

CORUNNA PUBLIC SCHOOLS
CORUNNA, MICHIGAN
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

August 29, 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Corunna Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corunna Public Schools, as of and for the year ended June 30, 2007, which collectively comprise the school district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corunna 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated August 29, 2007 on our consideration of the Corunna Public Schools' internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corunna Public Schools' basic financial statements. The additional information on pages 19 - 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

-I-

CORUNNA PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The Corunna Public Schools is a Preschool through Twelfth Grade (P-12) school district located in Shiawassee County, Michigan. The district is comprised of one preschool, three elementary schools (grades K-5), one middle school (grades 6-8), and one high school (grades 9-12). Additionally, the district contracts with Baker College of Owosso to conduct an alternative education program for certain high school students. In total, the district's pupil count for the 2006-2007 school year was 2,402, a welcome increase from the 2005-2006 count of 2,384. This continues a consistent pattern of increasing student count due in large part to the district's success as a School of Choice. The pupil count number does not include those enrolled or participating in other successful educational programs the district offers, such as the preschool and school-age child care programs, the Adult Education program, and Community Education's enrichment classes and camps, which are offered throughout the year.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District-wide Financial Statements and Fund Financial Statements.

District-wide Financial Statements:

The District-wide Financial Statements are full accrual basis statements. In other words, they report all of the district's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service fund solely for the payment of long term principal or interest are grouped with unrestricted assets of the General fund. Capital assets and obligations of the district are reported in the Statement of Net Assets of the District Wide Financial Statements.

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

The Net Assets Summary (next page) and its related Statements of Net Assets report the Corunna Public Schools' net assets – the difference between assets and liabilities – as one way to measure the school district's financial health or financial position. Over time, increases or decreases in the school district's net assets – as reported in the following Results of Operations and its related Statement of Activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the school district's operating results. However, a school district's goal is to provide services to its students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety and wellbeing of the students, to assess the overall health of the school district.

The Statement of Net Assets and the Statement of Activities report the governmental activities of the school district, which encompasses all of its services, including instruction, support services, community services, athletics, and food services. Property taxes, State Aid, and state and federal grants finance most of these activities.

Fund Financial Statements:

The school district's Fund Financial Statements provide detailed information about the most significant funds, not the school district as a whole. Some funds are required to be established by State law and by bond covenants. However, the school district establishes other funds to help it control and manage money for particular purposes (the Food Service fund and Athletics fund are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The various funds of the school district use the following accounting approach:

CORUNNA PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Fund Financial Statements: (Continued)

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

In the Fund Financial Statements, purchased capital assets are reported as expenditures in the year of acquisition. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future years’ debt obligations are not recorded.

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

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

SUMMARY OF NET ASSETS:

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

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets	\$5,814,538	\$5,374,753
Non-Current Assets	<u>13,055,399</u>	<u>13,544,777</u>
<u>TOTAL ASSETS</u>	<u>\$18,869,937</u>	<u>\$18,919,530</u>
<u>LIABILITIES</u>		
Current Liabilities	\$4,862,038	\$4,195,173
Long-Term Liabilities	<u>4,974,204</u>	<u>5,816,809</u>
Total Liabilities	\$9,836,242	\$10,011,982
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	7,671,195	7,770,573
Restricted - Debt Service	123,288	121,977
Restricted - Capital Projects	752	8,031
Unrestricted	<u>1,238,460</u>	<u>1,006,967</u>
Total Net Assets	<u>\$9,033,695</u>	<u>\$8,907,548</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$18,869,937</u>	<u>\$18,919,530</u>

CORUNNA PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

RESULTS OF OPERATIONS:

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

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
<u>General Revenues:</u>		
Property Taxes Levied for General Operations	\$1,406,078	\$1,339,489
Property Taxes Levied for Debt Service	622,250	586,348
State of Michigan Unrestricted Foundation Aid	15,277,665	14,713,360
Other General Revenues	<u>221,148</u>	<u>235,700</u>
Total General Revenues	\$17,527,141	\$16,874,897
<u>Operating Grants:</u>		
Federal	670,465	636,821
State of Michigan	1,404,721	1,307,462
Other Operating Grants	<u>5,055</u>	<u>13,235</u>
Total Operating Grants	\$2,080,241	\$1,957,518
<u>Charges for Services:</u>		
Food Service	491,120	496,820
Athletics	106,194	115,159
Other Charges for Services	<u>335,822</u>	<u>373,910</u>
Total Charges for Services	<u>\$933,136</u>	<u>\$985,889</u>
Total Revenues	\$20,540,518	\$19,818,304
<u>EXPENSES</u>		
Instruction & Instructional Support	11,174,984	10,609,024
Support Services	6,678,868	6,420,743
Community Services	145,436	145,213
Food Service	931,168	883,182
Athletics	584,636	552,431
Other Capital Projects	210,562	230,322
Interest on Long-Term Debt	215,889	253,693
Depreciation	<u>472,828</u>	<u>470,076</u>
Total Expenses	<u>\$20,414,371</u>	<u>\$19,564,684</u>
<u>INCREASE IN NET ASSETS</u>	\$126,147	\$253,620
<u>BEGINNING NET ASSETS</u>	<u>8,907,548</u>	<u>8,653,928</u>
<u>ENDING NET ASSETS</u>	<u>\$9,033,695</u>	<u>\$8,907,548</u>

CORUNNA PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

GOVERNMENT- WIDE FINANCIAL STATEMENTS

Analysis of Statement of Net Assets:

During the year ended June 30, 2007, the district's Total Net Assets increased by \$126,147 to a total of \$9,033,695. The largest portion of the net assets is the district's investment in capital assets. Net Assets Invested in Capital Assets-Net of Related Debt) decreased by \$99,378 during the year due to depreciation and principal payments on related debt exceeding purchases of new capital assets. The district's Unrestricted Net Assets increased by \$231,493 during the year and the restricted portion of the net assets decreased by \$5,968. The Unrestricted Net Assets may be used to fund the educational services provided to students. The Restricted Net Assets consist of the Restricted Debt Service funds that may only be used to pay bonded debt and restricted Capital Projects funds that may only be used to fund major buildings or grounds costs (e.g., new roofs, additions, parking lot resurfacing, boilers, etc.).

Analysis of Statement of Activities:

The district's overall revenues exceeded its expenses for the year by \$126,147. The total revenues increased by \$722,214, or almost 4% over last year's amounts. One major reason for this change in revenue is the funding received for the additional eighty-seven students in the pupil count. Expenditures increased by \$849,687, or 4% from last year. A significant factor in this increase is the higher cost of salaries and benefits.

FUND FINANCIAL STATEMENTS

Analysis of Financial Position:

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

General Fund

The district's General fund is the primary operating fund of the district. Unreserved fund balance for the General fund decreased by \$159,124 during the year, a shortfall anticipated and approved by the Board (see next page). The major source of General fund revenues is state aid and local property taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)
The State of Michigan aid, unrestricted, is determined from the following variables:
 - a. State of Michigan State Aid Act per student foundation allowance
 - b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
 - c. The district's non-homestead tax levy

2. Per-Student Foundation Allowance:
Annually, the State of Michigan establishes the per-student foundation allowance. The Corunna Public Schools' foundation allowance was \$7,085 per student for the 2006-2007 school year.

CORUNNA PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FUND FINANCIAL STATEMENTS (Continued)

Analysis of Financial Position (Continued):

General Fund (Continued)

3. Student Enrollment:

The district's student enrollment for the fall count of 2006-2007 was 2,402 students, an increase of 18 students from the prior year.

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

In 2006-2007 the district levied 18 mills of property taxes for operations (General fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The district's non-homestead property tax revenue for the 2006-2007 fiscal year was \$1,412,733, an increase of \$74,180 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance	
				<u>Original & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenue	\$18,621,700	\$18,833,100	\$18,843,314	1.14	0.05
Expenditures	18,923,200	18,973,100	19,093,020	0.26	0.63
<u>TOTAL</u>	<u>(\$301,500)</u>	<u>(\$140,000)</u>	<u>(\$249,706)</u>		

ANALYSIS OF BUDGETS:

All school districts are required to present to the public and to approve a budget for the next fiscal year by June 30 of the current fiscal year. The Corunna Public Schools Board of Education adopted the original 2006-2007 budget in June, 2006. In answer to significant changes that occur in revenues and expenditures throughout the year, our Board may present and adopt a revised budget, as it did on March 19, 2007. The above report shows the General Fund's budgets, original and final, versus the actual revenues and expenses for the year. One can easily see how the budget is, in many ways, an educated guess, at best, and a moving target, in any event.

As with last year, the Board allowed the district to operate on a deficit budget. Since the district's fund equity is healthy, the Board chose to not make reductions in programs, services or personnel but, instead, to dip into its savings again, so to speak. The Board agreed that this year's deficit in the General fund was manageable and acceptable in order to keep the district's mission in the forefront.

CORUNNA PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

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

	Principal Balance 7-01-06	Increases 6-30-07	Principal Payments 6-30-07	Principal Balance 6-30-07
Bonds Payable	\$5,774,204	\$0	\$390,000	\$5,384,204
Teacher Buy Out	888,256	0	444,128	444,128
<u>TOTAL</u>	<u>\$6,662,460</u>	<u>\$0</u>	<u>\$834,128</u>	<u>\$5,828,332</u>

The Bonds Payable entry (above) represents what is left from the district's bond issue in 2001, plus the remaining amount of the state's Durant settlement bonds. The entry for Teacher Buy-out is the amount owed towards the Early Retirement Incentive offered to teachers and accepted by twenty-seven of them.

B. Net Investment in Capital Assets

The district's net investment in capital assets decreased by \$489,378 during the fiscal year. This can be summarized as follows:

	Balance 7-1-06	Additions	Deductions	Balance 6-30-07
Capital Assets	\$24,837,078	\$285,034	\$34,445	\$25,087,667
Less: Accumulated Depreciation	(11,292,301)	(774,412)	(34,445)	(12,032,268)
<u>Net Investment Capital Outlay</u>	<u>\$13,544,777</u>	<u>(\$489,378)</u>	<u>\$0</u>	<u>\$13,055,399</u>

Significant additions were the paving of parking lots and purchase of a boiler, bus and air conditioner.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

* Foundation allowance

The foundation amount for the 2007-2008 school year will increase by \$0 to \$7,085 per student. The district's September 2007 enrollment is expected to remain unchanged from 2006.

* Retirement rates

General fund expenses are expected to increase. The increase in the deficit is due primarily to the increase in salaries and benefits. The retirement rate is anticipated to decrease to 16.52% in 07-08 from 17.74% in 06-07.

* The Corunna Public Schools 2007/2008 adopted budget is as follows:

<u>REVENUE</u>	\$18,687,770
<u>EXPENDITURES</u>	<u>19,074,691</u>
<u>NET (UNDER) BUDGET</u>	<u>(\$386,921)</u>

CORUNNA PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the district's finances. Questions about this report or requests for additional information can be directed to the Business Office, Corunna Public Schools.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$701,089
Investments	2,248,981
Accounts Receivable	37,718
Due from Other Governmental Units	2,813,480
Prepaid Expenses	2,894
Inventory	10,376
Total Current Assets	<u>\$5,814,538</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	25,087,667
Less: Accumulated Depreciation	<u>(12,032,268)</u>
Total Noncurrent Assets	<u>\$13,055,399</u>
<u>TOTAL ASSETS</u>	<u><u>\$18,869,937</u></u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$272,435
State Aid Note Payable	2,500,000
Accrued Expense	36,768
Salaries Payable	1,108,125
Deferred Revenue	90,582
Current Portion of Long-Term Obligations	854,128
Total Current Liabilities	<u>\$4,862,038</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>4,974,204</u>
<u>TOTAL LIABILITIES</u>	\$9,836,242
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	7,671,195
Restricted for:	
Debt Retirement	123,288
Capital Projects	752
Unrestricted	1,238,460
Total Net Assets	<u>\$9,033,695</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u><u>\$18,869,937</u></u>

See accompanying notes to the basic financial statements.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$11,174,984	\$266,840	\$1,547,353	(\$9,360,791)
Support Services	6,678,868	15,209	87,184	(6,576,475)
Community Services	145,436	53,773	0	(91,663)
Food Service	931,168	491,120	445,704	5,656
Athletics	584,636	106,194	0	(478,442)
Other Capital Projects	210,562	0	0	(210,562)
Interest - Long-Term Obligations	215,889	0	0	(215,889)
Depreciation - Unallocated	472,828	0	0	(472,828)
<u>TOTALS</u>	<u>\$20,414,371</u>	<u>\$933,136</u>	<u>\$2,080,241</u>	<u>(\$17,400,994)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				2,028,328
State Aid				15,277,665
Investment Earnings				107,263
Miscellaneous				113,885
Total General Revenues and Transfers				<u>\$17,527,141</u>
Change in Net Assets				\$126,147
Net Assets - Beginning				<u>8,907,548</u>
<u>Net Assets - Ending</u>				<u>\$9,033,695</u>

See accompanying notes to the basic financial statements.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$493,572	\$207,517	\$701,089
Investments	2,248,981	0	2,248,981
Accounts Receivable	37,718	0	37,718
Due from Other Governmental Units	2,813,480	0	2,813,480
Due from Other Funds	4,557	3,411	7,968
Prepaid Expenses	2,834	60	2,894
Inventory	0	10,376	10,376
<u>TOTAL ASSETS</u>	<u>\$5,601,142</u>	<u>\$221,364</u>	<u>\$5,822,506</u>
<u>LIABILITIES</u>			
Accounts Payable	\$272,435	\$0	\$272,435
State Aid Note Payable	2,500,000	0	2,500,000
Due to Other Funds	0	7,968	7,968
Salaries Payable	1,108,125	0	1,108,125
Deferred Revenue	90,582	0	90,582
Total Liabilities	<u>\$3,971,142</u>	<u>\$7,968</u>	<u>\$3,979,110</u>
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	0	10,376	10,376
Debt Retirement	0	123,288	123,288
Capital Projects	0	752	752
Unreserved:			
Undesignated, Reported In:			
General Fund	1,630,000	0	1,630,000
School Service Funds	0	78,980	78,980
Total Fund Balances	<u>\$1,630,000</u>	<u>\$213,396</u>	<u>\$1,843,396</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$5,601,142</u>	<u>\$221,364</u>	<u>\$5,822,506</u>

See accompanying notes to the basic financial statements.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2007

Total Governmental Fund Balances:	\$1,843,396
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 therefore are not reported as assets in governmental funds. The cost of the assets is \$25,087,667 and the accumulated depreciation is \$12,032,268	13,055,399
Accrued Interest on Long-Term Debt	(36,768)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds Payable	(5,384,204)
Teacher Buy Out	<u>(444,128)</u>
<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>	<u>\$9,033,695</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Local Sources	\$1,903,498	\$1,248,634	\$3,152,132
State Sources	16,308,033	50,983	16,359,016
Federal Sources	275,744	394,721	670,465
Total Revenues	<u>\$18,487,275</u>	<u>\$1,694,338</u>	<u>\$20,181,613</u>
<u>EXPENDITURES</u>			
Current:			
Instruction	11,562,118	0	11,562,118
Student Services	445,769	0	445,769
Instructional Support	728,699	0	728,699
General Administration	341,150	0	341,150
School Administration	1,421,954	0	1,421,954
Business Administration	321,760	0	321,760
Operation & Maintenance of Plant	2,032,552	0	2,032,552
Transportation	800,947	0	800,947
Support Services - Other	392,355	0	392,355
Community Services	145,436	0	145,436
Food Service	0	1,497,555	1,497,555
Debt Service	0	629,034	629,034
Capital Outlay	0	449,105	449,105
Total Expenditures	<u>\$18,192,740</u>	<u>\$2,575,694</u>	<u>\$20,768,434</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$294,535	(\$881,356)	(\$586,821)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from (to) Other Funds	(886,447)	886,447	0
Other Transfers	342,206	2,866	345,072
Total Other Financing Sources (Uses)	<u>(\$544,241)</u>	<u>\$889,313</u>	<u>\$345,072</u>
Net Change in Fund Balance	(\$249,706)	\$7,957	(\$241,749)
<u>FUND BALANCE - BEGINNING</u>	<u>1,879,706</u>	<u>205,439</u>	<u>2,085,145</u>
<u>FUND BALANCE - ENDING</u>	<u>\$1,630,000</u>	<u>\$213,396</u>	<u>\$1,843,396</u>

See accompanying notes to the basic financial statements.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Total net change in fund balances - governmental funds	(\$241,749)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(489,378)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	390,000
Decrease in Teacher Buy Outs	444,128
Change in accrued interest on long-term liabilities	<u>23,146</u>
<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$126,147</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2007

	<u>Trust & Agency</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$121,627</u>
<u>TOTAL ASSETS</u>	<u>\$121,627</u>
<u>LIABILITIES</u>	
Due to Student Groups	<u>\$121,627</u>
<u>TOTAL LIABILITIES</u>	<u>\$121,627</u>

See accompanying notes to the basic financial statements.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$1,838,100	\$1,851,900	\$1,903,498	\$51,598
State Sources	16,148,000	16,359,600	16,308,033	(51,567)
Federal Sources	294,100	281,100	275,744	(5,356)
Total Revenues	<u>\$18,280,200</u>	<u>\$18,492,600</u>	<u>\$18,487,275</u>	<u>(\$5,325)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	11,543,500	11,572,100	11,562,118	9,982
Student Services	459,329	449,194	445,769	3,425
Instructional Support	797,626	819,436	728,699	90,737
General Administration	311,394	313,148	341,150	(28,002)
School Administration	1,427,654	1,390,829	1,421,954	(31,125)
Business Administration	242,805	295,396	321,760	(26,364)
Operation & Maintenance of Plant	1,915,360	1,899,641	2,032,552	(132,911)
Transportation	815,041	792,829	800,947	(8,118)
Support Services - Other	439,201	432,938	392,355	40,583
Community Services	122,490	119,489	145,436	(25,947)
Total Expenditures	<u>\$18,074,400</u>	<u>\$18,085,000</u>	<u>\$18,192,740</u>	<u>(\$107,740)</u>
Excess of Revenues Over Expenditures	\$205,800	\$407,600	\$294,535	(\$113,065)
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	<u>(507,300)</u>	<u>(547,600)</u>	<u>(544,241)</u>	<u>3,359</u>
	(\$301,500)	(\$140,000)	(\$249,706)	(\$109,706)
<u>FUND BALANCE - BEGINNING</u>			<u>1,879,706</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$1,630,000</u>	

See accompanying notes to the basic financial statements.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

1) REPORTING ENTITY

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

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

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Corunna Public Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

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

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

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

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

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

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The district’s basic financial statements include both government-wide (reporting the district as a whole) and fund financial statements (reporting the district’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the district’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The district’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The district first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the district’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

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

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

Special revenue funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The district maintains full control of these funds. The district maintains two school service funds: food service and athletic funds.

Debt Retirement Fund

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

Capital Projects Fund

The capital projects fund is used to account for the acquisition and construction of major facilities by the school district.

Fiduciary Funds

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

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

Accrual

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

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

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

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

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

D) CASH AND CASH EQUIVALENTS

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

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

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

E) PREPAID ASSETS

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

F) INVENTORY

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

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

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS

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

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

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

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

H) INTERFUND BALANCES

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

I) COMPENSATED ABSENCES

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

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

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

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

K) FUND BALANCE RESERVES

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

L) NET ASSETS

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

M) ESTIMATES

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

N) BUDGETARY DATA

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

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

- 1) Prior to June 30, the Superintendent submits to the school Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

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

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

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

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

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

The Athletic Fund had a deficit fund balance of \$5,013. as of June 30, 2007.

4) DEPOSITS AND INVESTMENTS

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

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>	<u>%</u>
MILAF External Investment Pool - MICMS	\$ 471	0.0027	AAAm	0.02%
MILAF External Investment Pool - MIMAX	23	0.0027	AAAm	0.00%
Guaranteed Investment Contract (GIC)	<u>2,248,487</u>	<u>0.1343</u>	A1+	<u>99.98%</u>
Total fair value	<u>\$ 2,248,981</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.1343</u>		

1 day maturity equals 0.0027, one year equals 1.00.

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

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

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk. The district will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the district's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the district's investments are in Guaranteed Investment Accounts which represents 99% of the district's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2007, \$1,024,135 of the district's bank balance of \$1,302,175 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the district's name.

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

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

The district's Guaranteed Investment Contract is collateralized and invested for the purpose of paying off the Note Payable disclosed in Note 9.

The Investment Agreement, dated as of August 19, 2005, by and among Chase Bank, National Association, as the Depository on behalf of both the participating Michigan School districts and the Michigan Municipal Bond Authority, and Citigroup Global Markets, Inc. as Provider.

The net proceeds from the sale of the Series B-1 Notes were loaned by the Authority to Michigan school districts. Such loans were repaid with monthly set-aside installments deposited with the Depository for investment under the Investment Agreement. Set-aside installments are deposited under the Investment Agreement versus Permitted Investments (collateral securities) equaling at least 103% of the deposited amount and such Permitted Investments are held by the Depository in a fiduciary capacity.

The Guaranteed Rate under this Investment Agreement (commonly referred to as guaranteed investment contract – GIC or collateralized investment agreement – CIA is 4.09% (simple interest actual days elapsed over a 365 day year).

The guarantor is Citigroup Global Markets Holdings, Inc., as guarantor of the Provider's obligations under this Investment Agreement.

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

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$121,627	\$ 822,716
Investments	<u>2,248,981</u>
<u>TOTAL</u>	<u>\$ 3,071,697</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS (Continued)

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

Cash Agency Fund	\$	121,627
Cash – District Wide		701,089
Investments – District Wide		2,248,981
 <u>TOTAL</u>	 \$	 <u>3,071,697</u>

5) PROPERTY TAXES

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

6) RECEIVABLES

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

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

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 2,766,527
Federal Grants	46,953
 <u>TOTAL GOVERNMENTAL ACTIVITIES</u>	 \$ <u>2,813,480</u>

7) UNEMPLOYMENT COMPENSATION

The district is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the district must reimburse the Employment Commission for all benefits charged against the district for the year. As of June 30, 2007, the school district had \$10,599 of estimated claims in conjunction with the program.

8) COMPENSATED ABSENCES

Accumulated unpaid sick pay and personal days are not accrued by the school district. Substantially all district employees are allowed to accumulate a limited number of sick days; however, these days do not vest to the employee and are not payable upon termination.

9) SHORT-TERM DEBT

On August 18, 2006, the district borrowed \$2,500,000 at 3.68% per annum from Chase Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The note matures August 20, 2007. The balance as of June 30, 2007 was \$2,500,000.

	<u>BALANCE</u>		<u>BALANCE</u>
	<u>JULY 1, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>
			<u>JUNE 30, 2007</u>
State Aid Note	\$2,000,000	\$2,500,000	\$2,000,000
			\$2,500,000

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

10) CAPITAL ASSETS

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

	<u>BALANCE</u> <u>JULY 1, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2007</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$21,059,649	\$214,540	\$0	\$21,274,189
Land Improvements	658,184	24,003	0	682,187
Equipment and Furniture	1,757,982	46,491	30,445	1,774,028
Vehicles	1,361,263	0	4,000	1,357,263
Totals at Historical Cost	<u>\$24,837,078</u>	<u>\$285,034</u>	<u>\$34,445</u>	<u>\$25,087,667</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(8,627,790)	(475,823)	0	(9,103,613)
Land Improvements	(332,800)	(16,356)	0	(349,156)
Equipment and Furniture	(1,249,240)	(205,644)	(30,445)	(1,424,439)
Vehicles	(1,082,471)	(76,589)	(4,000)	(1,155,060)
Total Accumulated Depreciation	<u>(\$11,292,301)</u>	<u>(\$774,412)</u>	<u>(\$34,445)</u>	<u>(\$12,032,268)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$13,544,777</u>	<u>(\$489,378)</u>	<u>\$0</u>	<u>\$13,055,399</u>

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

Instruction	\$ 56,994
Support Services	226,341
Food Service	785
Athletics	17,464
Unallocated	<u>472,828</u>
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 774,412</u>

Investment in capital assets – net of related debt consists of the following:

Capital Assets	\$ 25,087,667
Less: Accumulated Depreciation	(12,032,268)
Less: Long-Term Liabilities	(5,828,332)
Add: Teacher Buy-Out	<u>444,128</u>
<u>TOTAL</u>	<u>\$ 7,671,195</u>

11) RENTAL INCOME

The district is currently leasing the Barber Shop Building located at 128 North Shiawassee Street. The lease calls for monthly payments of \$328 for 2007 and is on a month-to-month basis.

The district is currently leasing a house. The lease calls for monthly payments of \$600 a month and is renewed annually. At June 30, 2007, the house was vacant.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

12) SELF INSURANCE POOL

The school district participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the school district may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2007 were \$143,274 and the school district received a dividend refund of \$29,820.

13) GENERAL LONG-TERM DEBT

A) 2001 School Building and Site Bonds

Corunna Public Schools has issued General Obligation Bonds dated July 13, 2001, in the amount of \$6,685,000, bearing interest at rates varying from 4.100% to 4.375% per annum. The balance of the bonds as of June 30, 2007 was \$5,250,000.

B) Durant Resolution Package Bonds

Corunna Public Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$227,286 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2007 was \$134,204.

C) Teacher Buy-Out

The district pays EPC for paying buy-outs plus a \$5,200 per year consulting fee. The liability to ESP is payable over three years with interest. The balance as of June 30, 2007 is \$444,128.

D) Annual Principal Requirements

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

	<u>TEACHER BUYOUT</u>	<u>BONDS PAYABLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
June 30, 2008	\$444,128	\$410,000	\$238,712	\$1,092,840
June 30, 2009	0	447,649	207,007	654,656
June 30, 2010	0	532,897	215,093	747,990
June 30, 2011	0	493,882	169,061	662,943
June 30, 2012	0	519,542	148,600	668,142
June 30, 2013-2017	0	2,980,234	395,689	3,375,923
<u>TOTAL</u>	<u>\$444,128</u>	<u>\$5,384,204</u>	<u>\$1,374,162</u>	<u>\$7,202,494</u>

The interest expenditures on long-term obligations for the year were \$236,695.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

13) GENERAL LONG-TERM DEBT (Continued)

E) Changes in General Long-Term Debt

<u>Governmental Activities:</u>	BALANCE			BALANCE	AMOUNT DUE
	JULY 1, 2006	ADDITIONS	DEDUCTIONS	JUNE 30, 2007	IN ONE YEAR
Bonds Payable	\$5,774,204	\$0	\$390,000	\$5,384,204	\$410,000
Teacher Buy Out	888,256	0	444,128	444,128	444,128
<u>TOTAL</u>	<u>\$6,662,460</u>	<u>\$0</u>	<u>\$834,128</u>	<u>\$5,828,332</u>	<u>\$854,128</u>

14) INTERFUND BALANCES

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

DUE TO	DUE FROM		
	<u>GENERAL FUND</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
Athletics Fund	<u>\$4,557</u>	<u>\$3,411</u>	<u>\$7,968</u>

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

15) INTERFUND TRANSFERS

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

TRANSFERS TO	TRANSFERS FROM
	<u>GENERAL FUND</u>
Athletics Fund	<u>\$445,022</u>
Other Capital Projects	<u>441,425</u>
<u>TOTAL</u>	<u>\$886,447</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) move receipts restricted to debt service from the funds collecting the receipts to the fund servicing the debt as debt payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

16) DEFINED BENEFIT PENSION PLAN

Plan Description

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

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

16) DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but those who are not basic members contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The school district's contributions to the MPSERS pension plan for the years ended June 30, 2007, 2006 and 2005 were \$1,856,686, \$1,631,455, and \$1,482,010, respectively.

Postemployment Benefits

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

17) RISK MANAGEMENT

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

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The district's management believes that participation in this pool provides sufficient coverage to protect the district from significant adverse financial impact.

18) CONTINGENCIES AND COMMITMENTS

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

19) SUBSEQUENT EVENT

The district borrowed \$2,800,000 at 3.68% per annum from Chase Bank on a State Aid Anticipation Note. The note proceeds will be used to meet cash flow needs for the 2007-2008 fiscal year.

OTHER SUPPLEMENTAL
INFORMATION

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	Special Revenue Fund	2001 Debt Service Fund	Other Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$83,477	\$123,288	\$752	\$207,517
Due from Other Funds	3,411	0	0	3,411
Prepaid Expenses	60	0	0	60
Inventory	10,376	0	0	10,376
<u>TOTAL ASSETS</u>	<u>\$97,324</u>	<u>\$123,288</u>	<u>\$752</u>	<u>\$221,364</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$7,968	\$0	\$0	\$7,968
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	10,376	0	0	10,376
Debt Retirement	0	123,288	0	123,288
Capital Projects	0	0	752	752
Unreserved:				
Undesignated, Reported In:				
School Service Fund	78,980	0	0	78,980
Total Fund Balances	<u>\$89,356</u>	<u>\$123,288</u>	<u>\$752</u>	<u>\$213,396</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$97,324</u>	<u>\$123,288</u>	<u>\$752</u>	<u>\$221,364</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Fund	Debt Service Fund	Other Capital Projects Fund	Total Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$617,888	\$630,345	\$401	\$1,248,634
State Sources	50,983	0	0	50,983
Federal Sources	394,721	0	0	394,721
Total Revenues	<u>\$1,063,592</u>	<u>\$630,345</u>	<u>\$401</u>	<u>\$1,694,338</u>
<u>OTHER FINANCING SOURCES</u>				
Prior Year Adjustment	2,866	0	0	2,866
Transfers from Other Funds	445,022	0	441,425	886,447
Total Other Financing Sources	<u>\$447,888</u>	<u>\$0</u>	<u>\$441,425</u>	<u>\$889,313</u>
Total Revenues & Other Financing Sources	<u>\$1,511,480</u>	<u>\$630,345</u>	<u>\$441,826</u>	<u>\$2,583,651</u>
<u>EXPENDITURES</u>				
Food Service & Athletics	1,497,555	0	0	1,497,555
Debt Service				
Principal	0	390,000	0	390,000
Interest	0	236,695	0	236,695
Dues and Fees	0	2,339	0	2,339
Capital Outlay				
Building Construction and Improvements	0	0	314,117	314,117
Other	0	0	59,616	59,616
Equipment	0	0	75,372	75,372
Total Expenditures	<u>\$1,497,555</u>	<u>\$629,034</u>	<u>\$449,105</u>	<u>\$2,575,694</u>
Net Change in Fund Balance	<u>\$13,925</u>	<u>\$1,311</u>	<u>(\$7,279)</u>	<u>\$7,957</u>
<u>NET ASSETS - BEGINNING</u>	<u>75,431</u>	<u>121,977</u>	<u>8,031</u>	<u>205,439</u>
<u>NET ASSETS - ENDING</u>	<u>\$89,356</u>	<u>\$123,288</u>	<u>\$752</u>	<u>\$213,396</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
SPECIAL REVENUE FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

	<u>Food Service</u>	<u>Athletic Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$80,582	\$2,895	\$83,477
Due from Other Funds	3,411	0	3,411
Prepaid Expenses	0	60	60
Inventory	10,376	0	10,376
<u>TOTAL ASSETS</u>	<u>\$94,369</u>	<u>\$2,955</u>	<u>\$97,324</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$0	\$7,968	\$7,968
<u>FUND EQUITY</u>			
Reserved for Inventory	10,376	0	10,376
Unreserved and Undesignated	83,993	(5,013)	78,980
Total Fund Equity (Deficit)	<u>\$94,369</u>	<u>(\$5,013)</u>	<u>\$89,356</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$94,369</u>	<u>\$2,955</u>	<u>\$97,324</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

<u>REVENUES</u>	<u>Food Service</u>	<u>Athletic Activities</u>	<u>Total</u>
<u>Local Sources</u>			
Cafeteria Sales	\$491,120	\$0	\$491,120
Athletic Activities	0	106,194	106,194
Earnings on Investments and Deposits	2,453	239	2,692
Other Local Revenues	4,883	12,999	17,882
Total Local Sources	<u>\$498,456</u>	<u>\$119,432</u>	<u>\$617,888</u>
<u>State Sources</u>			
State Reimbursements	50,983	0	50,983
<u>Federal Sources</u>			
Federal Reimbursements	339,856	0	339,856
Commodities	54,865	0	54,865
Total Federal Sources	<u>\$394,721</u>	<u>\$0</u>	<u>\$394,721</u>
Total Revenues	<u>\$944,160</u>	<u>\$119,432</u>	<u>\$1,063,592</u>
<u>OTHER FINANCING SOURCES</u>			
Prior Year Adjustment	0	2,866	2,866
Transfers from General Fund	0	445,022	445,022
Total Other Financing Sources	<u>\$0</u>	<u>\$447,888</u>	<u>\$447,888</u>
Total Revenues and Other Financing Sources	<u>\$944,160</u>	<u>\$567,320</u>	<u>\$1,511,480</u>
<u>EXPENDITURES</u>			
Salaries - Professional	35,286	82,411	117,697
Salaries - Non-Professional	246,684	224,556	471,240
Insurances	61,157	30,352	91,509
Fica, Retirement, Etc.	71,309	76,727	148,036
Other Benefits	2,400	0	2,400
Purchased Services	12,322	57,241	69,563
Supplies and Materials	485,885	54,170	540,055
Capital Outlay	8,449	29,093	37,542
Other	6,891	12,622	19,513
Total Expenditures	<u>\$930,383</u>	<u>\$567,172</u>	<u>\$1,497,555</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</u>			
	<u>\$13,777</u>	<u>\$148</u>	<u>\$13,925</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			
	<u>\$80,592</u>	<u>(\$5,161)</u>	<u>\$75,431</u>
<u>FUND BALANCE - END OF YEAR (DEFICIT)</u>			
	<u>\$94,369</u>	<u>(\$5,013)</u>	<u>\$89,356</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
OTHER FINANCING USES

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES FROMLocal Sources

Property Tax Levy	\$1,406,078
Earnings on Investments and Deposits	96,075
Enrichment Classes	53,773
Rentals	15,209
Tuition	266,840
Donations	20,831
Other Local Revenues	44,692
Total Revenues from Local Sources	<u>\$1,903,498</u>

State Sources

Unrestricted

State Aid - Foundation - Sec. 20	15,277,665
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Restricted

At Risk	234,985
Special Education	378,027
Adult Education	39,122
Vocational Education	28,357
Michigan School Readiness	59,400
Durant	22,729
Other State Grants	267,748
Total Revenues from State Sources	<u>\$16,308,033</u>

Federal Sources

Title I	167,083
Enhancing Education through Technology	868
Improving Teacher Quality	83,035
Mediciad	12,039
Grants from ISD	12,719
Total Revenues from Federal Sources	<u>\$275,744</u>
Total Revenues	<u>\$18,487,275</u>

OTHER FINANCING SOURCES

Sale of Assets	1,944
Insurance Claims	855
Refund Prior Year Expenditures	29,870
Transfers from Other Governmental Units	323,370
Total Other Financing Sources	<u>\$356,039</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES

\$18,843,314

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTIONBASIC PROGRAMSElementary

Salaries - Professional	\$2,312,443
Salaries - Non-Professional	321,487
Insurances	636,579
Fica, Retirement, Etc.	621,172
Other Benefits	6,939
Purchased Services	4,753
Supplies and Materials	75,137
Capital Outlay	41,620
Other	305
Total Elementary	<u>\$4,020,435</u>

Middle School

Salaries - Professional	1,358,651
Salaries - Non-Professional	87,417
Insurances	307,945
Fica, Retirement, Etc.	347,846
Other Benefits	5,385
Purchased Services	20,901
Supplies and Materials	42,346
Capital Outlay	6,566
Other	1,291
Total Middle School	<u>\$2,178,348</u>

High School

Salaries - Professional	1,378,673
Salaries - Non-Professional	195,951
Insurances	372,288
Fica, Retirement, Etc.	357,231
Other Benefits	3,726
Purchased Services	90,577
Supplies and Materials	79,849
Capital Outlay	65,059
Other	986
Total High School	<u>\$2,544,340</u>

Preschool - Children's Services

Salaries - Professional	102,216
Salaries - Non-Professional	178,327
Insurances	25,762
Fica, Retirement, Etc.	70,438
Purchased Services	6,945
Supplies and Materials	38,950
Capital Outlay	2,742
Total Preschool - Children's Services	<u>\$425,380</u>

Total Basic Programs

\$9,168,503

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTION (Continued)ADDED NEEDSSpecial Education

Salaries - Professional	\$764,251
Salaries - Non-Professional	154,589
Insurances	200,886
Fica, Retirement, Etc.	222,729
Other Benefits	1,200
Purchased Services	4,015
Supplies and Materials	7,548
Capital Outlay	875
Other	1,127
Total Special Education	<u>\$1,357,220</u>

Compensatory Education

Salaries - Professional	70,125
Salaries - Non-Professional	160,384
Insurances	15,682
Fica, Retirement, Etc.	55,039
Purchased Services	58,549
Supplies and Materials	9,857
Total Compensatory Education	<u>\$369,636</u>

Vocational Education - High School

Salaries - Professional	308,908
Salaries - Non-Professional	58,493
Insurances	83,243
Fica, Retirement, Etc.	78,933
Other Benefits	252
Purchased Services	44,094
Supplies and Materials	24,278
Capital Outlay	6,269
Other	410
Total Vocational Education - High School	<u>\$604,880</u>

Total Added Needs

\$2,331,736

Adult Education

Salaries - Professional	35,454
Insurances	16,196
Fica, Retirement, Etc.	8,931
Purchased Services	396
Supplies and Materials	842
Other	60
Total Adult Education	<u>\$61,879</u>

Total Instruction

\$11,562,118

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES

Student Services

Salaries - Professional	\$216,932
Salaries - Non-Professional	80,389
Insurances	74,756
Fica, Retirement, Etc.	68,265
Purchased Services	2,282
Supplies and Materials	2,595
Capital Outlay	550
Total Student Services	\$445,769

Instructional Support

Salaries - Professional	209,281
Salaries - Non-Professional	262,639
Insurances	49,749
Fica, Retirement, Etc.	118,887
Purchased Services	36,128
Supplies and Materials	48,158
Capital Outlay	3,099
Other	758
Total Instructional Support	\$728,699

General Administration

Salaries - Professional	103,715
Salaries - Non-Professional	48,408
Insurances	32,557
Fica, Retirement, Etc.	38,624
Other Benefits	7,582
Purchased Services	86,776
Supplies and Materials	8,701
Capital Outlay	3,973
Other	10,814
Total General Administration	\$341,150

School Administration

Salaries - Professional	670,872
Salaries - Non-Professional	199,999
Insurances	193,773
Fica, Retirement, Etc.	219,283
Other Benefits	1,400
Purchased Services	73,438
Supplies and Materials	51,592
Capital Outlay	7,049
Other	4,548
Total School Administration	\$1,421,954

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)Business Office

Salaries - Professional	\$96,312
Salaries - Non-Professional	1,205
Insurances	16,923
Fica, Retirement, Etc.	24,442
Other Benefits	1,200
Purchased Services	53,062
Supplies and Materials	2,989
Other	125,627
Total Business Office	\$321,760

Operation and Maintenance of Plant

Salaries - Professional	50,167
Salaries - Non-Professional	581,999
Insurances	219,718
Fica, Retirement, Etc.	173,102
Purchased Services	271,557
Supplies and Materials	711,777
Capital Outlay	22,359
Other	1,873
Total Operation and Maintenance of Plant	\$2,032,552

Transportation

Salaries - Professional	50,167
Salaries - Non-Professional	383,029
Insurances	56,093
Fica, Retirement, Etc.	123,068
Purchased Services	35,739
Supplies and Materials	150,182
Capital Outlay	1,561
Other	1,108
Total Transportation	\$800,947

Other Support Services

Salaries - Professional	73,389
Salaries - Non-Professional	44,988
Insurances	28,312
Fica, Retirement, Etc.	29,604
Purchased Services	129,754
Supplies and Materials	34,188
Capital Outlay	52,120
Total Other Support Services	\$392,355

Total Support Services

\$6,485,186

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

COMMUNITY SERVICES

Salaries - Professional	\$35,439
Salaries - Non-Professional	39,574
Insurance	20,658
Fica, Retirement, Etc.	17,936
Purchased Services	21,321
Supplies and Materials	8,172
Capital Outlay	1,222
Other	1,114
Total Community Services	<u>\$145,436</u>

Total Expenditures\$18,192,740OTHER FINANCING USES

Other Transfers	13,833
Transfers to Other Funds	886,447
Total Other Financing Uses	<u>\$900,280</u>

TOTAL EXPENDITURES AND OTHER
FINANCING USES\$19,093,020

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

STUDENT GROUPS	Due to (From) Student Groups July 1, 2006	Receipts	Disbursements	Due to (From) Student Groups June 30, 2007
<u>HIGH SCHOOL</u>				
Art Club	\$680	\$3,268	\$2,955	\$993
Auto Shop	389	7,142	6,424	1,107
Band Misc.	1,952	4,215	3,955	2,212
Banquet Account	1,394	640	90	1,944
Business Professionals of America	0	1,108	1,108	0
Cavalier Gear	344	3,327	2,881	790
Cheerleaders	0	4,722	4,506	216
Choir	79	59	68	70
CHS Culture Club	149	1,633	1,150	632
CHS News	377	0	0	377
Class of 2001	5,365	0	3,000	2,365
Class of 2003	5,381	0	3,500	1,881
Class of 2005	4,053	0	3,500	553
Class of 2006	4,653	0	4,653	0
Class of 2007	2,951	6,043	8,398	596
Class of 2008	2,578	2,485	818	4,245
Class of 2009	767	3,074	1,930	1,911
Class of 2010	0	335	335	0
Costa Rica	2,235	2,055	0	4,290
Drama Club	4,947	8,123	13,070	0
FFA	3,542	61,049	61,697	2,894
Flower Fund	41	556	521	76
Graphic Arts	914	0	0	914
Interest on Savings	3,392	7,818	4,895	6,315
Library Misc.	0	1,368	991	377
Math Club	0	10,315	8,403	1,912
Metals	313	4,474	4,787	0
Miscellaneous	1,219	52,075	52,761	533
National Honor Society	450	2,236	2,637	49
Pom-Pon Squad	203	348	90	461
PTO Group	953	200	1,153	0
School Paper	415	163	307	271
Science Club	9,105	38,989	41,922	6,172
Spanish Club	0	3,791	3,791	0
Spanish Trip	2,818	2,342	4,795	365
Student Council	6,692	7,128	6,471	7,349
Teachers Machines	0	1,113	288	825
Woods	0	2,109	2,109	0
Yearbook	10,390	9,594	5,751	14,233
Total High School	<u>\$78,742</u>	<u>\$253,897</u>	<u>\$265,710</u>	<u>\$66,929</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

STUDENT GROUPS	Due to (From) Student Groups July 1, 2006	Receipts	Disbursements	Due to (From) Student Groups June 30, 2007
<u>MIDDLE SCHOOL</u>				
Athletics	\$0	\$6,042	\$5,557	\$485
Band Fund	832	2,019	2,437	414
C5	0	4,109	831	3,278
Choir	407	0	0	407
Industrial Arts Tech	2,872	2,666	1,520	4,018
LEAD	0	423	411	12
Journalism	728	129	0	857
Library	753	6,559	5,130	2,182
Robotics	0	1,000	0	1,000
School Improvement	2,129	28,209	21,060	9,278
Sixth Grade Store	438	0	0	438
Ski Club	107	1,711	1,442	376
Staff Flowers	621	0	350	271
Walters	0	1,000	810	190
Yearbook	6,623	13,034	11,502	8,155
Total Middle School	<u>\$15,510</u>	<u>\$66,901</u>	<u>\$51,050</u>	<u>\$31,361</u>
<u>LOUISE PEACOCK SCHOOL</u>				
Cavalier Store Fund	24	985	883	126
Field Trip Fund	1,832	1,452	1,855	1,429
Interest Fund	46	86	38	94
Library Fund	1,276	6,753	6,777	1,252
Picture Fund	1,267	7,536	6,032	2,771
Popcorn Fund	5,031	4,558	4,831	4,758
Student Council Fund	65	190	159	96
Total Louise Peacock School	<u>\$9,541</u>	<u>\$21,560</u>	<u>\$20,575</u>	<u>\$10,526</u>
<u>ELSA MEYER SCHOOL</u>				
Title 1	92	0	0	92
Flower Fund	323	384	301	406
Interest Fund	87	80	88	79
Leader Den	210	930	758	382
Library Fund	979	11,468	11,563	884
Picture Fund	1,817	5,344	4,839	2,322
Popcorn Fund	4,081	3,335	3,696	3,720
PTO Fund	523	22,691	22,446	768
Vending Fund	23	0	0	23
Total Elsa Meyer School	<u>\$8,134</u>	<u>\$44,232</u>	<u>\$43,691</u>	<u>\$8,675</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

STUDENT GROUPS	Due to (From) Student Groups July 1, 2006	Receipts	Disbursements	Due to (From) Student Groups June 30, 2007
<u>NELLIE REED SCHOOL</u>				
Picture Fund	\$9,145	\$7,940	\$16,804	\$281
Popcorn Fund	152	7,897	5,373	2,676
Total Nellie Reed School	<u>\$9,297</u>	<u>\$15,837</u>	<u>\$22,177</u>	<u>\$2,957</u>
<u>CHILDREN SERVICES</u>	256	30,167	29,603	820
<u>ADMINISTRATIVE</u>				
Activity Fund	75	0	75	0
Activity P Fund	571	0	571	0
Superintendent Checking	59	2,344	2,044	359
Total Administrative	<u>\$705</u>	<u>\$2,344</u>	<u>\$2,690</u>	<u>\$359</u>
<u>TOTALS</u>	<u>\$122,185</u>	<u>\$434,938</u>	<u>\$435,496</u>	<u>\$121,627</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

<u>1998 DURANT RESOLUTION PACKAGE BONDS</u>				
<u>PAYMENT DATE - MAY 15TH</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL PAYMENT</u>
2008	4.761353%	\$0	\$0	\$0
2009	4.761353%	12,649	3,312	15,961
2010	4.761353%	77,897	29,341	107,238
2011	4.761353%	13,882	2,079	15,961
2012	4.761353%	14,542	1,418	15,960
2013	4.761353%	15,234	725	15,959
<u>TOTAL</u>		<u>\$134,204</u>	<u>\$36,875</u>	<u>\$171,079</u>

<u>2001 SCHOOL BUILDING AND SITE BONDS</u>					
<u>PAYMENT DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>MAY INTEREST REQUIREMENT</u>	<u>NOVEMBER INTEREST REQUIREMENT</u>	<u>TOTAL PAYMENT</u>
2007-2008	4.125%	\$410,000	\$110,304	\$110,304	\$630,608
2008-2009	4.125%	435,000	101,848	101,847	638,695
2009-2010	4.125%	455,000	92,876	92,876	640,752
2010-2011	4.125%	480,000	83,491	83,491	646,982
2011-2012	4.125%	505,000	73,591	73,591	652,182
2012-2013	4.125%	535,000	63,175	63,175	661,350
2013-2014	4.200%	565,000	52,141	52,141	669,282
2014-2015	4.200%	595,000	40,276	40,276	675,552
2015-2016	4.375%	625,000	27,781	27,781	680,562
2016-2017	4.375%	645,000	14,109	14,109	673,218
<u>TOTAL</u>		<u>\$5,250,000</u>	<u>\$659,592</u>	<u>\$659,591</u>	<u>\$6,569,183</u>

CORUNNA PUBLIC SCHOOLS

CORUNNA, MICHIGAN

FEDERAL AWARDS
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED June 30, 2007

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August 29, 2007

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

To the Board of Education of
Corunna Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corunna Public Schools, as of and for the year ended June 30, 2007, which collectively comprise the Corunna Public Schools' basic financial statements and have issued our report thereon dated August 29, 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 Corunna Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corunna Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corunna Public Schools' internal control over financial reporting.

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

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

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

Cash Control and Centralized Accounting

Management should ensure that all district bank accounts are maintained and managed at the business office. These accounts need to follow the same process as the district's main checking accounts. All deposits need to be reconciled to daily cash collection sheets and agreed to bank deposit slips and management need to use sequential cash receipts for each receipt transaction.



Corunna Public Schools
Page 2
August 29, 2007

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corunna 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*.

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

Lewis & Knopf P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



August 29, 2007

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

To the Board of Education of
Corunna Public Schools

Compliance

We have audited the compliance of Corunna 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. Corunna Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Corunna Public Schools' management. Our responsibility is to express an opinion on Corunna 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 Corunna 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 Corunna Public Schools' compliance with those requirements.

In our opinion, Corunna 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 Corunna 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 Corunna 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 Corunna Public Schools' internal control over compliance.

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



Corunna Public Schools
Page 2
August 29, 2007

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corunna Public Schools, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 29, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Corunna 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 finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf P.C.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Michigan Department of Education:			
Title I Grants to Local Educational Agencies:	84.010		
Title I Regular (05-06)		061530-0506	\$186,595
Title I Regular (06-07)		071530-0607	167,083
Total Title I Grants to Local Educational Agencies:			<u>\$353,678</u>
Innovative Education Program Strategies	84.298		
Title V LEA (06-07)		070250-0607	492
Enhancing Education Through Technology	84.318		
Enhancing Education Through Technology (06-07)		074290-0607	1,715
Enhancing Education Through Technology (05-06)		064290-0506	3,481
Total Enhancing Education Through Technology			<u>\$5,196</u>
Improving Teacher Quality	84.367		
Title IIA (06-07)		0705020-0607	83,035
Title IIA (05-06)		060520-0506	84,438
Total Improving Teacher Quality			<u>\$167,473</u>
Total Passed Through Michigan Department of Education			<u>\$526,839</u>
Passed Through Genesee Intermediate School District:			
Emergency Management Crisis Response	87.184E	Q184E050156	<u>3,500</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			<u>\$530,339</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Michigan Department of Education:			
Food Distribution	10.550		
Entitlement Commodities		N/A	53,763
Bonus Commodities		N/A	1,102
Total Food Distribution			<u>\$54,865</u>
School Breakfast Program	10.553	N/A	75,537
National School Lunch Program	10.555	N/A	262,494
National School Lunch Program	10.555	N/A	<u>1,825</u>
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			<u>\$394,721</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$25,195	\$186,595	\$0	\$0	\$25,195	\$0
0	0	167,083	0	131,365	35,718
<u>\$25,195</u>	<u>\$186,595</u>	<u>\$167,083</u>	<u>\$0</u>	<u>\$156,560</u>	<u>\$35,718</u>
0	0	0	0	0	0
0	0	868	0	868	0
3,481	3,481	0	0	3,481	0
<u>\$3,481</u>	<u>\$3,481</u>	<u>\$868</u>	<u>\$0</u>	<u>\$4,349</u>	<u>\$0</u>
0	0	83,035	0	71,800	11,235
14,438	84,438	0	0	14,438	0
<u>\$14,438</u>	<u>\$84,438</u>	<u>\$83,035</u>	<u>\$0</u>	<u>\$86,238</u>	<u>\$11,235</u>
<u>\$43,114</u>	<u>\$274,514</u>	<u>\$250,986</u>	<u>\$0</u>	<u>\$247,147</u>	<u>\$46,953</u>
0	0	3,500	0	3,500	0
<u>\$43,114</u>	<u>\$274,514</u>	<u>\$254,486</u>	<u>\$0</u>	<u>\$250,647</u>	<u>\$46,953</u>
0	0	53,763	0	53,763	0
0	0	1,102	0	1,102	0
<u>\$0</u>	<u>\$0</u>	<u>\$54,865</u>	<u>\$0</u>	<u>\$54,865</u>	<u>\$0</u>
0	0	75,537	0	75,537	0
0	0	262,494	0	262,494	0
0	0	1,825	0	1,825	0
<u>\$0</u>	<u>\$0</u>	<u>\$394,721</u>	<u>\$0</u>	<u>\$394,721</u>	<u>\$0</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Shiawassee RESD			
Medical Assistance Program Title XIX			
Medicaid Outreach	93.778	N/A	\$12,039
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Shiawassee RESD			
Homeland Security	97.004	Unknown	<u>9,219</u>
<u>TOTAL FEDERAL AWARDS</u>			<u><u>\$946,318</u></u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$0	\$0	\$12,039	\$0	\$12,039	\$0
<u>0</u>	<u>0</u>	<u>9,219</u>	<u>0</u>	<u>9,219</u>	<u>0</u>
<u>\$43,114</u>	<u>\$274,514</u>	<u>\$670,465</u>	<u>\$0</u>	<u>\$666,626</u>	<u>\$46,953</u>

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS

\$670,465

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS

General Fund

\$275,744

School Service Fund

394,721

TOTAL

\$670,465

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.

CORUNNA PUBLIC SCHOOLS - CORUNNA, MICHIGAN
RECONCILIATION OF FORM R 7120 " GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Current Payments Per the Grant Section Auditor's Report (Form R 7120)	\$597,536
<u>Less:</u> State Funded Grants State Breakfast Program	(10,533)
<u>Add:</u> Grants Passed Through the Genesee Intermediate School District Emergency Management Crisis Response (CFDA 87.184E)	3,500
Passed Through Shiawassee RESD	
Homeland Security (CFDA 97.004)	\$9,219
Medicaid Outreach (CFDA 93.778)	12,039
Total Passed Through Shiawassee RESD	21,258
Entitlement and Bonus Commodities (CFDA 10.550)	54,865
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	\$666,626

CORUNNA PUBLIC SCHOOLS- CORUNNA, MICHIGAN
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.