 1, 1990 will contribute to the plan at a graduated rate of their gross wages. If a member leaves MPERS service before a retirement benefit has vested, the member's accumulated contributions to MIP, plus interest, if any, are refundable.

DEBT STATEMENT (As of June 30, 2007 and including the Bonds described herein)

DIRECT DEBT

DATE ISSUED	PURPOSE	TYPE	INTEREST PAID	MATURITIES	AMOUNT OUTSTANDING
9/30/03	Refunding Bonds	UTQ	Pages 53-54	5-1-05/2016	\$ 4,165,000
11/15/98	Durant Settlement	Self Liquidating	Page 55	5-1-99/2013	71,120
NET DIRECT DEBT					\$ 4,236,120

Source: School District

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2007

SCHOOL ENROLLMENT

Historical enrollment for the School District (Blended February and September Count Dates) is as follows:

SCHOOL YEAR	ENROLLMENT	SCHOOL YEAR	ENROLLMENT
2006/07	1097	2001/02	1279
2005/06	1202	2000/01	1303
2004/05	1246	1999/00	1295
2003/04	1255	1998/99	1343
2002/03	1261	1997/98	1354

Enrollment by grades - 2006/07 (Blended February and September Count Dates) is as follows:

Kindergarten	85	Seventh	82
First	70	Eighth	97
Second	72	Ninth	96
Third	64	Tenth	92
Fourth	72	Eleventh	92
Fifth	69	Twelfth	83
Sixth	81	Special Education	72
		Alternative Education	<u>43</u>
		TOTAL	<u><u>1,170</u></u>

Projected enrollment - five years hence - 2011/12

K-4		375	
5-8		350	
9-12		330	
Alternative Education		<u>20</u>	
TOTAL		<u><u>1,075</u></u>	

Source: School District

GENERAL FUND BUDGET

See - Pages 26 and 27

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

SINGLE AUDIT

JUNE 30, 2007

Baird, Cotter and Bishop, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>PAGES</u>
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	1-2
Schedule of Expenditures of Federal Awards	3-4
Notes to Schedule of Expenditures of Federal Awards	5-6
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	7-8
Summary Schedule of Prior Audit Findings	9
Schedule of Findings and Questioned Costs	10-11

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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July 6, 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
Evert Public Schools
Evert, Michigan

COMPLIANCE

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

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

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

INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Our consideration of the internal control over compliance was limited for the 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 Evert Public Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated July 6, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Evert Public Schools' 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 Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
U.S. Department of Education								
Passed Through Michigan Department of Education (M.D.E.)								
Title I Part A Imp Basic Program								
Project No. 071530-0607	84.010	\$ 335,326	\$ 0	\$ 0	\$ 325,207	\$ 257,703	\$ 67,504	\$ 0
Project No. 061530-0506	84.010	358,947	70,425	358,947	0	70,425	0	0
Total	84.010	694,273	70,425	358,947	325,207	328,128	67,504	0
Handicapped Preschool & School Program/CIMS Grant								
Project No. 060440-SPSR	84.027	4,130	804	804	0	804	0	0
Drug Free Schools and Communities								
Project No. 072860-0607	84.186	7,648	0	0	7,648	7,510	138	0
Project No. 062860-0506	84.186	26,456	18,569	26,456	0	18,569	0	0
Total	84.186	34,104	18,569	26,456	7,648	26,079	138	0
Title V Part A LEA Allocation								
Project No. 070250-0607	84.298	4,599	0	0	4,599	3,141	1,458	0
Title II Part D Technology Literacy Challenge Grant								
Project No. 074290-0607	84.318	3,279	0	0	3,279	820	2,459	0
Project No. 064290-0607	84.318	1,020	0	0	1,020	1,020	0	0
Project No. 064290-0506	84.318	6,478	6,478	5,458	0	5,458	0	(1,020)
Total	84.318	10,777	6,478	5,458	4,299	7,298	2,459	(1,020)
Comprehensive School Reform Demonstration Program								
Project No. 061870-0607	84.332	100,000	0	0	100,000	96,480	3,520	0
Project No. 051870-0506	84.332	232,200	17,507	202,961	29,239	46,746	0	0
Total	84.332	332,200	17,507	202,961	129,239	143,226	3,520	0
Title II Part A Improving Teacher Quality								
Project No. 070520-0607	84.367	92,693	0	0	92,693	70,442	22,251	0
Project No. 060520-0506	84.367	93,881	15,817	93,881	0	15,817	0	0
Total	84.367	186,574	15,817	93,881	92,693	86,259	22,251	0
Hurricane Katrina Relief								
Project No. 064120-1	84.938	1,493	0	0	1,493	1,493	0	0
Total Passed Through M.D.E.		1,268,150	129,600	688,507	565,178	596,428	97,330	(1,020)
Passed Through Mecosta-Osceola Intermediate School District (I.S.D.)								
IDEA Transition Grant								
Project No. 070490-TS	84.027A	1,400	0	0	1,400	1,400	0	0
Total Passed Through I.S.D.		1,400	0	0	1,400	1,400	0	0
Total U.S. Department of Education		1,269,550	129,600	688,507	566,578	597,828	97,330	(1,020)

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
U.S. Department of Health and Human Services								
Passed Through Michigan Family Independence Agency								
Family Preservation and Support Services								
Project No. SFSC 04-67003-4	93.556	24,500	0	0	23,006	17,399	5,607	0
Project No. SFSC 04-67003-3	93.556	24,500	11,941	21,412	3,088	15,029	0	0
Total	93.556	49,000	11,941	21,412	26,094	32,428	5,607	0
Passed Through Mecosta-Osceola Intermediate School District (I.S.D.)								
Medicaid Outreach								
Project No. None	93.778	2,959	0	0	2,959	2,959	0	0
Total U.S. Department of Health and Human Services		51,959	11,941	21,412	29,053	35,387	5,607	0
U.S Department of Agriculture								
Passed Through Michigan Department of Education								
Child Nutrition Cluster								
National School Lunch								
Section 4 - Total Servings - 051960-061950	10.555	31,389	0	0	31,389	31,389	0	0
Section 11 - Total Servings - 051960-061960	10.555	171,774	0	0	171,774	171,774	0	0
Total	10.555	203,163	0	0	203,163	203,163	0	0
National School Lunch - Breakfast								
051970 and 061970	10.553	97,475	0	0	97,475	97,475	0	0
Total Child Nutrition Cluster		300,638	0	0	300,638	300,638	0	0
Food Distribution								
Entitlement Commodities	10.550	40,566	0	0	40,566	40,566	0	0
Total U.S. Department of Agriculture		341,204	0	0	341,204	341,204	0	0
Total Federal Financial Assistance		\$ 1,662,713	\$ 141,541	\$ 709,919	\$ 936,835 (B)	\$ 974,419 (C)	\$ 102,937	\$ (1,020)

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

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

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

Revenues from Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 935,815
Title II Part D Technology Literacy Challenge Grant revenue recognized in Statement of Revenues, Expenditures and Changes in Fund Balance in 6-30-06		1,020
		936,835
		936,835
Federal Expenditures per Schedule of Expenditures of Federal Awards		\$ <u>936,835</u>

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

Current Cash Payments per Cash Management System		\$ 931,770
Add Items Not on CMS Report:		
Handicapped Preschool & School Program/CIMS Grant - 060440-SPSR	804	
Safe and Drug-Free Schools - 062860-0506	18,569	
Comprehensive School Reform Demonstration Program 051870-0506	46,746	
Title II Part A - 060520-0506	15,817	
Hurricane Katrina Relief - 064120-1	1,493	
IDEA Transition Grant 070490-TS	1,400	
Family Preservation and Support Services - SFSC 04-67003-4	17,399	
Family Preservation and Support Services - SFSC 04-67003-3	15,029	
Medicaid Outreach Project	2,959	120,216
Amounts reported on 6/30/2007 R7120 Grant Section Auditors Report not recorded on CMS Grant Auditor Report		
Child Nutrition Cluster		
National School Lunch Breakfast	97,475	
National School Lunch	203,163	300,638

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

Less Timing Differences		
Payments received in July 2006 for prior year		
Title I 061530-0506		70,425
Amounts Received as Payments in Kind		
Food Distribution Program		
Entitlement Commodities		40,566
Reconciliation of errors on new CMS Report		
Safe and Drug-Free Schools - 062860-0506	(26,456)	
Title I - 061530-0506	(358,947)	
Title II Part A - 060520-0506	(93,881)	
Title V Part A - 060250-0506	(9,912)	(489,196)
Current Year Receipts (Cash Basis) per		
Schedule of Expenditures of Federal Awards		\$ <u>974,419</u>

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July 6, 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
Evert Public Schools
Evert, Michigan

We have audited the financial statements of Evert Public Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated July 6, 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 Evert Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Evert Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Evert Public Schools' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 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 district's financial statements that is more than inconsequential will not be prevented or detected by the district's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs (Item 2007-A) to be a significant deficiency in internal control over financial reporting.

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 district's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is not a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Evert Public Schools' 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*.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Evert Public Schools' response and, accordingly, we express no opinion on it.

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

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

Finding 2006-A (from the 2005/2006 fiscal year)

The District has a limited number of people involved in the accounting function due to financial constraints in allocating resources to this activity. This condition hampers the ability of the District to adequately segregate duties to enhance internal control.

The District is aware of this limitation and continues to explore cost effective measures to improve this internal control limitation.

This finding is repeated for the current fiscal year.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Significant deficiency(ies) identified:	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified as material weakness(es)?	<u> </u> Yes	<u> X </u> No
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified:	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> No
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?	<u> </u> Yes	<u> X </u> No

The programs tested as major programs included:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I - Improving Basic Programs
10.555 and 10.553	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

B. Findings - Basic Financial Statements Audit

2007-A

Reportable Conditions:

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. The reportable condition noted above was not considered to be a material weakness.

Corrective Action Plan

Inadequate segregation of duties

With the status of state funding, the District is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We still are exploring ways to spread some of the day-to-day accounting responsibilities. The District and Superintendent Howard Hyde will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

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

None

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July 6, 2007

Board of Education and Superintendent Hyde
Ewart Public Schools
321 N. Hemlock Street
Ewart, MI 49631

During our audit of the basic financial statements of the Ewart Public Schools for the year ended June 30, 2007, we noted the following items which we believe should be considered for adoption into the management and accounting procedures of the school district:

Act 621 (Uniform Budgeting and Accounting Act)

The District did a very excellent job in budgeting for the year 2006/2007. No funds had an excess of expenditures over appropriations. Actual General Fund revenue was \$3,314 greater than anticipated. General Fund expenditures and transfers were \$74,909 less than the \$9,819,411 appropriated. We feel each person did an excellent monitoring job of the funds assigned to them.

Posting Budget to District Website

The State School Aid Act now requires local districts to post their annual operating budget and subsequent amendments on their website. This is an ongoing requirement and this act requires the posting to occur within 30 days of all newly adopted or amended budgets. We do not believe the District is currently in compliance with this requirement as we were unable to locate the budget on the District website. The District should also consider making the budget easy to locate from the home page of the District website so that interested parties will be able to access it.

LDFA-DDA Captured Tax

We would note that the tax roll years of 1999 through 2006 have not yet been finalized for taxes captured by the LDFA, DDA, of the City of Ewart. We recommend the District continue to monitor any proposed changes by the state and possibly contact them to inquire when audit adjustments might be expected. The District continues to accrue a liability related to the anticipated captured taxes to be refunded to the State of Michigan. The State is currently reviewing the 1999-2003 tax years. Once the issues have been settled, an adjustment by the State may be necessary. Since many of the eligible obligations of the LDFA and the DDA are expiring we anticipate fewer adjustments related to this issue in the future. We will continue to assist you in monitoring this issue as it develops.

Condition of the Accounting Records

We would like to commend the School staff and administration for an excellent job in maintaining the School District's records for the year 2006/2007. We appreciate the staff's attention to detail and their ability to continue to keep up on the changes that the State of Michigan has generated over the last few years.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperative spirit and assistance in helping us fulfill this audit assignment. If you have any questions relative to the above comments and recommendations or other areas of your annual audit, please feel free to contact us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.